



## New Minimum Wage Eliminates Many Overtime Exemptions

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As of October 1, 2006, Michigan's minimum wage will be higher than the federal rate of \$5.15 per hour, and Michigan employers will be required to pay the higher rate. Michigan's minimum wage will be \$6.95 beginning on October 1, 2006, \$7.15 beginning on July 1, 2007, and \$7.40 beginning on July 1, 2008. Until October 1, 2006, Michigan's minimum wage is the same as the \$5.15 federal minimum wage.

This change will mean more than just paying higher minimum wages-- since there will be higher minimum wage rates under state law, Michigan employers will no longer be exempt from Michigan's law and many exemptions from paying overtime may be lost.

For example, the overtime exemptions for the following types of employees may be lost:

- Employees engaged in outside sales
- Certain employees engaged in commissioned sales for retail or service establishments.
- Salespeople, parts people, and mechanics primarily engaged in selling or servicing automobiles, trucks, or farm equipment
- Salespeople primarily engaged in selling trailers, boats, or aircraft
- Movie theater employees
- Taxicab drivers
- Domestic caregivers
- Drivers regulated by the U.S. Department of Transportation
- Forestry employees working for small employers
- Announcers, news editors, and chief engineers employed by radio and television stations in small markets

The standard exemptions for executive, administrative, and professional employees also exist under Michigan's law, so those exemptions will still exist. However, doctors, lawyers, teachers, and certain computer professionals, did not need to be paid on a salary basis in order to be exempt under federal law, but there is no similar provision in Michigan's new law. Therefore, doctors, lawyers, teachers, and certain computer professionals who have not been paid on a salary basis and have been treated as exempt under federal law may now be entitled to overtime pay.

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