

ILLINOIS' NEW MINIMUM WAGE LAW FOR BUSINESSES

The Illinois General Assembly passed a New Minimum Wage starting January 1, 2020. The Bill increases the state's minimum wage **to \$15 an hour by 2025** and places harsh damages on those Illinois employers who violate the law. Illinois business owners will want to make sure that a company plan is in place to properly implement this employee wage increase and perform a pay practice audit to ensure that the business is paying each employee correctly under the law. Otherwise, the business may run the risk of violating the New Minimum Wage Law and be hit with the harsh penalties and fines.

The New Minimum Wage increase starts in the year 2020, wherein Illinois businesses will face two tiers of increases. The first increase will be \$1.00 and be implemented January 1, 2020. The second increase will be an additional \$.75, just in time for July 4. The minimum wage increases are as follows:

Date of Change	Minimum Wage	Teen Wage ¹
Current	\$8.25	\$7.75
1/1/20	\$9.25	\$8.00
7/1/20	\$10.00	N/A
1/1/21	\$11.00	\$8.50
1/1/22	\$12.00	\$9.25
1/1/23	\$13.00	\$10.50
1/1/24	\$14.00	\$12.00
1/1/25	\$15.00	\$13.00

The New Minimum Wage Law also drastically increases the penalties and fines for violation of the Minimum Wage Act. Under the New Minimum Wage Law, an employee may recover **triple** the amount of unpaid wages, **attorney's fees, costs and damages of 5%** (currently 2%) per month of the amount of each underpayment following the date that such as underpayments remain unpaid. Further, the New Act includes a \$1,500 fine paid to the Illinois Department of Labor, if the employer's actions were "willful, repeated, or with reckless disregard of the Act" and an additional \$100 fine per employee if the business fails to maintain proper payroll records for that employee.

Considered an attempt to help the small business community, the General Assembly included a tax credit for those businesses who have less than 50 employees. This tax credit is based on the difference between the employees increased wages that occur every January 1, but is reduced 4% annually and will be phased out by 2026.²

¹ Teen wage is determined as under the age of 18 and working fewer than 650 hours per calendar year.

² Tax credit entirely phase out by 2027 for businesses with fewer than six employees.

Illinois employers will be best prepared by creating a process to implement the new Illinois wage rates by the fall in order to properly implement the change the January 2020. Moreover, there is tremendous value to conducting an entire pay practice audit prior to the New Minimum Wage Law to ensure proper compliance of all other Illinois wage and hour laws. Diligent employers would also benefit from an overall review of their company policies and handbooks with an eye toward these changes.

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