

## State Minimum Wage Rates Set to Increase

The minimum wage will rise in a number of states in 2017. Unless otherwise noted, the following minimum wage rates (per hour) are scheduled to become effective on January 1, 2017:

- **Alaska:** \$9.80
- **Arizona:** \$10.00
- **Arkansas:** \$8.50 for employers with 4 or more employees
- **California:** \$10.50 for employers with 26 or more employees (for smaller employers, the rate remains \$10.00)
- **Colorado:** \$9.30 (\$6.28 for tipped employees)
- **Connecticut:** \$10.10
- **District of Columbia:** \$12.50, beginning July 1, 2017 (\$3.33 for tipped employees)
- **Florida:** \$8.10 (\$5.08 for tipped employees)
- **Hawaii:** \$9.25
- **Maine:** \$9.00, beginning January 7, 2017
- **Maryland:** \$9.25, beginning July 1, 2017
- **Massachusetts:** \$11.00 (\$3.75 for tipped employees)
- **Michigan:** \$8.90 (\$3.38 for tipped employees)
- **Missouri:** \$7.70 (\$3.85 for tipped employees)
- **Montana:** \$8.15
- **New Jersey:** \$8.44
- **New York:** \$9.70, beginning December 31, 2016 (\$11.00 for employers in NYC with 11 or more employees; \$10.50 for employers in NYC with 10 or fewer employees; \$10.00 for Long Island & Westchester; \$10.75 for fast food employees outside of NYC; \$12.00 for fast food employees within NYC)
- **Ohio:** \$8.15 (\$7.25 for employees at certain [smaller companies](#), and for 14- and 15-year-olds; the wage rises to \$4.08 for tipped employees)
- **Oregon:** \$10.25, beginning July 1, 2017 (\$11.25 for employees working within the urban growth boundary of a [metropolitan service district](#); \$10.00 in nonurban counties)
- **Rhode Island:** \$3.89 for tipped employees (for non-tipped employees, the \$9.60 minimum wage rate remains unchanged)
- **South Dakota:** \$8.65 (\$4.325 for tipped employees)
- **Vermont:** \$10.00 (\$5.00 for certain service or tipped employees)
- **Washington:** \$11.00



Be sure to comply with any city or other local wage requirements (which may be **higher** than the state or federal minimum wage) that may apply to your business.

For more information on state minimum wage laws, please visit our [State Laws](#) section, click on your state, and select "Minimum Wage" in the left-hand navigation menu.

## Tax Filing Season Begins January 23

The Internal Revenue Service (IRS) has [announced](#) that tax season will begin Monday, **January 23, 2017**. The filing deadline to submit 2016 tax returns is Tuesday, **April 18, 2017**.



### Tax Season Begins January 23

The IRS will begin accepting electronic tax returns on **January 23, 2017**. Many software companies and tax professionals will be accepting tax returns before January 23 and then will submit the returns when IRS systems open. The IRS will begin processing **paper tax returns** at the same time. According to the IRS, there is no advantage to filing tax returns on paper in early January instead of waiting for the IRS to begin accepting e-filed returns.

### April 18 Filing Deadline

The filing deadline to submit 2016 tax returns is Tuesday, **April 18, 2017**, rather than the traditional April 15 date, as a result of a weekend and a District of Columbia holiday.

Visit our section on [Employer Tax Laws](#) for more on employer taxes.

## Certain Small Employer HRAs Exempt From ACA Market Reforms

A new law allows certain small employers--those with fewer than 50 full-time equivalent employees who do not offer a group health plan--to offer new "**qualified small employer health reimbursement arrangements**" to reimburse employees for qualified medical expenses, including **individual health insurance premiums**, for years **after December 31, 2016**. The law also includes a **notice requirement** for these new HRAs.



### Qualified Small Employer HRAs

Qualified small employer health reimbursement arrangements (HRAs) are exempt from the ACA's market reforms. To be considered a qualified small employer HRA, the arrangement [generally must](#):

- Be funded solely by an eligible small employer without salary reduction contributions;
- Provide, after an eligible employee provides **proof of coverage**, for the payment or reimbursement of qualified medical expenses (which generally includes **individual health insurance premiums**) incurred by the employee or his or her family members;
- Limit annual payments and reimbursements to **\$4,950 per employee or \$10,000 per family** (these amounts are prorated when coverage is for less than the entire year); **and**
- Be provided on the same terms to all eligible employees.

**Note:** Large employers and employers who offer a group health plan are not eligible to offer qualified small employer HRAs.

## Notice Requirement

An employer funding a qualified small employer HRA for any year must provide a **written notice to each eligible employee** that includes the following information:

- A statement regarding the maximum dollar amount of payments and reimbursements that may be made for the year with respect to the employee (the "**permitted benefit**");
- A statement that the employee **should provide information regarding his or her permitted benefit to any Health Insurance Marketplace** to which the employee applies for advance payment of the premium tax credit; **and**
- A statement that if the employee is not covered under minimum essential coverage for any month, the employee may be subject to the individual mandate penalty for such month **and reimbursements under the HRA may be includible in gross income.**

**Effective for years beginning after December 31, 2016**, the notice generally must be provided **no later than 90 days** before the beginning of the year in which the HRA is funded--or, if an employee is not eligible to participate in the arrangement as of the beginning of such year, the date on which the employee is first eligible.

Check out our section on [Health Reimbursement Arrangements \(HRAs\)](#) for more.

## IRS: Opt-Out Arrangement Rules To Be Finalized 'At A Later Time'

In July 2016, the IRS released a proposed rule addressing how **opt-out arrangements**--arrangements whereby an employer offers its employees a cash payment in exchange for declining coverage under an employer-sponsored plan--are to be taken into account for purposes of determining whether the coverage is affordable under certain provisions of the Affordable Care Act. While the IRS anticipated finalizing this rule prior to the end of 2016, the IRS has [announced](#) that it expects to finalize such guidance "at a later time."



### Latest Opt-Out Arrangement Guidance

**Until final regulations are applicable**, employers can rely on the opt-out arrangement guidance provided in IRS [Notice 2015-87](#) and the [proposed rule](#). That guidance generally provides that, **for purposes of "pay or play" and the corresponding information reporting provisions, employers are not required to increase an employee's required contribution by the amount of an opt-out payment as long as payment was not made as part of a "non-relief-eligible opt-out arrangement."** In general, a non-relief-eligible opt-out arrangement is an unconditional opt-out arrangement (an arrangement providing payments conditioned solely on an employee declining coverage under employer-sponsored coverage and not on an employee satisfying any other meaningful requirement related to the provision of health care to employees, such as a requirement to provide proof of coverage through a plan of a spouse's employer) adopted **after December 16, 2015**.

**Note:** Opt-out arrangements conditioned on an employee obtaining **individual market coverage** could operate as an impermissible **employer payment plan** that may be subject to a **\$100 per day excise tax per applicable employee** (\$36,500 per year, per employee) under the federal tax code.

Follow our [Health Care Reform](#) section for the latest Affordable Care Act updates.

## 5 HR Compliance Resolutions for 2017

The new year is a great time to take stock of your company's compliance with important federal, state, and local labor law requirements. Keep these resolutions in mind to help start your company off right in 2017:



1. **Give your poster wall a thorough check-up.** Make sure all of your workplace posters are up-to-date and the correct size. Check with your [state labor department](#) for any industry-specific poster requirements that may apply to your business. Note that certain localities may also have posting requirements.
2. **Stay on top of notice requirements.** From summary plan descriptions (SPDs), to COBRA- and FMLA-related notices, employers are required under various laws to provide employees with certain information about their benefits and responsibilities. Confirm that your employee communications are accurate, consistent, and in compliance with applicable law.
3. **Keep up with recordkeeping.** In addition to being a good business practice, employers are required to maintain certain types of employee records in order to comply with applicable law. Verify that your recordkeeping procedures address any requirements related to confidentiality and how long to keep records.
4. **Review policies and procedures.** Be sure your company policies and procedures comply with applicable labor laws related to employee leave, equal employment opportunity, sexual harassment, worker safety, and other requirements.
5. **Confirm that your workers are classified properly.** Misclassifying employees as [independent contractors](#) can result in costly legal consequences. Also remember that an employee's [exempt or nonexempt](#) status is based on his or her compensation and specific job duties. It's a good idea to review job descriptions on a regular basis (at least annually) as well, as tasks and requirements may change. However, neither job titles nor job descriptions determine the exempt or nonexempt status of an employee.

Our [HR Compliance Quick-Check](#) includes more tips for staying on track with compliance this year.

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