



Detailed Look at State, Local and Federal Updates



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State/Territory/District

Alaska Votes to Increase Minimum Wage

Alaska voters have approved [Ballot Measure No. 1](#), which increases the state's minimum wage incrementally. The current minimum wage in Alaska is \$11.73 per hour and according to the [Alaska Department of Labor](#) website, it will increase to \$11.91 on January 1, 2025.

The Details:

The approved ballot measure increases the minimum wage as follows:

July 1, 2025	\$13.00 per hour
July 1, 2026	\$14.00 per hour
July 1, 2027	\$15.00 per hour

Thereafter, the minimum wage will be adjusted annually for inflation.

Alaska does not allow the use of a tip credit when paying tipped employees.

The approved ballot measure requires that the state must adjust the minimum wage to be at least \$2.00 more than the federal minimum wage, which is \$7.25 per hour.

Next Steps:

Alaska employers must pay its employees at least the minimum wage in accordance with the information provided above.

Illinois Clarifies New E-Verify Law

The Illinois Department of Labor (IDOL) has released guidance to clarify a recently enacted law, effective January 1, 2025, that will prohibit employers from imposing work authorization or re-verification requirements that are greater than those required by federal law. The guidance clarifies that the law does not prohibit private employers from using E-Verify.

The Details:

Background:

Earlier this year, Illinois enacted Senate Bill 508, which amended the state's Right to Privacy in the Workplace Act to prohibit employers from imposing work authorization or re-verification requirements that are greater than those required by federal law. Senate Bill 508 also adds to existing notice requirements if an employer asserts that a discrepancy exists in an employee's employment verification information. Review the text of [Senate Bill 508](#) for more details on this and other requirements. Senate Bill 508 takes effect **January 1, 2025**.

When Senate Bill 508 was enacted, some commentators noted that the amendments could be interpreted to prohibit Illinois employers from using E-Verify unless required to use it by federal law.

Guidance:

The IDOL has now addressed the issue in the form of [frequently asked questions](#). Specifically, the IDOL provides the following question and answer:

May Illinois employers choose to voluntarily use E-Verify?

Yes. Illinois law does not prohibit any employer from using E-Verify. However, employers who use E-Verify must follow the requirements of the Right to Privacy in the Workplace Act.

Next Steps:

- Read [the guidance in full](#).
- Review policies and practices to ensure compliance with the law.

Massachusetts Expands Sick Leave Requirement

Massachusetts has enacted legislation that will entitle employees to use sick leave to address the employee's or their spouse's needs related to pregnancy loss or a failed assisted reproduction, adoption or surrogacy. The change takes effect **November 21, 2024**.

The Details:

Under existing state law, employers with 11 or more employees must provide paid sick leave to employees. Employers with fewer than 11 employees must provide sick leave, but it does not need to be paid.

Employees are entitled to use sick leave if they are ill or injured or have a routine medical appointment. They can also use earned sick time for their child, spouse, parent, or spouse's parent for the same purposes. In addition, employees may use earned sick time to deal with domestic violence involving themselves or their children. Beginning November 21, 2024, employees may also use sick leave to address the employee's or their spouse's needs related to pregnancy loss or a failed assisted reproduction, adoption or surrogacy.

Next Steps:

Massachusetts employers should:

- Review policies and practices to ensure compliance with the change.
- Post an updated paid sick leave notice once published by the state.
- Train supervisors on the change.

Missouri Votes to Increase Minimum Wage

Missouri voters have approved [Proposition A](#), which will increase the state's minimum wage in phases.

The Details:

Under the approved measure, the Missouri state minimum wage will increase as follows:

January 1, 2025	\$13.75 per hour
January 1, 2026	\$15.00 per hour

Beginning January 1, 2027, the minimum wage will be adjusted based on changes to the Consumer Price Index (CPI).

Missouri law provides that employers must pay tipped employees a minimum cash wage of at least 50 percent of the state minimum wage. Consequently, the minimum cash wage for tipped employees will increase as follows:

January 1, 2025	\$6.88 per hour
January 1, 2026	\$7.50 per hour

Next Steps:

Employers in Missouri should pay their employees in accordance with provisions of [Proposition A](#).

Review Pay Frequency Laws in States Where You Have Employees

Federal law does not address how often or when wages must be paid to employees. However, most states have pay frequency laws detailing how often and when wages must be paid. Some states have different pay frequency requirements based on industry or exempt status. While certain states allow employees to be paid monthly, other states require semi-monthly, bi-weekly, or even weekly payment.

Read the article [here](#).



King County, WA Enacts Minimum Wage Ordinance

King County, Washington has enacted legislation that will increase the minimum wage in unincorporated King County.

The Details:

The minimum wage in unincorporated areas of King County, Washington will increase, effective **January 1, 2025**, as follows:

Employer Size	Minimum Wage
Employers with more than 500 employees	\$20.29 per hour
Employers with 16 to 499 employees	\$18.29 per hour
Employers with 15 or fewer employees with \$2 million or more in annual gross revenue	\$18.29 per hour
Employers with 15 or fewer employees with less than \$2 million in annual gross revenue	\$17.29 per hour

Washington State does not allow the use of a tip credit by employers when paying tipped employees.

Next Steps:

As of January 1, 2025, employers located in unincorporated King County, WA must pay their employees at least the amounts noted in the table above.

Everett, WA Voters Approve Minimum Wage Increase

Voters in the city of Everett, Washington have approved [Ballot Initiative 24-01](#), which will increase the minimum wage.

The Details:

The minimum wage in Everett, WA will increase as follows:

Employer Size	Minimum Wage	Effective Date
"Large Employers" (Employers with more than 500 employees) Starting January 1, 2026 and annually thereafter, minimum wage will be increased based on CPI	\$20.24	July 1, 2025
	Minimum wage of "Large Employers" plus July 1, 2026 CPI Increase minus \$1.00	July 1, 2026
"Small Employers" (Employers with 500 or fewer employees)	\$18.24	July 1, 2025

Effective July 1, 2027, large and small employers must pay employees the same minimum wage rate.

Washington State does not allow employers to utilize a tip credit when paying tipped employees.

Next Steps:

Employers located in Everett, WA should pay at least the minimum wage rates as indicated in the table above.

Pittsburgh Adds Medical Marijuana Patient Protections

The Pittsburgh City Council has passed Ordinance 2024-0705 (the Ordinance), which prohibits employers from discriminating against medical marijuana patients in the workplace and limits certain marijuana drug testing of these patients. The Ordinance is **effective immediately**.

The Details:

As background, the [Pennsylvania State Medical Marijuana Act of 2016](#) (the Act) prohibits discrimination against medical marijuana users in employment.

The Ordinance:

Ordinance 2024-0705:

- Prohibits covered employers from requiring applicants who hold valid Pennsylvania medical marijuana cards to participate in a pre-employment drug test for marijuana;
- Limits a covered employer's right to require marijuana tests from employees who hold Pennsylvania medical marijuana cards while employed, if the employer does not suspect that the employee is impaired; and
- Protects an individual with a serious medical condition, disability or handicap that qualifies them to use medical marijuana (who is also covered under [the Act](#)) to access marijuana for certified medical use.

Note: Individuals must participate in the Pennsylvania Medical Marijuana Program to be covered under the Ordinance.

The Ordinance applies to an employer, employment agency or labor organization with five or more employees. It does not cover religious, fraternal, or charitable employers, and sectarian organizations that are unsupported (in whole or in part) by governmental appropriations.

Restrictions for Medical Marijuana Patients:

Under the Ordinance, medical marijuana patients may not:

- Perform certain tasks or duties while under the influence of marijuana, including tasks or duties that are at heights or in confined spaces, life-threatening (to either the employee or employer), and could result in a public health or safety risk; and
- Operate or be in physical control of certain regulated chemicals, high-voltage electricity, or other public utilities with more than 10 nanograms of active THC in their bloodstream.

Exceptions:

The Ordinance does not cover a position that is subject to drug testing due to regulations of the U.S. or Pennsylvania Departments of Transportation or a position that requires an employee to carry a firearm. The Ordinance also does not cover an applicant whose prospective employer has a valid collective bargaining agreement that addresses pre-employment drug testing.

Pittsburgh employers may:

- Prohibit the use of medical marijuana on workplace premises.
- Conduct testing for illegal use of controlled substances; conduct for-cause testing when there is reasonable cause to suspect that an employee is under the influence of a drug while at work; and conduct testing after a workplace accident.
- Take disciplinary action against an employee who is a medical marijuana patient when the employee is under the influence in the workplace and their conduct falls below the standard of care that is normally accepted for that position.

Next Steps:

Pittsburgh employers should review their hiring and substance use policies to help ensure compliance with the Pittsburgh Ordinance, state law, and federal law.

Minimum Wage

Minimum Wage Announcements: 10/21/24 – 11/20/24

The following states or localities have announced new minimum wage increases.

State or Locality	Minimum Wage Rate	Minimum Tipped Cash Wage	Effective Date(s)	New or Updated Poster Requirement?	Notes
Alaska	\$11.91 \$13.00 \$14.00 \$15.00	\$11.91* \$13.00* \$14.00* \$15.00*	1/1/25 7/1/25 7/1/26 7/1/27	Yes	
Arizona	\$14.70	\$11.70	1/1/25	Yes	
Daly City, CA	\$17.07	\$17.07*	1/1/25	Yes	Once available found here .
Foster City, CA	\$17.40	\$17.40*	1/1/25	Yes	
Hayward, CA (26 or more EEs)	\$17.36	\$17.36*	1/1/25	Yes	
Hayward, CA (25 or less EEs)	\$16.50	\$16.50*	1/1/25	Yes	
Menlo Park, CA	\$17.10	\$17.10*	1/1/25	Yes	
Novato, CA (100 or more EEs)	\$17.27	\$17.27*	1/1/25	Yes	
Novato, CA (26-99 EEs)	\$17.00	\$17.00*	1/1/25	Yes	
Novato, CA (1-25 EEs)	\$16.42	\$16.42*	1/1/25	Yes	
Redwood City, CA	\$18.20	\$18.20*	1/1/25	Yes	Once available found here
San Jose, CA	\$17.95	\$17.95*	1/1/25	Yes	
San Mateo County, CA	\$17.46	\$17.46*	1/1/25	None located	
Sonoma, CA (26 or more EEs)	\$18.02	\$18.02*	1/1/25	Yes	
Sonoma, CA (25 or less EEs)	\$16.96	\$16.96*	1/1/25	Yes	
South San Francisco, CA	\$17.70	\$17.70*	1/1/25	Yes	Once available found here
Colorado	\$14.81	\$11.79	1/1/25	Yes	
Portland, ME	\$15.50	\$7.75	1/1/25	Yes	
Rockland, ME	\$15.50	\$7.75	1/1/25	Yes	
Missouri	\$13.75	\$6.88	1/1/25	Yes	Once available found here
Las Cruces, NM	\$12.65	\$5.06	1/1/25	Yes	
Everett, WA (more than 500 EEs)	\$16.66 \$20.24	\$16.66* \$20.24*	1/1/25	None located	
Everett, WA (500 or less EEs)	\$16.66 \$18.24	\$16.66* \$18.24*	1/1/25	None located	

*AK, CA, and WA do not allow the use of a tip credit.

[Download a PDF of a comprehensive listing of state and local minimum wage rates.](#)

Federal Court Strikes Down US DOL Overtime Exemptions Rule Nationwide

On November 15, 2024, a Texas federal court struck down a U.S. Department of Labor (DOL) rule that raised the minimum salary required to be paid to most employees classified as exempt from overtime and minimum wage requirements under the Fair Labor Standards Act (FLSA).

Review the details [here](#).

IRS Announces 2025 Benefit Plan Contribution Limits

On October 22, 2024, the Internal Revenue Service (IRS) announced via [Revenue Procedure 2024-40](#) the dollar limitation for 2025 on employee salary reductions for contributions to health flexible spending accounts; the monthly limitation regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass; and the maximum amount that can be excluded from an employee's gross income for the amounts paid for qualified adoption expenses furnished pursuant to an adoption assistance program.

The Details:

Flexible Spending Accounts:

The 2025 maximum employee salary reduction contribution to a **health flexible spending account** will be \$3,300. The limit was \$3,200 in 2024. The Affordable Care Act (ACA) had limited employee salary reductions for contributions to health flexible spending accounts to \$2,500 per employee, but allowed that limit to be adjusted annually for inflation in increments of \$50.

The \$3,300 limit applies to both full-purpose and limited-purpose health flexible spending accounts. However, an employer is not required to adopt the maximum amount allowed in its plan design and may choose to allow an amount less than \$3,300. The \$3,300 limit applies only to employee salary reduction contributions during the benefit plan year and does not impact employer-paid contributions or, if offered, contributions made as a result of the balance carryover option. If an employer provides flex credits that employees may elect to receive either as cash or as a taxable benefit, those flex credits are treated as employee salary reduction contributions and count toward the \$3,300 limit.

If a cafeteria plan permits the carryover of unused amounts, the maximum carryover amount is \$660 for 2025, as compared to \$640 in 2024.

The **dependent care spending account** maximum is set by statute and is not subject to inflation-related adjustments. Consequently, the 2025 dependent care spending account maximum continues to be limited to the smallest of the following amounts:

- \$5,000 if the employee is married and filing a joint return or if the employee is a single parent (\$2,500 if the employee is married but filing separately);
- The employee's "earned income" for the year; or
- The spouse's "earned income," if the employee is married at the end of the taxable year.

Qualified Transportation/Parking Benefits:

Transportation:

The monthly limitation regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass will increase to \$325 in 2025 from \$315 in 2024.

Parking:

The monthly limitation regarding the fringe benefit exclusion amount for qualified parking will increase to \$325 in 2025 from \$315 in 2024.

Adoption Assistance Programs:

The maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for adoptions by the employee in 2025 is \$17,280. This is an increase of \$470 over the 2024 maximum of \$16,810.

Summary of Changes to Contribution Limits:

	2024	2025
Health Flexible Spending Accounts	\$3,200/plan year	\$3,300/plan year
Qualified Transportation	\$315/month	\$325/month
Parking Benefits	\$315/month	\$325/month
Adoption Assistance Programs	\$16,810/year	\$17,280/year

Pension Plan Limitations for 2025 Provided by IRS

On November 1, 2025, the Internal Revenue Service (IRS) announced via [Notice 2024-80](#), the cost-of-living adjustments applicable to dollar limitations for pension plans and other items for tax year 2025.

The Details:

A summary of the 2025 pension limitations as compared to 2024 is below:

Plan Maximum Contribution Limits	2024	2025
Section 401(k) Plan or SAR SEP	\$23,000	\$23,500
Section 403(b) Plan	\$23,000	\$23,500
Section 408(p)(2)(E) SIMPLE Plan Contributions	\$16,000	\$16,500
Section 457(e)(15) Limit	\$23,000	\$23,500
Section 415 Limit for: Defined Contribution Plans	\$69,000	\$70,000
Defined Benefit Plans	\$275,000	\$280,000
Highly Compensated Employees Section 414(q)(1)(B)	\$155,000	\$160,000
Key Employee Section 416(i)(1)(A)(i)	\$220,000	\$230,000
Includible Compensation – Section 401(a)(17)	\$345,000	\$350,000
----- SEP Compensation	\$345,000	\$350,000
SEP Earnings Threshold	\$750	\$750
Limited Governmental Plans (pre 7/1/93)	\$505,000	\$520,000
Section 409 Employee Stock Ownership Plan Subject to 5-Year Distribution Period Maximum Balance	\$1,380,000	\$1,415,000
Amount Used to Determine the Lengthening of the 5-Year Period	\$275,000	\$280,000

For 2025, the limitation under section 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in section 401(k)(11) or section 408(p) that generally applies for individuals aged 50 or over remains \$7,500. The limitation under section 414(v)(2)(E)(i) for catch-up contributions to an applicable employer plan other than a plan described in section 401(k)(11) or section 408(p) that applies for individuals who attain age 60, 61, 62, or 63 in 2025 is \$11,250. For 2026, all catch-up contributions under section 414(v)(7)(A) to an applicable employer plan (other than a plan described in section 408(k) or (p)) must be designated as Roth contributions for individuals earning \$145,000 and over in 2025.

The 2025 limit on annual contributions to an IRA remains \$7,000. The IRA catch up contribution limit for individuals aged 50 remains \$1,000.

The 2025 limitation under section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in section 401(k)(11) or section 408(p) that generally applies for individuals aged 50 or over remains \$3,500. The limitation under section 414(v)(2)(E)(ii) for catch-up contributions to an applicable employer plan described in section 401(k)(11) or section 408(p) that applies for individuals who attain age 60, 61, 62, or 63 in 2025 is \$5,250. The limitation under section 414(v)(2)(B)(iii) for catch-up contributions to certain accounts or plans described in section 401(k)(11) or section 408(p) that generally applies for individuals aged 50 or over remains \$3,850.

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