

As of July 1, 2010

**Note:** The minimum wage rates printed in this document apply to 'large' businesses with tipped employees, such as chain restaurant or chain hotel employers, that are operating in that state and that are covered by the Fair Labor Standards Act (FLSA). Businesses bound by the FLSA must pay the federal minimum wage of \$7.25. In states with wage rates higher than the federal minimum wage, businesses are required to pay the higher rate. States in **BOLD** represent rates above the federal minimum wage.

| STATE/<br>LOCALITY   | TIPPED<br>WAGE | MINIMUM<br>WAGE | NOTES  |
|----------------------|----------------|-----------------|--|
| Alabama              | \$2.13         | \$7.25          | Alabama has no law on tipped wage; federal law applies.  |
| <b>Alaska</b>        | \$7.75         | \$7.75          | Alaska allows no tip credit. A new law passed in 2009 requires the state minimum wage to be 50 cents above the federal rate.   |
| Arizona              | \$4.25         | \$7.25          | Arizona's tip credit for employers is \$3.00. The wage is indexed to the Consumer Price Index (CPI) and will be adjusted again in January 2011.  |
| Arkansas             | \$2.63         | \$7.25          | Arkansas's cash wage is frozen at \$2.63.  |
| <b>California</b>    | \$8.00         | \$8.00          | California allows no tip credit.   |
| Colorado             | \$4.22         | \$7.25          | For employers not bound by FLSA, the state wage is \$7.24 due to a decrease in the CPI. Colorado's tip credit is frozen at \$3.02. The wage is indexed to the CPI and will be adjusted again in January 2011.  |
| <b>Connecticut</b>   | \$5.69         | \$8.25          | Connecticut's tip credit is now 31% of the applicable minimum wage, and bartenders' wage rate is \$7.34 (based on an 11% tip credit).  |
| Delaware             | \$2.23         | \$7.25          | Delaware's cash wage is frozen at \$2.23.  |
| Florida              | \$4.23         | \$7.25          | Florida's tip credit is frozen at \$3.02. The wage is indexed to the CPI and will be adjusted again in January 2011.   |
| Georgia              | \$2.13         | \$7.25          | Georgia's minimum wage law excludes employees covered by the Fair Labor Standard Act (FLSA); federal law on cash/tipped wage applies.  |
| Hawaii               | \$7.00         | \$7.25          | Hawaii has a tip credit of \$.25.  |
| Idaho                | \$3.35         | \$7.25          | Idaho's cash wage is frozen at \$3.35.   |
| <b>Illinois</b>      | \$4.95         | \$8.25          | Illinois's tip credit is 40% of the applicable minimum wage.   |
| Indiana              | \$2.13         | \$7.25          | Indiana's minimum wage law excludes FLSA employees; federal law on cash/tipped wage applies.   |
| Iowa                 | \$4.35         | \$7.25          | Iowa's tip credit is 40% of the applicable minimum wage.   |
| Kansas               | \$2.13         | \$7.25          | Kansas's minimum wage law excludes FLSA employees; federal law on cash/tipped wage applies.  |
| Kentucky             | \$2.13         | \$7.25          | Federal cash/tipped wage law applies.  |
| Louisiana            | \$2.13         | \$7.25          | Louisiana has no law on tipped wage; federal law applies.  |
| <b>Maine</b>         | \$3.75         | \$7.50          | Maine's cash wage is 50% of the state minimum wage.  |
| Maryland             | \$3.63         | \$7.25          | Maryland's tip credit is 50% of the applicable minimum wage.   |
| <b>Massachusetts</b> | \$2.63         | \$8.00          | Massachusetts' cash wage is frozen at \$2.63.  |
| <b>Michigan</b>      | \$2.65         | \$7.40          | Michigan's cash wage is frozen at \$2.65.  |
| Minnesota            | \$7.25         | \$7.25          | Minnesota allows no tip credit.  |
| Mississippi          | \$2.13         | \$7.25          | Mississippi has no law on tipped wage; federal law applies.  |
| Missouri             | \$3.63         | \$7.25          | Missouri's tip credit is 50% the applicable wage. The wage is also indexed to the CPI and will be adjusted again in January 2011.  |
| Montana              | \$7.25         | \$7.25          | Montana does not allow a tip credit. Montana's wage is indexed to the CPI and will rise again in January 2011.   |
| Nebraska             | \$2.13         | \$7.25          | Nebraska's cash wage is frozen at \$2.13.  |
| <b>Nevada</b>        | \$8.25         | \$8.25          | FLSA employers can pay employees \$7.25 per hour if health benefits are provided. The wage is indexed to the CPI (capped at 3%), or adjusted by the amount of an increase in the federal wage. In Spring of 2011, the state's labor department will release the new wage rate that will go into effect on July 1, 2011. The state does not allow a tip credit. |
| New Hampshire        | \$3.27         | \$7.25          | New Hampshire's cash wage cannot be less than 45% of the applicable minimum wage.  |
| New Jersey           | \$2.13         | \$7.25          | New Jersey has no law on tipped wage; federal law applies.   |
| <b>New Mexico</b>    | \$2.13         | \$7.50          | New Mexico's cash wage is frozen at \$2.13, but the cash wage plus tips must equal the applicable minimum wage in order for the reduced wage to be paid.   |
| New York             | \$4.65         | \$7.25          | New York's cash wage is frozen at \$4.65 (as of July 24, 2009).  |
| North Carolina       | \$2.13         | \$7.25          | North Carolina's tipped wage returns to the federal amount of \$2.13.  |
| North Dakota         | \$4.86         | \$7.25          | North Dakota's tip credit is 33% of the applicable minimum wage.   |
| <b>Ohio</b>          | \$3.65         | \$7.30          | Ohio's wage for tipped employees is set at 50% of the applicable minimum wage. The wage is indexed to the CPI and will rise again in 2011.   |
| Oklahoma             | \$2.13         | \$7.25          | Oklahoma's minimum wage law excludes FLSA employees; federal law on cash/tipped wage applies.  |
| <b>Oregon</b>        | \$8.40         | \$8.40          | Oregon allows no tip credit. Oregon's wage is indexed to the CPI and will be adjusted again in January 2011.   |
| Pennsylvania         | \$2.83         | \$7.25          | Pennsylvania's cash wage is frozen at \$2.83.  |
| <b>Rhode Island</b>  | \$2.89         | \$7.40          | Rhode Island's definition of tipped employees includes bussers.  |
| South Carolina       | \$2.13         | \$7.25          | South Carolina has no law on tipped wage; federal law applies.   |
| South Dakota         | \$2.13         | \$7.25          | South Dakota's cash wage is frozen at \$2.13.  |
| Tennessee            | \$2.13         | \$7.25          | Tennessee has no law on tipped wage; federal law applies.  |
| Texas                | \$2.13         | \$7.25          | Texas's minimum wage law excludes FLSA employees; federal law on cash/tipped wage applies.   |
| Utah                 | \$2.13         | \$7.25          | Utah requires a cash wage higher than the Federal requirement, but the higher wage does not apply to employers covered by the FLSA.  |
| <b>Vermont</b>       | \$3.91         | \$8.06          | Vermont's minimum and cash wage rates are indexed to the CPI (capped at 5%) and will be adjusted again in January 2011.  |
| Virginia             | \$2.13         | \$7.25          | Virginia's minimum wage law excludes FLSA employees; federal law on cash/tipped wage applies.  |
| <b>Washington</b>    | \$8.55         | \$8.55          | Washington allows no tip credit. Washington's wage is indexed to the CPI and will be adjusted again in January 2011.   |
| West Virginia        | \$2.13         | \$7.25          | West Virginia has a state tipped wage law that is higher than the federal level. However, employees who are covered by the federal Fair Labor Standards Act (FLSA) are not covered by the state law. The current state minimum wage is \$7.25, with a tipped wage of \$5.80. Please call us with questions or to obtain the state wage rates.                  |

While we believe this to be an accurate interpretation of state labor laws, this information should not be taken as legal advice, nor should it be a substitute for the independent advice of counsel. In cases involving local wage and hour laws, we suggest employers seek local counsel.

Prepared exclusively for Employment Policies Institute Contributors. Revised July 1, 2010.

# TIPPED AND MINIMUM WAGE RATES

As of July 1, 2010

**Note:** The minimum wage rates printed in this document apply to 'large' businesses with tipped employees, such as chain restaurant or chain hotel employers, that are operating in that state and that are covered by the Fair Labor Standards Act (FLSA). Businesses bound by the FLSA must pay the federal minimum wage of \$7.25. In states with wage rates higher than the federal minimum wage, businesses are required to pay the higher rate. States in **BOLD** represent rates above the federal minimum wage.

| STATE/<br>LOCALITY           | TIPPED<br>WAGE | MINIMUM<br>WAGE | NOTES   |
|------------------------------|----------------|-----------------|---|
| Wisconsin                    | \$2.33         | \$7.25          | Wisconsin's cash wage is frozen at \$2.33.  |
| Wyoming                      | \$2.13         | \$7.25          | Wyoming has no law on tipped wage; federal law applies.   |
| <b>Albuquerque, NM</b>       | \$2.13         | \$7.50          | The city of Albuquerque passed an ordinance in 2006 raising the minimum wage each year for the next three years. The final increase took place in January 1, 2009, raising the city's minimum wage to \$7.50 per hour. The ordinance allows employers to pay a dollar less an hour if they provide \$2,500 annually for health care and/or child care benefits. |
| <b>Bernalillo County, NM</b> | \$2.13         | \$7.50          | Bernalillo County passed an ordinance in 2006 raising the minimum wage each year for the next 3 years. The ordinance will allow employers to pay a dollar less an hour if they provide \$2,500 annually for health care and/or child care benefits. The tipped wage was unaffected by the increase.   |
| Puerto Rico                  | \$2.13         | \$7.25          | Federal cash/tipped wage law applies.   |
| <b>San Francisco, CA</b>     | \$9.79         | \$9.79          | San Francisco's wage is indexed to the CPI and will be adjusted again in January 2011.  |
| <b>Santa Fe, NM</b>          | \$2.13         | \$9.85          | Santa Fe's minimum wage is indexed to the CPI, initially approved in 2006. Wages earned from tips will count against the minimum wage amount unless the employees tips are pooled.  |
| <b>Washington, DC</b>        | \$2.77         | \$8.25          | Washington DC's cash wage is frozen at \$2.77. DC's wage is set at \$1.00 above the federal rate.   |