

In Brief

NEW ILLINOIS MINIMUM WAGES AND NON-COMPLIANCE PENALTIES

March 2019

On February 19, 2019, Governor Pritzker signed into law Public Act 101-0001, which will raise the statewide minimum wage incrementally, starting January 1, 2020. These new amendments to the Minimum Wage Law (“IMWL”) also severely increase penalties on employers who acquire minimum wage violations and who fail to keep the required records specified by the Act. The new penalties are effective immediately.

On January 1, 2020, the Illinois minimum wage will increase from \$8.25 per hour to \$9.25 per hour. On July 1, 2020, the rate will increase again to \$10.00 per hour. Thereafter, on each January 1 from 2021 through 2025, the rate will increase by \$1.00 until it reaches \$15.00 per hour. The following table illustrates the applicable rates starting January 1, 2020:

- January 1, 2020 \$9.25/hr.
- July 1, 2020 \$10.00/hr.
- January 1, 2021 \$11.00/hr.
- January 1, 2022 \$12.00/hr.
- January 1, 2023 \$13.00/hr.
- January 1, 2024 \$14.00/hr.
- January 1, 2025 \$15.00/hr.

Effective immediately, the new law provides for steeper penalties against employers that violate the IMWL. Employees paid less than the minimum wage can now recover triple the amount of their unpaid wages plus 5% of the amount of the underpayments per month that they remain unpaid. An employee can also recover attorneys’ fees against their employer for pursuing a successful wage claim. Employers who are found by the Illinois Department of Labor to have committed willful or repeated violations of the IMWL face a newly enacted \$1,500 fine, plus the previously existing 20% penalty on all willfully unpaid wages.

The penalties for IMWL recordkeeping violations also increased under the new amendments. The IMWL requires employers to maintain records containing the hours worked each day by all employees. Employers must keep these records for at least three (3) years. If employers fail to keep adequate records, they now face a fine of \$100 per employee.

The new bill does provide a tax credit for employers with less than 50 employees. These employers may take a tax credit on up to 25% of their increased tax payments due as a result of the increased minimum wage in 2020. The employer may take this credit only for payments related to employees who make the minimum wage as required by the IMWL and who have had their average hourly wage increased over the previous year’s average hourly wage. The tax credit phases out over the span of minimum wage increases; the credit will reduce to 21% in 2021, 17% in 2022, 13% in 2023, 9% in 2024, and 5% in 2025 and 2026. Employers with five (5) or fewer employees can also claim a 5% credit in 2027.

This amendment to the IMWL adds to the patchwork of minimum wage requirements in Chicago and Cook County where new minimums of \$13.00 per hour and \$12.00 per hour, respectively, are set to take effect on July 1, 2019. Contact your Robbins Schwartz attorney for assistance navigating the new amendments to the IMWL.