

JUNE 2011

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MINIMUM WAGE GOING UP JUNE 1ST

If your business pays any of its employees the minimum wage, please note: the Florida minimum wage will increase to \$7.31 an hour effective June 1st, 2011. This is an increase of 6 cents an hour over the current minimum wage of \$7.25, and it is the first time the minimum wage has changed since July 2009.

The state Agency for Workforce Innovation calculates the state minimum wage each October for the coming year. Based on the state's calculations, no increase was recommended and the minimum wage was set to stay the same as the federal minimum wage for 2011. Several employee groups then sued the state, claiming that the minimum wage should have actually gone up for 2011. On May 2nd, a judge in Tallahassee agreed and ordered that the state minimum wage would be \$7.31 an hour starting June 1st.

Here's what this means for Florida businesses:

- There is both a federal minimum wage (which applies to the entire country) and a Florida minimum wage. Florida employers must pay whichever minimum wage is higher.
- Since July 24, 2009, the federal and the state minimum wage have been the exact same of \$7.25 an hour.
- When the Florida minimum wage adjusts to \$7.31 an hour on June 1, 2011, it will be the higher wage and this will be the rate Florida employers are required to pay.
- If you have any employees who are paid at the minimum wage, **you will have to increase their hourly wage by 6 cents to \$7.31 an hour starting June 1st.**
- If you have any employees who receive tips, you can count their tips towards the required hourly minimum wage. As the minimum wage

goes up, though, the hourly rate you have to pay tipped employees also goes up. **Starting June 1st, the direct hourly wage you must pay your tipped employees will be \$4.29 an hour (an increase of 6 cents over the previous direct wage of \$4.23 an hour).**

- Businesses will need to post a new 2011 Florida minimum wage poster reflecting the new minimum wage of \$7.31. As a benefit of your membership in FUBA, **we are providing you with a FREE Florida minimum wage poster for your business.** Your new poster is enclosed with this newsletter.
- On June 1st, please take down the current Florida minimum wage poster that we sent you, which should already be posted at your workplace. This is the green and white poster that is separate from the All-in-One labor law poster you received when you joined FUBA. It says "The 2011 minimum wage in Florida is the federal minimum wage of \$7.25 an hour" at the top. Put the new poster up next to your All-in-One labor law poster, and you will have all of the required state and federal employment posters at your workplace.
- Every time a new poster is required in Florida, private poster companies send out mailings that look like official government mail, trying to scare you into buying expensive "compliance packages." Be very wary of these companies and their products, and please do not spend any money until you fully understand what you need and what you are buying. As part of our member services, FUBA is dedicated to keeping you informed about all new posters, and we do our best to provide any new posters to you free of charge, so that your business is always in compliance with federal and state employment posting requirements.

If you have any questions about the new minimum wage, or if you would like extra copies of the new

minimum wage poster, please call the FUBA offices at 800-262-4483 and ask for Karen, Lance or Erin, or email us at fuba@FUBA.org.

UNEMPLOYMENT TAX UPDATE

As you may remember, we were waiting to see if the Florida Legislature would approve an immediate reduction in unemployment compensation taxes for Florida businesses. While lawmakers did pass important unemployment legislation on May 6th, the unemployment tax rate for 2011 will not change. Please see the Legislative Update article below for a summary of this bill, but here are some important facts to keep in mind relating to your unemployment taxes:

- Unemployment taxes will not change this year. The tax notice you received from the Florida Department of Revenue at the beginning of the year is the correct rate. The first quarter's taxes were due April 30th. The second quarter's taxes will be due July 31st.
- Don't forget you can use the installment plan to spread your taxes out instead of paying them quarterly.
- Florida businesses are still expected to pay the special interest assessment that is due by June 30, 2011. This money goes to pay the interest on the loans that Florida's UC Trust Fund has borrowed from the federal government. You should have already received the interest assessment notices from the Department of Revenue at the end of January telling you how much you owe. This assessment is due and payable and will not be waived.

LEGISLATIVE UPDATE

The Florida Legislature recently concluded its 2011 Regular Session. During the Session, lawmakers considered a number of bills affecting small businesses. In this edition of ISSUES, we summarize some of the bills that were approved by the Legislature and will become law, unless they are vetoed by the Governor. If you have any questions about the bills, please call the FUBA offices and ask for Karen, Lance or Erin.

Unemployment Compensation

House Bill 7055 makes several important changes to Florida's unemployment compensation law that will reduce costs to employers and make it

harder for employees to qualify for benefits, such as:

- The number of weeks a claimant can receive unemployment benefits is shortened from 26 weeks to 23 weeks.
- Unemployment benefits will be tied to the unemployment rate for Florida: when the unemployment rate is 5% or less, claimants can receive a maximum of 12 weeks of benefits. Another week is added for each half percentage increase in the unemployment rate.
- An employee will not be eligible for benefits if they are fired for:
 - o chronic absenteeism or tardiness
 - o violation of the employer's work rules
 - o deliberate violation of a regulation that jeopardizes the employer's license
 - o misconduct that occurred either at work or after working hours.
- Employees will now have to do an initial skills review and a legitimate job search each week to keep receiving their benefits.

Taxes

House Bill 143 re-creates the sales-tax holiday for 3 days this August. From August 12th through the 14th, the following items will be exempt from the state sales tax as well as any applicable county sales taxes:

- Clothing and footwear that cost \$75 or less
- Wallets and bags (like backpacks and purses) that cost \$75 or less
- School supplies that cost \$15 or less

House Bill 7185 raises the exemption level for businesses having to pay the Florida corporate tax. Currently, the first \$5,000 of a corporation's net income is exempt from the tax. Under this new law, the first \$25,000 in net income will be exempt. This means corporations owing less than \$25,000 in corporate income tax will not have to pay any Florida corporate income tax. [Please note: you may still have to file a corporate income tax return to the Florida Department of Revenue; please check with your local tax professional.]

Health Care

Senate Joint Resolution 2 and House Bill 1193 both deal with the federal health care mandate. Both bills intend to clarify that Floridians cannot be required to purchase health insurance coverage.