

EMPLOYMENT LAW SUMMARY

Utah: Minimum Wage and Overtime Laws



Because You're Different

Federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is **\$7.25** per hour for nonexempt employees. The Utah Minimum Wage Act (UMWA) complements federal law, and, in some cases, prescribes more stringent or additional requirements that employers must follow. Whenever employers are subject to both state and federal laws, the law that provides the greater protection or that sets the higher standard will apply.

The [Utah Antidiscrimination & Labor Division](#) (UALD), part of the Utah Labor Commission, enforces minimum wage standards and investigates minimum wage violation claims throughout the state.

MINIMUM WAGE RATE

The minimum wage rate in Utah is the same as the federal rate—**\$7.25 per hour**. An employee's wages are the entire amount of compensation due to the employee for his or her labor or services. Under the UMWA, employers must calculate and interpret wage terms consistent with the FLSA. Thus, wages include bonuses, commissions and vacation pay, but do not include severance pay. Wages can be fixed, or they can be based on time, task, piece, commission or other method.

The UMWA prohibits Utah cities, towns and counties from establishing, mandating or requiring a minimum wage rate higher than the state minimum wage rate, except when required by federal law. Similarly, cities, towns and counties within the state cannot give preferential treatment to employers that pay their employees a wage rate higher than the state's minimum wage rate.

SUBMINIMUM WAGE RATES

The UMWA allows employers to pay subminimum wage rates to minors, disabled workers, tipped employees and learners.

TIPPED EMPLOYEES

In Utah, the hourly minimum wage for tipped employees—also known as a cash wage—is **\$2.13 per hour**. The UMWA defines a tipped employee as an employee who customarily and regularly receives at least **\$30 per month** in tips or gratuities.

Utah law allows employers to use a **tip credit of \$5.12 per hour** to reduce tipped employee wage rate requirements. This is because the state assumes that an employee's tips will offset the difference between the cash wage and the minimum wage rate, enabling the employee to receive wages at or above the minimum wage rate. The UMWA requires employers to subsidize tipped employees' wages each time the employees' tips are insufficient to meet minimum wage rate requirements.

MINORS

Employers may pay minor employees a subminimum wage equal to **\$4.25 per hour** during the first **90 days** of employment. A minor employee is an employee under the age of 18.

DISABLED WORKERS

Disabled workers are employees whose earnings or productive capacities are impaired by age, physical or mental deficiency, or injury. The subminimum wage rate for these employees must be related to their productivity. The UALD may establish and regulate the wages or wage scales employers may pay to their disabled employees.

LEARNERS

Employers may pay their learners a lower minimum wage for the first 160 hours of employment, as set by the UALD.

OVERTIME COMPENSATION

Overtime compensation in Utah is governed by the FLSA. Under the FLSA, nonexempt employees must be compensated at a rate of one and one-half times their regular wage rate for every hour they work over 40 hours during a workweek. Contact Heffernan Insurance Brokers for more information on federal overtime wage payment requirements.

Utah law defines hours worked (or compensable time) as any period an employee is required to:

- Work;
- Be on the employer's premises, ready to work;
- Be on duty;
- Report to a prescribed workplace; or
- Attend a meeting or training.

Compensable time may include any work an employee performs during established break and rest periods of 30 minutes or more, where the employee was expected to be relieved of all responsibilities.

COVERED EMPLOYERS

Unless an exemption applies, all employers in Utah are covered by the UMWA. The UMWA defines "employer" as any person, firm, partnership, association, corporation, receiver or other officer of the state courts that employs any person in the state.

EXCEPTIONS

Utah minimum wage rate requirements do not apply to:

- Employees covered by federal minimum wage laws;
- Individuals who are directly related to their employers;
- Outside sales personnel;
- Casual and domestic employees;
- Companionship service employees who care for those who are unable to care for themselves, because of age or infirmity;
- Individuals working for the federal government;
- Seasonal employees working for nonprofit camping programs, religious or recreation programs, or nonprofit educational and charitable organizations;
- Prisoners and inmates employed through the penal system;
- Certain agricultural employees;
- Registered apprentices or students employed by the educational institution in which they are enrolled; or
- Certain seasonal amusement establishment employees.

RECORDKEEPING

Employers must keep payroll records of every employee that is covered by the UMWA for at least **three years**. An employee's payroll record must show the employee's name, address, date of birth, numbers of hours worked and the amount of wages due to the employee.

WAGE DISPUTES

Should a dispute over wages arise between an employer and its employee, Utah wage payment laws require the employer to provide the employee with a written notice of the amount of wages that are **not** in dispute. Utah wage payment laws also require the employer to pay this amount, unconditionally and within the time frame prescribed by law. An employee who accepts undisputed wages does not give up any claim he or she may have on the disputed amount.

The UALD has the authority to investigate violation claims and enforce compliance with wage payment laws. Employers implicated in a wage dispute must grant the UALD access to all payroll records in any place of business or establishment that is covered by the UMWA.

PENALTIES

Employers that violate the UMWA may be subject to criminal, civil and administrative penalties.

CRIMINAL PENALTIES

The UMWA allows the UALD to file criminal charges against any employer that violates the UMWA. The severity of the charges depends on the frequency of violations, as shown in the table below:

Violation	Charges
First violation	Infraction
Second violation	Class C misdemeanor
Third and subsequent violation	Class B misdemeanor

Each failure to pay each employee as required by the UMWA may be determined to be a separate violation, even if each violation arises out of the same investigation.

Class B misdemeanors are punishable by **imprisonment for up to six months, a fine** (of up to \$1,000 for individuals and \$5,000 for corporations) **or both**. In addition, a court may require any corporation or association convicted of an offense to give appropriate notice of the conviction. If an executive or high managerial officer of a corporation or association is convicted of an offense (and the offense is committed "in furtherance of the affairs of the corporation or association"), the court may order the corporation or association to disqualify the officer from exercising similar functions in the same or other corporations or associations for up to **five years**. To justify this order, the court must find that the scope or willfulness of the officer's illegal actions make it dangerous or inadvisable to trust him or her with these functions.

CIVIL PENALTIES

In addition to the criminal penalties described above, Utah law allows employees to sue their employers for violations of the UMWA. Civil lawsuits for violations of the UMWA must be filed **within two years** of when the alleged violation takes place. If the employee is successful in his or her lawsuit, the court may order the employer to pay any unpaid wages to the employee (plus interest) and the employee's court costs and attorneys' fees.

ADMINISTRATIVE PENALTIES

In addition to the criminal and civil penalties described above, the UALD may also impose a penalty of up to **\$500** per violation.

MORE INFORMATION

Contact Heffernan Insurance Brokers for more information on wage payment and work hour laws in Utah.

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