



Labor & Employment Client Advisory

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New Jersey Set to Raise Minimum Wage By \$2.00 Per Hour

The New Jersey Legislature yesterday took the final, landmark step towards increasing the New Jersey minimum wage rate to \$7.15 per hour. Citing the higher cost of living in New Jersey, the General Assembly overwhelmingly passed Senate Bill No. 2065, which will increase the minimum wage rate by \$2.00 over the next 18 months. Having already passed the Senate on February 14, 2005, the legislation now awaits the signature of Acting Governor Richard J. Codey, who has been openly supportive of the proposal and is expected to sign the bill into law in April 2005.

New Jersey's current minimum wage rate is \$5.15 per hour. Once approved by the Acting Governor, the new law would raise the minimum wage to \$6.15 per hour on October 1, 2005, and then to \$7.15 on October 1, 2006. At that \$7.15 level, New Jersey would have the third highest minimum wage rate in the country.

The General Assembly's decision to raise the minimum wage is in sharp contrast to, and in direct reaction to, the United States Senate's defeat last week of two proposals to raise the current federal minimum wage of \$5.15 per hour. Despite the lower federal rate, and lower rates in all surrounding States (including Pennsylvania, Delaware and New York), New Jersey employers will be required to follow the higher New Jersey rate.

Last-minute efforts to curb the effects of the bill were not successful. A proposed amendment to exempt seasonal employees, for example, failed to pass. However, the legislation does not alter the existing exceptions for minors, farm laborers, summer camp workers, trucking industry employees, and municipal and county employees. The legislation also calls for the creation of a "New Jersey Minimum Wage Advisory Commission" which will be tasked to annually evaluate the adequacy of the minimum wage rate relative to cost-of-living increases.

This 39% increase of the minimum wage rate demonstrates a pro-active employee stance and a significant adjustment for many New Jersey employers. In anticipation of this legislation going into effect, proper planning and compliance is needed in order to ensure a smooth transition for New Jersey employers. If you have any questions about this new law, and how it may affect your business, please contact a member of Archer & Greiner's Labor and Employment Department at 856-795-2121. More information about Archer & Greiner and its Labor & Employment Group is available on www.archerlaw.com.

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