



UNDERSTANDING THE NEW FEDERAL MINIMUM WAGE

On May 25, 2007, President Bush signed into law the Fair Minimum Wage Act of 2007, which increases the federal minimum wage in 3 stages on the following schedule:

- \$5.85 per hour effective July 24, 2007
- \$6.55 per hour effective July 24, 2008
- \$7.25 per hour effective July 24, 2009

Because Florida has its own state minimum wage that changes every year, employers will have to pay close attention to make sure they are paying the correct wage. The bottom line is that **employers must pay whichever minimum wage rate is higher.** The current Florida minimum wage is \$6.67 per hour for the year 2007, so most Florida employers should continue to pay the Florida minimum wage at least through calendar year 2008. On the current schedule, the new federal minimum wage will not affect Florida employers until July 24, 2009.

For tipped employees, employers can deduct a "tip credit" of \$3.02 per hour from their employees' minimum wage, provided the tipped employee retains all tips and regularly receives more than \$30 in tips a month. With the current Florida minimum wage of \$6.67 per hour, tipped employees must be paid at least \$3.65 an hour [\$6.67 minimum wage minus the \$3.02 tip credit]. This tip credit of \$3.02 will not be changing, so Florida employers of tipped employees should continue to subtract \$3.02

from the prevailing minimum wage to determine the minimum wage for their tipped employees. As the minimum wage goes up, the hourly rate you pay tipped employees will also go up.

All Florida employers will be required to post the new federal minimum wage poster. However, these posters are not yet available from the federal government. Once they become available, we will send all FUBA members a new posting, and you can simply paste it on top of the existing federal minimum wage poster on your All-In-One poster provided through FUBA as a benefit of your membership. In the meantime, we suggest you put a sticky note on the existing federal minimum wage poster that says, "Effective July 24, 2007, the federal minimum wage is \$5.85 per hour." This way, you will be in total compliance with the posting requirements until you get the new federal minimum wage poster from us.

Because of this new posting requirement, poster companies are mailing thousands of letters to Florida businesses trying to scare them into buying new "compliance kits." Some of these cost more than \$80.00. Be very wary of these companies, and please do not spend any money until you fully understand what you are buying. **Through your FUBA membership, you will receive everything you need to stay in compliance with all poster requirements.**

Please look for the new federal minimum wage poster in your next newsletter. And, before the Florida minimum wage changes again in January we will be providing you with a new Florida

minimum wage poster. We will also make it easier for you by letting you know which minimum wage you are responsible for paying.

If you have any questions about how this new minimum wage law will affect your business, please contact Erin in FUBA's Membership Department at 800-262-4483.

ATTENTION CONTRACTORS: DOES YOUR GENERAL CONTRACTOR REQUIRE A RATING FOR YOUR WORKERS' COMP INSURANCE?

During the past legislative session, FUBA was successful in passing a bill that will make it easier for subcontractors to have their workers' compensation insurance coverage accepted by the general contractors they do work for. Many times, a general contractor will tell a sub that their workers' compensation policy is not acceptable because it is not issued by an insurance company with a national rating from a company like A.M. Best.

This situation was unfair and unacceptable, and it was affecting a lot of FUBA members who got their workers' compensation insurance through our member-owned self-insurance fund. Often, the sub was not told about the insurance requirements until after the work was started (and sometimes even completed), and we have heard from many subs whose checks were withheld by the GC.

We are proud to let you know that, effective July 1st, there is a new law that outlaws this practice. Under the new law, any person who requires a sub to have a workers' compensation policy cannot reject that policy on the basis that it is issued by a self-insurance fund that is not rated by a nationally-recognized rating service. If you have your workers' comp with us and are being

told by your GC that they will not accept our coverage, please call us. We will fax a copy of the new law either to you or directly to the GC and explain that this practice is no longer allowable under Florida law.

FUBA would like to thank Senator Don Gaetz (R-Niceville) and Representative Dennis Ross (R-Lakeland) for sponsoring this bill on behalf of FUBA's members. Without their support, this new law would not have been possible.

If you need a copy of this new law or if you have questions about it, please call the FUBA offices at 800-262-4483 and ask for Karen, Lance or Cameron.

LEGISLATIVE UPDATE - BILLS THAT DID NOT PASS

The following bills of interest to small businesses were debated by lawmakers this session but ultimately were **NOT** approved:

Senate Bill 2356 would have allowed employees to bring firearms to their work as long as they were locked in their car.

Senate Bill 1552 would have made it easier for employees to collect unemployment compensation benefits. The passage of this bill would have placed an added tax and reporting burden on all small businesses in Florida.

House Bill 763 would have required employers with 10 or more employees to provide paid sick leave.

Senate Bill 2094 would have created a small business health insurance grant program to provide grants to small employers to assist them providing access to health insurance for uninsured employees.

House Bill 925 would have used rebates to encourage small businesses to provide health insurance coverage to their employees by creating a 2-year pilot program in Pasco and Volusia County.