



Illinois Enacts Minimum Wage Hike To \$15

Insights

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Illinois is set to drastically change its minimum wage in the near future, reaching \$15 per hour over the course of the next six years. Following passage by the legislature on February 14, 2019, newly elected Governor J.B. Pritzker quickly signed the amendments to the Illinois Minimum Wage Law into law. You should be prepared for the gradual increases (and other changes) to start taking effect on January 1, 2020.

New Minimum Wage Rates

Illinois employers have not experienced a statewide increase in the minimum wage since 2010, which has remained \$8.25 per hour since that time. Although local jurisdictions have enacted higher minimum wages in more recent memory, the Illinois legislature took the significant step of increasing employers' compensation obligations throughout the state.

Pursuant to the new law, you will be required to pay the following minimum wages according to this schedule:

- \$9.25 per hour effective January 1, 2020;
- \$10.00 per hour effective July 1, 2020;
- \$11.00 per hour effective January 1, 2021;
- \$12.00 per hour effective January 1, 2022;
- \$13.00 per hour effective January 1, 2023;
- \$14.00 per hour effective January 1, 2024; and
- \$15.00 per hour effective January 1, 2025.

Impact On Tipped Employees

Notably, the amendments to the Illinois Minimum Wage Law do not change the permitted tip credits in Illinois, as they are based on a percentage of the minimum wage rate. Both the old and new provisions of the Illinois Minimum Wage Law require that any reduction of the minimum wage for any qualified jobs not exceed 40 percent of the applicable minimum wage rate if tips will supplement the remaining amount of the minimum wage.

Accordingly, in 2025 for example, you may pay a qualified employee \$9.00 per hour (60 percent of the minimum wage), but you would then need to rely on the qualified employee earning an additional \$6.00 per hour in tips to meet the minimum wage. As a result of the new law, you need to be more mindful of qualified employees' tips, as you may be required to supplement more of their wages to meet the ever-increasing minimum wage.

New Enforcement Mechanisms

As evidenced by the new amendments, the Illinois Department of Labor will expect you to be cognizant of the law's new requirements: the amendments permit the Department to conduct random audits to ensure compliance with the Illinois Minimum Wage Law. Previously absent from the statute, the possibility of a random audit should encourage you to be ready to respond to any request from the Department.

Unlike the changes to the minimum wage rates, the new enforcement mechanisms take effect immediately. Therefore, you should confer with counsel about implementing a plan to respond to the Department, including designating a contact person at every worksite.

New Penalties For Non-Compliance

Should any employer run afoul of the provisions of the Illinois Minimum Wage Law, the statute imposes additional penalties against non-compliant employers. Perhaps the most significant change concerns the implementation of treble damages (which previously had been one-to-one liquidated damages) plus attorneys' fees and costs.

Furthermore, the statute now requires that liable employers pay 5 percent (increased from 2 percent) of the amount of any underpayments for each month following the date of payment during which such underpayments remained unpaid. Plainly, these penalties are significant, and you are encouraged to discuss all compliance measures with counsel to best avoid being subjected to any preventable consequences.

Next Steps For Employers

Illinois employers need to be mindful of the amendments to the Illinois Minimum Wage Law. To appropriately prepare for any and all compliance requirements and agency inquiries, you should contact counsel in the near future to discuss the new requirements of the law, particularly because some of the law's requirements have immediate consequences (i.e., the Department's enforcement mechanisms). If you have any questions, please contact your Fisher Phillips attorney or any attorney in [the firm's Chicago office](#).

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