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## Client Alert

June 14, 2021

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### **LOCAL MINIMUM WAGE RATE TO INCREASE JULY 1, 2021**

California law currently requires that employers with 25 or fewer employees pay their employees a minimum of \$13.00 per hour. Where there are 26 or more employees, the State minimum hourly wage is \$14.00. On January 1, 2022, these rates will increase to \$14.00 per hour and \$15.00 per hour, respectively.

In addition, the Cities of Los Angeles and Santa Monica have their own local minimum wage requirements, which are higher than the California rate. Unlike California's rate increases, which take effect on the first of the year, the city rate increases are set to take effect on July 1, 2021.

As of July 1, 2021, the Los Angeles and Santa Monica minimum wage rates will be \$15.00 per hour for all employers. With limited exception, the city minimum wage rules cover all employees who perform at least two hours of work in a given week within the geographic boundaries of each city. Employees are covered by the applicable minimum wage regardless of immigration status, whether they are full-time or part-time workers.

To determine whether your workplace falls within the limits of the City of Los Angeles, please refer to: <http://neighborhoodinfo.lacity.org>.

Employers should ensure that affected employees' wages are brought to the new minimum rate. Note that gratuity and tips may not be counted toward the minimum wage.