

EMPLOYMENT LAW BRIEFING

HOLIDAY 2014

Special Holiday Issue: This special issue of **EMPLOYMENT LAW BRIEFING** addresses workplace questions which typically arise at this time of year. Please let us know if you have a topic you would like to see addressed in this publication, we welcome your suggestions. All of us at Whitford Law Offices LLC appreciate your support over the last year and extend our best wishes for the holiday season.

Exempt Employee Pay & Holiday Closures: In order to be exempt from overtime, employees must have both qualifying duties *and* be paid on a "bona fide salary basis." An exempt employee, who works any part of the work day, must be paid for the entire day. Similarly, if an exempt employee works only part of a designated workweek, due to an employer action, such as a shutdown between year-end holidays, the employee must be paid a full week's salary. Employers with a 12:01 a.m. Sunday to midnight Saturday workweek, closing between Christmas and New Year's Day this season, for example, will need to compensate exempt employees for the full week of December 21-27, unless no work is performed on December 21, 22, 23 or 24, and for the following week, unless no work is performed on January 2 or 3.

Overtime Adjustments for Bonus Payments: Many organizations have adopted a tradition of bonus payments during the holiday season. Bonuses can effectively reward a job well done and encourage future efforts. Problems may arise, however, when a current or former employee does not receive an expected bonus. Additionally, if a bonus is considered "non-discretionary" under wage and hour regulations, any overtime payments during the period covered by the bonus must be recalculated to reflect the addition of the bonus amount to the regular rate of pay. To avoid unexpected liability, adopt a clear written policy describing the purpose of the bonus, the period covered, the process for determining the fund from which bonuses are paid, eligibility requirements for participation and the date of bonus distribution.

Minimum Wage Increases: On January 1, 2015, the inflation-indexed minimum wage rates for both Washington and Oregon will increase. Washington's rate, which will remain the highest state rate in the nation, will go up by 15 cents to **\$9.47** per hour. The minimum hourly wage for Oregon will increase by 15 cents, to **\$9.25**. The California state minimum wage will remain at **\$9.00**. The federal minimum of \$7.25 per hour, set in July of 2009, is not scheduled to change. A growing number of local jurisdictions, such as Seattle and San Francisco have adopted higher minimum wage rates.

IRS Mileage Rate: The Internal Revenue Service has announced a change in the standard mileage rate used to calculate the deductible costs of operating an automobile for business purposes. Many employers use this rate to reimburse employees for work-related travel in personal vehicles. The current rate will be increased by one and one-half cents, to **57.5 cents per mile**, as of January 1, 2015.

Please contact our office if you have questions about the material in this newsletter, or other employment law compliance concerns.

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