

KD Alert: Chicago Minimum Wage Increase Takes Effect July 1, 2015

By Stefan R. Dandelles, Keith J. Gutstein and Bradley S. Levison

June 17, 2015

Joining a trend sweeping across the country, the City of Chicago is set to become the next city to phase in a new hourly minimum wage that is higher than the federal minimum wage. Other cities, such as San Francisco and Seattle, and other States, such as Maryland and Minnesota, have already implemented plans to raise their minimum wages, while Los Angeles just recently signed into law measures that will increase minimum wage in the city to \$15 per hour over the next five years. The State of Illinois also appears headed that way following the recent overwhelming approval of a nonbinding referendum calling for the state to raise minimum wage to \$10 per hour.

Starting July 1, 2015, the Chicago Minimum Wage Ordinance raises the hourly minimum wage within the City of Chicago from \$8.25 to \$10. The hourly minimum wage will continue to increase incrementally every July 1 through 2019 when it reaches \$13. After that, the hourly minimum wage will rise yearly according to the Consumer Price Index. Businesses are required to post notices advising employees of the current minimum wage.

This increase will impact all businesses that maintain an office in Chicago and/or are required to obtain a business license to operate in the City, as well as all employees who work two hours or more in Chicago within a two week period regardless where their employer is based. This means that any business Minimum Wage Ordinance and pay wages consistent with that Ordinance for work that has employees working in Chicago will need to comply with the Chicago ordinance in the City. The Chicago Minimum Wage Ordinance is not restricted simply to businesses but will also effect individuals residing in Chicago that employ housekeepers, nannies, caregivers and other household services in their private residences.

Violating the new hourly minimum wage will be costly, subjecting the violator to a fine of not less than \$500 or more than \$1,000 for each offense. Each day that a violation continues will be treated as a separate and distinct offense meaning a violator could be subjected to multiple and increasing fines until the violation is cured.

With July 1, 2015 approaching quickly, Chicagoans and business owners alike need to familiarize themselves with the Chicago Minimum Wage Ordinance (Municipal Code of Chicago 1-24-010, et seq.) and make sure that they are in compliance or possibly face steep fines. KD's labor and employment law attorneys can assist employers in best practices to ensure compliance with the applicable minimum wage laws, to avoid and minimize the likelihood of liability for wage and hour violations. If you have any questions, please contact Bradley Levison at (312) 646-6744.