



SEATTLE'S NEW MINIMUM WAGE ORDINANCE

(SMC 14.19) Effective date: April 1, 2015

INFORMATION FOR SMALL EMPLOYERS

(500 OR FEWER EMPLOYEES - ALSO KNOWN AS SCHEDULE 2 EMPLOYERS)

For Small Employers, the City of Seattle's **\$15.00/hour** wage will be phased in over the next 5–7 years. The Office of Labor Standards will implement the new ordinance.

MINIMUM COMPENSATION

All small employers are required to pay minimum compensation. Small employers can meet this requirement in two ways:

1. Pay hourly minimum compensation rate; *or*
2. Pay hourly minimum wage and make up the balance with employee tips reported to the IRS and/or payments toward an employee's medical benefits plan.

1. HOURLY RATE

Small employers pay hourly minimum compensation rate based on the following schedule.

MINIMUM COMPENSATION

2015 (April 1)	\$11.00/hour
2016 (January 1)	\$12.00/hour
2017 (January 1)	\$13.00/hour
2018 (January 1)	\$14.00/hour
2019 (January 1)	\$15.00/hour

2. TIPS AND/OR MEDICAL BENEFITS

Small employers pay an hourly minimum wage and reach the minimum compensation rate through employee tips reported to the IRS and/or payments toward an employee's medical benefits plan. If the tips and/or payments toward medical benefits do not add-up to the minimum compensation rate, the small employer makes up the difference.

MINIMUM COMPENSATION

MINIMUM WAGE

2015 (April 1)	\$11.00/hour	\$10.00/hour
2016 (January 1)	\$12.00/hour	\$10.50/hour
2017 (January 1)	\$13.00/hour	\$11.00/hour
2018 (January 1)	\$14.00/hour	\$11.50/hour
2019 (January 1)	\$15.00/hour	\$12.00/hour
2020 (January 1)	\$15.75/hour	\$13.50/hour
2021 (January 1)	\$16.49/hour	\$15.00/hour

KEY TERMS

EMPLOYEES

Seattle's Minimum Wage Ordinance applies to employees working in Seattle, regardless of employees' immigration status.

EMPLOYER SIZE

To calculate employer size, count the employer's total number of individual employees within the United States, regardless of where those employees work.

WAGE

A wage includes salary, hourly pay, commissions, piece-rate, and non-discretionary bonuses. Wages do not include tips or payments towards medical benefits. However, payment toward medical benefits can reduce employers' minimum wage requirements temporarily until 2018.

MEDICAL BENEFITS

For an employee's medical benefits to qualify toward the minimum wage, the plan must be the equivalent of a "silver" level or higher as defined in the federal Affordable Care Act.

EXAMPLE

Café 123 is a restaurant with 25 employees. It does not pay toward employee medical benefits. Servers earn tips; kitchen employees do not earn tips.

Starting April 1, 2015, Café 123 will pay a minimum compensation of **\$11.00**/hour.

To meet this requirement:

- Café 123 will pay kitchen employees **\$11.00**/hour.
- If servers report at least **\$1.00**/hour in tips to the IRS in a pay period, Café 123 will pay them **\$10.00**/hour for a total minimum compensation of **\$11.00**/hour.
- If servers average less than **\$1.00**/hour in tips in a pay period, Café 123 must pay the difference. For example, if a server averages **\$.75**/hour in tips in a pay period, Café 123 will pay the difference of **\$.25**/hour. The server will receive a total wage of **\$10.25**/hour and a total minimum compensation of **\$11.00**/hour.

In 2025, small employers will pay the same minimum wage rate as large employers and will no longer count employee tips and/or payments toward an employee's medical benefit plan toward minimum compensation. The City of Seattle will calculate percentage changes to the minimum wage based on the Consumer Price Index (CPI).

OTHER REQUIREMENTS



NOTICE TO EMPLOYEES

Employers must provide employees with notice of their rights under the Ordinance. The notice must be in English, Spanish, and any other language that is commonly spoken by employees in the workplace. The Office of Labor Standards will make notices available in different languages.



RECORD KEEPING

Employers must keep payroll records for three years.



RETALIATION PROHIBITED

An employer cannot retaliate against an employee for:

- Requesting to be paid the minimum wage.
- Filing a complaint with the Office of Labor Standards concerning a potential minimum wage violation.
- Telling a person about a potential violation or about their rights.

ENFORCEMENT

On April 1, 2015, the Office of Labor Standards (OLS) begins enforcing the Minimum Wage Ordinance. During the first year, OLS will obtain full payment of worker wages and help employers comply with ordinance requirements. Penalties will be withheld except for repeated or egregious violations.

OLS is a new division within the Seattle Office for Civil Rights.

FOR MORE INFORMATION

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