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Client Alert: Governor Baker's "Grand Bargain"

By Adam Barnosky on July 2, 2018



On June 28, 2018, Massachusetts Governor Charlie Baker signed a bill into law (H 4640) that will alter workplace pay and benefits for employers and employees across the state.

Below is a synopsis of the bill:

- Hourly Minimum Wage Increases.** Hourly wages will increase progressively from \$11 to \$15 per hour by 2023. It is estimated that a quarter of the state's workforce – approximately 840,000 employees – will benefit from this pay raise.
- **Wage Increases for Tipped Employees.** The minimum wage for tipped employees (i.e. servers, bartenders, and others) will increase to \$6.75 per hour over a five-year period.
 - **Paid Medical and Family Leave.** A provision of the bill allows employees in the state to take up to twelve weeks of paid family leave and up to twenty weeks of paid medical leave starting in 2021. An added benefit for workers: the bill ensures that post-leave employees may return to the workforce at the same or equivalent position (with the same pay, status, and employment benefits).
 - **Eliminates Time-and-a-Half Pay on Sundays and Holidays.** The elimination of time-and-a-half pay will occur progressively over a five-year period. Massachusetts and Rhode Island are the only states in the country to mandate such compensation.
 - **Institutes an Annual Sales Tax Holiday.** Beginning in 2019, the bill mandates an annual sales tax holiday weekend in August. The "tax free" weekend will allow customers to purchase most items without paying Massachusetts' 6.25 percent state sales tax.

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