

EMPLOYMENT LAW SUMMARY

Vermont Minimum Wage 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. Vermont law complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow. Under the FLSA, when both state and federal laws apply, employers must follow whichever law is most favorable to the employee.

The [Vermont Department of Labor](#) (VDOL) enforces and investigates minimum wage violation claims throughout the state.

Minimum Wage Rate

Employers must pay their employees a wage rate that is at least equal to the state's minimum wage rate. Any agreement between an employer and an employee to work for less than the state's minimum wage rate is illegal. Under Vermont law, employee wages include the entire amount of compensation an employee receives for his or her labor or services, including salary, commissions and incentive pay.

Beginning in 2023, the state's minimum wage rate will be adjusted annually to reflect the cost of inflation. Beginning in 2023, the state's minimum wage rate will be adjusted annually to reflect the cost of inflation.

Effective Date	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023	Jan 1, 2024
State Rate	\$11.75	\$12.55	\$13.18	\$13.67
Tipped Employees	\$5.88	\$6.28	\$6.59	\$6.84

Minimum Wage Rate Exemptions

Vermont's minimum wage rate applies to employers with two or more employees. When an exemption to the state's minimum wage rate applies, employers are encouraged to determine whether these individuals are covered by federal wage and hour laws.

The following individuals are exempt from Vermont's minimum wage rate law:

- Agriculture workers;
- Bona fide executive, administrative or professional employees;
- Domestic service workers in or about a private home;
- Individuals working for a federal agency;
- Individuals working for a publicly supported nonprofit organization (except laundry employees and nurses' aides or practical nurses);
- Full-time high school students;

- Newspaper or advertisement home delivery persons;
- Outside salespersons; and
- Taxi cab drivers.

Tipped Employee Wages

A tipped employee in Vermont is an individual who customarily and regularly receives more than \$120 per month in tips.

Vermont law allows employers to pay a lower wage rate to tipped employees, also known as a “cash wage” because it assumes that the employee’s tips will be sufficient to offset the difference between the cash wage and the state’s minimum wage rate.

The cash wage for tipped employees in Vermont must be at least equal to one-half of the state's minimum wage rate. Employers are required to subsidize a tipped employee’s wages if the employee’s tips are not enough to enable him or her to earn wages at a rate that is at least equal to the state’s minimum wage rate.

Enforcement and Penalties

The VDOL has the authority to investigate minimum wage complaints and enforce compliance with the state’s wage laws throughout the state. Employees may file unpaid wage complaints with the VDOL up to two years after the date when the wages were due.

Penalties

Employers that violate Vermont’s minimum wage laws are subject to a fine of up to \$100 per employee, for each day each employee is paid less than the state minimum wage rate. Employers may be subject to an additional \$100 fine if they fail to keep records to prove compliance with the state’s minimum wage laws or provide these records to the VDOL upon demand.

In addition, state law allows employees to sue their employers for minimum wage violations in civil court and recover up to twice the wages they should have received (less any amount of wages they were actually paid), along with court costs and reasonable legal fees.

Prohibited Retaliation

Vermont law prohibits employers from discharging or in any other manner retaliating against any employee because:

- The employee lodged a minimum wage complaint;
- The employee has cooperated with the VDOL in the investigation of a wage violation; or
- The employer believes that the employee may lodge a wage complaint or cooperate in a wage investigation.

Employers that retaliate against their employees are subject to compensatory and punitive damages or equitable relief, including restraint of prohibited acts, restitution of wages or benefits, reinstatement, enforcement costs, reasonable attorney's fees, and other appropriate relief.

More Information

Please contact Heffernan Insurance Brokers for more information on wage and hour laws.

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