

# Arizona's Minimum Wage Increased in 2012

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In 2006, the Raise the Arizona Minimum Wage for Working Arizonans Act became law. In part it provided for interim increases in the Arizona's minimum wage. As of January 1, 2012, the minimum wage in Arizona became \$7.65 per hour. The Act provides for increases in Arizona's minimum wage based on cost of living increases and uses the Department of Labor, Consumer Price Index of All Urban Consumers (CPI-U). Arizona's rate is .40 cents per hour higher than the federal minimum wage and you are required to pay the higher of the two wage rates.

Arizona's minimum wage law ("AMWA") has some important variations from the federal minimum wage law. The following entities are exempt from this law:

- A person employed in a small business not subject to the Federal Fair Labor Standards Act (FLSA) and which has less than \$500,000 in gross annual revenue;
- A person who is employed by a parent or a sibling;
- A person who is employed performing babysitting services in the employer's home on a casual basis;
- A person employed by the State of Arizona or the United States government; and there are also special rules regarding "tipped" employees.

## Small Business Exemption

The exclusion for small businesses under the AMWA is very narrow and limited. Under FLSA, coverage extends in one of two ways. Employees who work for an "enterprise" that is engaged in interstate commerce or the production of goods for commerce are covered under the FLSA. Likewise, regardless of the volume of sales of an enterprise, individual employees whose work affects interstate commerce are covered under the FLSA

## Recordkeeping Requirements

The records required under the AMWA consist of information that employers are generally presumed to maintain in their ordinary business practice and are similar to the requirements under FLSA. An employer must maintain payroll records showing the hours worked and wages paid, including basic time and earning cards or sheets, wage rate tables, records of additions to or deductions from wages paid and any written agreement relied upon to calculate credits toward the minimum wage. Separate recordkeeping requirements are permitted for employees on fixed schedules and employees who are compensated on a salary basis at a rate that exceeds the minimum wage and who, under the FLSA, are an exempt bona fide executive, administrative, or professional employee, including an employee employed in the capacity of academic administrative personnel or teachers in elementary or secondary schools, or in outside sales. Arizona requires these records be kept for four years - one year longer than federal law requires.

## Enforcement by the Industrial Commission

Penalties are fairly high and AMWA includes protections for employees for retaliatory claims. Current penalties are at least \$250 for the first violation and at least \$1,000 for each subsequent or willful violation. Additionally, the employer may be ordered to pay unpaid wages and civil penalties. Additional equitable relief that could be awarded can include injunctions, special reporting requirements or monitoring requirements, special notices to employees or other remedial measures for employers.

Employers with questions are encouraged to contact the Commission at 602.542.4515 or visit their website at [www.ica.state.az.us](http://www.ica.state.az.us).

## What do I need to do?

In addition to paying the correct Arizona minimum wage, employers are required to:

- Keep accurate records of employee wages and hours;
- Allow the Labor Department of the Industrial Commission of Arizona ("Department") to inspect, at the worksite, all payroll records;
- Furnish copies of payroll records requested by the Department;
- Cooperate with the Department's investigation into complaints of violations;
- Allow the Department to interview employees; and
- Post the Arizona Minimum Wage Poster in a conspicuous place where employees can read the poster. You can download both the English and Spanish versions of the poster for no cost at:

[http://www.ica.state.az.us/Labor/Forms/Labor\\_MinWag\\_MinimumWagePoster\\_2012\\_English.pdf](http://www.ica.state.az.us/Labor/Forms/Labor_MinWag_MinimumWagePoster_2012_English.pdf) or

[http://www.ica.state.az.us/Labor/Forms/Labor\\_MinWag\\_MinimumWagePoster\\_2012\\_Spanish.pdf](http://www.ica.state.az.us/Labor/Forms/Labor_MinWag_MinimumWagePoster_2012_Spanish.pdf)

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