



Detailed Look at State, Local and Federal Updates



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★ State/Territory/District

Alaska Minimum Salary for Overtime Exemption to Increase Twice in 2025

The minimum salary required to qualify for exemption from overtime under Alaska state law is scheduled to increase twice in 2025, on **January 1, 2025** and again on **July 1, 2025**.

The Details:

Background:

To be classified as exempt from overtime under state law (Alaska Statute 23.10.055), bona fide administrative, professional and executive employees must satisfy certain salary and duties tests.

For example, these exemptions include a minimum salary requirement that is twice the state's minimum wage for a 40-hour workweek.

Since the state's minimum wage is scheduled to increase twice in 2025, the minimum salary required for overtime exemption will also increase twice in 2025.

Change Effective January 1, 2025:

On January 1, 2025, the minimum salary required for Alaska's administrative, professional and executive exemptions from overtime increased from \$938.40 per week to \$952.80 per week. This change is a result of an annual adjustment to the state's minimum wage for inflation.

Change Effective July 1, 2025:

Since voters approved a ballot measure to increase the state's minimum wage to \$13 per hour **effective July 1, 2025**, the state's minimum salary required for the exemptions from overtime will increase again on that date, to \$1,040 per week.

Next Steps:

Before classifying and treating any employee as exempt from overtime, employers should confirm that the employee satisfies all applicable tests for overtime exemption, including paying the employee at least the applicable minimum salary on January 1, 2025 and July 1, 2025.

California Wildfires: Tax Relief

The Internal Revenue Service (IRS) has announced tax relief for individuals and businesses in southern California affected by wildfires and straight-line winds that began January 7, 2025.

Currently, individuals and households that reside or have a business in Los Angeles County qualify for tax relief. This same relief will be available to additional counties that are designated by the Federal Emergency Management Agency (FEMA).

Read the article [here](#).

New York Adds Mental Health Protections to State Workers' Compensation Law

New York has enacted legislation (Assembly Bill 5745), which amends the New York State Workers' Compensation Law, allowing all workers to file for workers' compensation for mental injury due to extraordinary work-related stress incurred at work. Assembly Bill 5745 took effect on **January 1, 2025**.

The Details:

Before January 1, 2025, coverage under New York's Workers' Compensation Law for mental injury was limited to a work-related emergency experienced by certain emergency first responders. Assembly Bill 5745 has now expanded New York's Workers' Compensation Law to allow all workers to file a claim for mental injury resulting from extraordinary work-related stress incurred at work.

Note: [The Workers' Compensation Board](#) will be responsible for determining whether a causal relationship exists between a work activity and a worker's mental injury.

Next Steps:

Employers should train supervisors on the new mental health protections under the New York State Workers' Compensation law.

New York State Employers Must Provide Anti-Bias Notice in Employee Handbooks

A U.S. Court of Appeals for the Second Circuit ruling requires employers to notify employees of their rights under the New York Reproductive Health Bias Law in employee handbooks. The ruling took effect on **January 2, 2025**.

The Details:

The [New York Reproductive Health Bias Law](#): 1) Prohibits an employer from discriminating or retaliating against an employee on the basis of the employee's or their dependent's reproductive health decision-making, and 2) Requires employers who provide an employee handbook to employees to include the employees' rights and remedies under the law in their handbooks. [See the text of the law](#) for further details.

In 2022, The U.S. District Court for the Northern District of New York issued an injunction that ended the law's requirement for employers to notify employees in employee handbooks of their rights to be free from discrimination or retaliation on the basis of their reproductive decisions.

On January 2, 2025, The U.S. Court of Appeals for the Second Circuit overturned the injunction from 2022. As a result, employers must again include a notice in their employee handbooks (provided the employer has a handbook) informing employees of their rights to be free from discrimination or retaliation on the basis of the employee's or their dependent's reproductive health decisions.

Next Steps:

Employers with employee handbooks must ensure that their employee handbook includes a notice to employees of their rights under the [New York Reproductive Health Bias Law](#).

Ohio Enacts Pay Statement Law

On January 8, 2025, the Governor of Ohio signed into law [HB 106](#) which requires that every employer provide each of its employees with a written or electronic statement or access to a statement of the employee's earnings and deductions for each pay period on the employer's regular paydays.

Current Ohio law does not require that employers provide a pay statement to its employees.

The provisions of HB 106 become effective on April 8, 2025.

The Details:

HB 106, which will be codified as Section 4113.14 of the Ohio Revised Code, requires employers to provide employees with a written or electronic pay statement or access to a pay statement. The pay statement must include the following:

- (1) The employee's name.
- (2) The employee's address.
- (3) The employer's name.
- (4) The total gross wages earned by the employee during the pay period.
- (5) The total net wages paid to the employee for the pay period.
- (6) A listing of the amount and purpose of each addition to or deduction from the wages paid to the employee during the pay period.
- (7) The date the employee was paid and the pay period covered by that payment.
- (8) For an employee who is paid on an hourly basis, all of the following information:
 - (a) The total number of hours the employee worked in that pay period.
 - (b) The hourly wage rate at which the employee was paid.
 - (c) The employee's hours worked in excess of 40 hours in one workweek.

HB 106 also stipulates that if an employee does not receive the pay statement as required above, such employee "shall make a written request to the employee's employer to receive the statement." The employer is required to provide the employee with the pay statement not later than 10 days after receiving the request. If the employer does not provide the pay statement within 10 days, the employee may file a complaint with the "director of commerce." The law is not clear on whether employees can make a request to the employer (and subsequently file a complaint to the Director after 10 days) if a pay statement is provided, but required information is missing. It is reasonable to conclude that employees may do so pending any additional guidance from the government in the future.

If it is determined that a violation did occur, the "director of commerce" will issue a notice to the employer. Upon receipt of the notice, the employers must "immediately post the notice, or a copy of the notice, in a conspicuous place on the employer's premises" and keep the notice posted for ten days.

Next Steps:

No later than the employee first pay date occurring on or after April 8, 2025, Ohio employers must provide employees with a pay statement containing the information noted above.

Minimum Wage

Minimum Wage Announcements: 12/21/24 – 1/20/25

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
Los Angeles County, CA	\$17.81	\$17.81*	7/1/25	Once posted located here	
District of Columbia	\$18.00	\$12.00	7/1/25	No	

*CA does not allow the use of a tip credit.

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

Federal

Automatic Extension of Employment Authorization Permanently Expanded

The U.S. Department of Homeland Security (DHS) has published a final rule that permanently increases the automatic extension period of employment authorization and Employment Authorization Document (Form I-766 or EAD) validity from up to 180 days to up to 540 days, **effective January 13, 2025.**

The Details:

The final rule became effective on January 13, 2025 and applies to [eligible applicants](#) with timely filed renewal EAD applications pending or filed on or after May 4, 2022.

If the individual filed Form I-765, Application for Employment Authorization, to renew their expiring EAD, they may qualify for an automatic extension of the expiration date printed on their EAD while their application is pending. They qualify for this automatic extension if:

- The Form I-797C, Notice of Action, receipt notice they received for their pending Form I-765 renewal application has a “Received Date” that is before the “Card Expires” date shown on the face of their EAD;
- The Form I-797C, Notice of Action, receipt notice has a “Received Date” on or after May 4, 2022;
- Their renewal application is under a [category that is eligible for an automatic extension](#); and
- The category on their current EAD matches the “Eligibility Category” or “Class Requested” listed on their Form I-797C, Notice of Action, receipt notice.

If all the above factors are met, their employment authorization doesn’t expire on the date printed on their EAD, because they have been granted an automatic extension.

Prior to the final rule, the automatic extension period for qualifying EADs was scheduled to revert to up to 180 days for applicants who timely file Form I-765 renewal applications after September 30, 2025.

Next Steps:

- Use the [Employment Authorization Document \(EAD\) Automatic Extension Calculator](#) from U.S. Citizenship and Immigration Services (USCIS) for additional information and help calculating an employee's extension.
- Read the [updated guidance](#).

Employers Receive Expanded Relief for Furnishing Forms 1095-B or 1095-C to Employees

On December 23, 2024, President Biden signed into law the [Employer Reporting Improvement Act](#) and the [Paperwork Burden Reduction Act](#) (together, the "Acts"). The Acts change the requirements for distributing IRS Forms 1095-B and 1095-C under the Affordable Care Act ("ACA") to all employees and covered individuals.

Read the article [here](#).

IRS Releases Taxation Guidance on State Paid Family and Medical Leave Programs

On January 15, 2025, the Internal Revenue Service (IRS) issued guidance via [Revenue Ruling 2025-4](#) (RR 2025-4) on the **Federal** income and employment tax treatment of contributions and benefits paid in certain situations under a state paid family and medical leave program (SPFML), as well as the related reporting requirements. RR 2025-4 provides guidance to the District of Columbia and states that have mandatory paid family and medical leave programs and for employees working in and employers operating in those states.

Read the article [here](#).

IRS Announces 2025 Automobile Business Use Mileage Rates

On December 19, 2024, the Internal Revenue Service (IRS) issued via [Notice 2025-05](#) the 2025 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, moving, and charitable purposes.

The Details:

As of January 1, 2025, the standard mileage rates for the use of a car (including vans, pickups, or panel trucks) will be:

- 70 cents per mile for business miles driven;
- 21 cents per mile driven for moving purposes;* and
- 14 cents per mile driven in service to a charitable organization.

*Applicable to members of the Armed Forces Only.

Exceptions for Moving Expenses:

The Tax and Jobs Act of 2017 suspended the deduction for moving expenses for taxable years beginning after December 31, 2017, and before January 1, 2026, except for members of the Armed Forces on active duty who move pursuant to a military order and incident to a permanent change of station. Thus, except for taxpayers that are members of the Armed Forces, the standard mileage rate provided in Notice 2025-05 is not applicable for the use of an automobile as part of a move occurring during the suspension.

IRS Announces 2025 Medical Mileage Rate

On December 19, 2024, the Internal Revenue Service (IRS) issued Notice 2025-05 announcing that the standard mileage rate, effective January 1, 2025, for use of an automobile to obtain medical care is 21 cents per mile. This is the same rate as in 2024.

The Details:

Transportation expenses, such as automobile mileage, that qualify as tax deductible medical expenses under Internal Revenue Code Section 213 generally can be paid or reimbursed on a tax-free basis by a health flexible spending arrangement, health reimbursement arrangement, or health savings account if the expense is "primarily for, and essential to, medical care."

[View the PDF of Notice 2025-05.](#)

IRS Releases 2025 Publication 15

The Internal Revenue Service (IRS) has released Publication 15 (a/k/a Circular E) Employer's Tax Guide for use in 2025. Publication 15 explains an employer's tax responsibilities, important updates for 2025, and employer instructions for payroll and non-payroll tax withholding.

Some of the highlights of "What's New" in the 2025 Publication 15 are as follows:

Social Security and Medicare taxes for 2025. The rate of Social Security tax on taxable wages is 6.2 percent each for the employer and employee. The Social Security wage base limit is \$176,100.

The Medicare tax rate is 1.45 percent each for the employee and employer, unchanged from 2024. There is no wage base limit for Medicare tax.

Social Security and Medicare taxes apply to the wages of household workers you pay \$2,800 or more in cash wages in 2025. Social Security and Medicare taxes apply to election workers who are paid \$2,400 or more in cash or an equivalent form of compensation in 2025.

Electronic filing of some amended employment tax returns now available. You can now file an amended Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return; Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund; Form 943-X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund; and Form 945-X, Adjusted Annual Return of Withheld Income Tax or Claim for Refund, electronically using Modernized e-File (MeF). At this time, MeF can't be used to file Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund; or Form CT-1 X, Adjusted Employer's Annual Railroad Retirement Tax Return or Claim for Refund. For more information on electronic filing, go to [IRS.gov/EmploymentEfile](https://www.irs.gov/employmentefile).

[View the PDF of 2025 Publication 15.](#)

IRS Releases 2025 Version of Publication 15-A

The Internal Revenue Service (IRS) has posted the 2025 version of Publication 15-A, the Employer's Supplemental Tax Guide located at <https://www.irs.gov/pub/irs-pdf/p15a.pdf>.

The Details:

IRS Publication 15-A supplements IRS Publication 15 (Circular E), by providing more specialized and detailed employment tax information on certain topics covered in IRS Publication 15.

There are sections in IRS Publication 15-A on: (1) Who Are Employees; (2) Employee or Independent Contractor; (3) Employees of Exempt Organizations; (4) Religious Exemptions and Special Rules for Ministers; (5) Wages and Other Compensation; (6) Sick Pay Reporting; (7) Special Rules for Paying Taxes; and (8) Federal Income Tax Withholding on Retirement Payments and Annuities.

A highlight under "What's New" is as follows:

Social Security and Medicare taxes for 2025. The Social Security tax rate is 6.2 percent each for the employee and employer. The Social Security wage base limit is \$176,100.

The Medicare tax rate is 1.45 percent each for the employee and employer, unchanged from 2024. There is no wage base limit for Medicare tax.

Social Security and Medicare taxes apply to the wages of household workers you pay \$2,800 or more in cash wages in 2025. Social Security and Medicare taxes apply to election workers who are paid \$2,400 or more in cash or an equivalent form of compensation in 2025.

Next Steps:

Employers should review Publication 15-A to learn the requirements in 2025 regarding employment taxation.

IRS Releases 2025 Publication 15-B

The Internal Revenue Service (IRS) has released the 2025 version of Publication 15-B (Employer's Tax Guide to Fringe Benefits), which contains information for employers on the employment tax treatment of various fringe benefits, including accident and health coverage, adoption assistance, company cars and other employer-provided vehicles, dependent care assistance, educational assistance, employee discount programs, group term life insurance, moving expense reimbursements, health savings accounts (HSAs), and transportation (commuting) benefits. (Publication 15-B uses the term "employment taxes" to refer to federal income tax withholding, as well as Social Security and Medicare (FICA) and federal unemployment (FUTA) taxes.) Publication 15-B is a supplement to Publication 15 (circular E) and IRS Publication 15-A (Employer's Supplemental Tax Guide).

The Details:

A few of the highlights under "What's New" in the 2025 version of Publication 15-B are as follows:

Cents-per-mile rule. The business mileage rate for 2025 is 70 cents per mile. You may use this rate to reimburse an employee for business use of a personal vehicle, and under certain conditions, you may use the rate under the cents-per-mile rule to value the personal use of a vehicle you provide to an employee.

Qualified parking exclusion and commuter transportation benefit. For 2025, the monthly exclusion for qualified parking is \$325 and the monthly exclusion for commuter highway vehicle transportation and transit passes is \$325.

Contribution limit on a health flexible spending arrangement (FSA). For plan years beginning in 2025, a cafeteria plan may not allow an employee to request salary reduction contributions for a health FSA in excess of \$3,300.

[View the PDF of IRS Publication 15-B](#) "Employer's Tax Guide to Fringe Benefits" (for benefits provided in 2025).

ADP Compliance Resources

ADP maintains a staff of dedicated professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve. For the latest on how federal and state tax law changes may impact your business, visit the ADP *Eye on Washington* Web page located at www.adp.com/regulatorynews.

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