

# LEGAL UPDATE

## Arizona Announces \$12.15 Minimum Wage Rate for 2021

On Sept. 17, 2020, Arizona announced a **\$12.15** minimum wage rate for 2021. Arizona's minimum wage rate is adjusted annually to reflect changes in the cost of living. The new rate becomes effective **Jan. 1, 2021**.

However, employers should be mindful of local laws, ordinances and any rule or regulation that may increase an employee's minimum wage rate. Please note that Arizona does not allow employers to pay subminimum wages to young workers, students or apprentices.

### Tipped Employees

Arizona allows employers to pay their tipped employees a minimum wage rate that is \$3 lower than the state's minimum wage rate. For 2021, the tipped employee minimum wage rate is \$9.15.

Employers are required to subsidize a tipped employee's minimum wage rate if the employee's tips and gratuities are insufficient to allow the employee to receive wages that are at least equal to the state's minimum wage rate.

### Required Poster

Arizona employers must display a minimum wage poster to notify their employees of their rights under state law. The Industrial Commission of Arizona has published an updated minimum wage [model poster](#) employers can use to satisfy the poster requirement for 2021.

### Next Steps for Employers

Arizona employers should review and adjust their payroll systems to make sure non-exempt employees receive wages that are at least equal to the state's minimum wage rate.

### Arizona Minimum Wage

#### Jan. 1 to Dec. 31, 2020

- \$12
- \$9 (tipped employees)

#### Jan. 1 to Dec. 31, 2021

- \$12.15
- \$9.15 (tipped employees)

*Arizona's minimum wage rate is adjusted annually to reflect changes in the cost of living.*

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