



*November 14, 2003*

### **San Francisco Votes To Increase Minimum Wage To \$8.50 Per Hour**

On Tuesday, November 4, 2003, San Francisco voted in favor of Proposition L, a measure raising the minimum wage for San Francisco employees to \$8.50 per hour, as opposed to \$6.75 per hour, the current minimum wage under California state law. The measure will go into effect on February 2, 2004 (90 days from the date of passing) for businesses with ten or more employees. However, the implementation of the law will be delayed for nonprofit organizations and employers with fewer than ten employees. Such employers will be required to pay \$7.75 per hour beginning on January 1, 2005, and \$8.50 per hour beginning on January 1, 2006.

San Francisco is the first California city, and only the third city in the nation (joining Washington D.C. and Santa Fe, N.M.) to adopt a higher minimum wage than the state minimum. The measure was supported by advocates for the poor, labor unions, and elected officials who argued that San Francisco's high cost of living made it practically impossible for workers making the state minimum wage to make ends meet. The measure was opposed by employers who argued that the new minimum wage would have a detrimental impact on businesses during an already serious economic recession. In particular, the restaurant industry argued that the measure would hurt restaurants whose servers make well above the \$8.50 mark per hour if tips are taken into consideration. Regardless, on November 4, 2003, the measure passed with nearly 60% of the vote.

All companies employing persons in San Francisco must be aware of the new minimum wage. Covered employers must make sure that their San Francisco-based employees earn at least \$8.50 per hour by February 2, 2004. Employers who are not in compliance with the new law will face stiff sanctions. San Francisco or members of the public can sue to enforce the minimum wage requirements. Clearly, it is in the best interests of covered employers to immediately review their pay practices to ensure compliance with San Francisco's new minimum wage rules.

For more information on this issue, please contact a member of the Labor and Employment Law Practice Group in one of our offices.

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