



EYE ON WASHINGTON

Timely, topical insights on a variety of payroll and reporting issues.

Detailed Look at State, Local and Federal Updates



Topics covered in this issue:

State/Territory/District:

- Reminder – Alabama Overtime Tax Exemption Law Expires on June 30, 2025
- Deadline for Renewal of Some Illinois Equal Pay Certificates Approaches, Portal Now Open
- New Jersey Supreme Court Rules Commissions Count as Wages Under State Law
- Virginia Requires Hospitals to Implement Workplace Violence Prevention Plan
- Wisconsin Supreme Court Clarifies Arrest Record Discrimination

Minimum Wage

- Minimum Wage Announcements 3/21/25 – 4/20/25



State/Territory/District

Reminder – Alabama Overtime Tax Exemption Law Expires on June 30, 2025

Under [current law](#), Alabama exempts amounts paid to non-exempt employees as overtime compensation in accordance with the U.S. Fair Labor Standards Act (FLSA) from state income tax. This tax exemption is in effect through June 30, 2025.

Next Steps:

Effective July 1, 2025, employers must again withhold state income tax from FLSA overtime wages paid to all non-exempt employees.

Note that a bill has been proposed that would make the overtime tax exemption permanent. Employers should be prepared for the tax exemption to expire on June 30, 2025, while recognizing there is a possibility the exemption might be made permanent. ADP will continue to monitor developments.

Deadline for Renewal of Some Illinois Equal Pay Certificates Approaches, Portal Now Open

Employers with 100 or more employees in Illinois must renew their Equal Pay Registration Certificate (EPRC) every two years. For employers that obtained their initial EPRC in 2023, this means the deadline for renewing their certification falls in 2025.

Employers who have already obtained their initial EPRC should receive an automated reminder from the Illinois Department of Labor (IDOL) prior to their deadline for renewing their EPRC.

The Details:

By way of background, the state amended the Illinois Equal Pay Act (IEPA) in 2021 to require that private employers report certain payroll information to the IDOL and obtain an EPRC. The requirement applies to any private employer that has 100 or more employees in Illinois and is required to file an annual EEO-1 with the U.S. Equal Employment Opportunity Commission (EEOC). The EPRC must be renewed every two years.

To obtain/renew an EPRC, covered employers must certify, among other things, that the average compensation for their female and certain other employees isn't consistently below the average compensation for their counterparts within each of the major job categories in the EEO-1, taking into account factors such as length of service, job requirements, experience, skill, effort, responsibility, working conditions, education or training, job location, a collective bargaining agreement, or other mitigating factors.

New Data Elements for 2025:

Beginning in 2025, employers must also include the following information in their EPRC application:

- Whether the employee is paid on an hourly or salary basis.
- If the employee is paid on an hourly basis, the hourly rate.
- Whether the employee is covered by a collective bargaining agreement.

In addition, the IDOL has added "Middle Eastern and North African" as another option for identifying employee race. Employers may include MENA information if they have already collected this data; however, employers are not obligated to start soliciting this information for 2025 reporting.

The IDOL has updated its [EPRC template](#) and [answers to frequently asked questions](#) to reflect the changes. The [portal](#) for submitting an EPRC renewal application is now open.

Process for Reporting:

Most employers subject to the EPRC requirements were contacted by the IDOL and provided a deadline for initial registration in 2023 or early 2024. Under the IEPA, even if the IDOL hadn't contacted the employer, they still had a statutory obligation to complete their initial EPRC submission by March 23, 2024.

The IDOL has announced that employers who were due to submit their renewal applications from January 1, 2025 through March 30, 2025 will have until March 31, 2025 to do so, unless a further extension is granted.

Next Steps:

If you have 100 or more employees in Illinois and are required to file an annual EEO-1 with the EEOC, make sure you comply with the [EPRC requirements](#) by the applicable renewal deadline.

New Jersey Supreme Court Rules Commissions Count as Wages Under State Law

The New Jersey Supreme Court has ruled that workers' commissions are counted as wages under the New Jersey Wage Payment Law (WPL). The ruling was issued on March 17, 2025.

The Details:

As background, the [New Jersey Wage Payment Law \(WPL\)](#) defines wages as direct monetary compensation for labor or services rendered by a worker, where the amount is determined on a time, task, piece, or commission basis.

Note: Wages exclude supplementary incentives and bonuses (which are calculated independently of, and paid in addition to, regular wages).

The Case:

A worker filed a suit claiming they were entitled to \$1.3 million in commissions for their sales under the [New Jersey Wage Payment Law](#). In [Musker v. Suuchi](#), the New Jersey Supreme Court held that commissions paid for labor or services constitute wages, not supplementary incentives, and are subject to WPL's protections. The Court explained:

- A supplementary incentive:

- o Is compensation that motivates workers to do something above and beyond their labor or service
 - o Is not payment for labor or services
- Workers' commissions:
 - o Are directly earned by an employee's labor and services (and cannot be a supplementary incentive)
 - o Count as wages under the [New Jersey Wage Payment law](#)

Next Steps:

New Jersey employers should review their pay policies and practices regarding commissions to help ensure compliance with [New Jersey Wage Payment law](#).

Virginia Requires Hospitals to Implement Workplace Violence Prevention Plan

Virginia has enacted legislation (House Bill 2269), which requires hospitals in Virginia to create a system to help prevent violence in the workplace. House Bill 2269 takes effect **July 1, 2025**.

The Details:

As background, the law defines workplace violence as an act of violence or threat of violence, without regard to the intent of the perpetrator, which occurs against a hospital employee while working on the hospital's premises. Workplace violence includes the following, regardless of whether physical injury is sustained:

- The threat or use of physical force against an employee that results in (or has a high likelihood of resulting in) injury, psychological trauma, or stress.
- An incident involving the threat of using dangerous weapons or using common objects as weapons to cause physical harm.

Note: The law defines employees as healthcare providers credentialed by the hospital or engaged by the hospital to perform healthcare services at the hospital.

Workplace Violence Incident Requirements:

Under the law, hospitals must:

- Develop and implement a workplace violence incident reporting system that documents, tracks, and analyzes all reported incidents of violence in the workplace.
- Clearly communicate the reporting system to every employee (including new employees) and provide guidelines on when and how to report incidents of workplace violence to their employer, security agencies, and law enforcement authorities.
- Use the reporting system's results to help improve workplace violence prevention efforts, including continuing education, such as:
 - o Risk identification;
 - o Violence prevention planning; and
 - o De-escalation training.

Recordkeeping:

Virginia hospitals must record every incident of workplace violence voluntarily reported by an employee (without any requirement to investigate beforehand) and maintain those records for at least two years.

Each record must capture the following about an incident of workplace violence:

- The date, time and a description of where the incident occurred;

- A description of the incident that includes impacted employees' job titles;
- Who the perpetrator was (such as a patient, visitor, employee or other person);
- Key information, including whether the incident involved:
 - o A physical attack with or without a weapon or object;
 - o A threat of physical force or use of a weapon or other object with the intent to cause bodily harm, sexual assault (or threat of sexual assault); or
 - o Other key relevant facts.
- The response to the incident and its results, such as whether:
 - o Security or law enforcement was contacted (and their response); and
 - o The incident resulted in a change to hospital policy.
- Who completed the report (including their name and job title), and the date of completion.

Data Reporting:

Virginia hospitals must:

- Ensure the data is reported to the chief medical officer and the chief nursing officer of the hospital on a quarterly basis; and
- Beginning **July 1, 2026**, send a report to the [Virginia Department of Health](#) on an annual basis with the number of incidents voluntarily reported by an employee.

Next Steps:

- Establish a workplace violence incident reporting system to help ensure compliance with House Bill 2269 by **July 1, 2025**.
- Look for further guidance on data collection and reporting from the State and send required reports to the [Virginia Department of Health](#) beginning **July 1, 2026**.

Wisconsin Supreme Court Clarifies Arrest Record Discrimination

The Wisconsin Supreme Court has clarified that employment non-discrimination protections under the Wisconsin Fair Employment Act (WFEA) apply to arrest records connected to criminal and non-criminal matters. The Court also clarified that arrest record discrimination can occur when the arrest record is a motivating factor in an employer's decision to take an adverse employment action. The ruling took effect on **April 10, 2025**.

The Details:

Background:

The [Wisconsin Fair Employment Act \(WFEA\)](#) defines an "arrest record" as including, but not limited to, information that indicates an individual was questioned, apprehended, taken into custody or detention, held for investigation, arrested, charged with, indicted or tried for a felony, misdemeanor or other offense under law enforcement or military authority.

The WFEA defines a "conviction record" as including, but not limited to, information indicating that an individual has been convicted of any felony, misdemeanor or other offense, has been adjudicated delinquent, has been less than honorably discharged, or has been placed on probation, fined, imprisoned, placed on extended supervision or paroled pursuant to any law enforcement or military authority.

The WFEA generally prohibits an employer from:

- Discriminating against an applicant or employee on the basis of their arrest and conviction records.

- Requesting information about an arrest record (unless it is a pending charge).

However, an employer is generally not engaging in unlawful arrest record discrimination for:

- Refusing to employ (or suspending from employment) an individual subject to a pending criminal charge when the circumstances of the charge substantially relate to the circumstances of the individual's job.
- Finding from their own investigation that an employee committed unlawful conduct and terminating the employee on the basis of that investigation.

Wisconsin Supreme Court's Decision:

In [Oconomowoc Area School District v. Cota](#), the Wisconsin Supreme Court found:

- The WFEA's non-discrimination protections apply to arrest records connected to criminal and non-criminal matters since state law expressly authorizes arrests connected to non-criminal matters. The court noted, for example, that violations of traffic regulations and municipal ordinances are not crimes under Wisconsin law. Yet, law enforcement officers can arrest individuals for violating traffic regulations.
- Even if an employer conducted its own investigation, if an employer is motivated by arrest record information to take an adverse employment action (such as terminating an employee), then such action violates the WFEA. In this case, the court noted that the employer conducted an investigation, but did not terminate the employee on the basis of that investigation. It was only after the employer discovered that the employee was cited for municipal theft that the decision to terminate employment was made.

Next Steps:

Review hiring, employee conduct and termination policies and procedures and train supervisors to ensure compliance with the [Wisconsin Fair Employment Act](#).

Minimum Wage

Minimum Wage Announcements: 3/21/25 – 4/20/25

The following states or localities have announced new minimum wage increases.

State or Locality	Minimum Wage Rate	Minimum Tipped Cash Wage	Effective Date(s)	New or Updated Poster Requirement?	Notes
Fremont, CA	\$17.75	\$17.75*	7/1/25	Yes	
West Hollywood, CA (Hotel Workers)	\$20.22	\$20.22*	7/1/25	Yes	
Emeryville, CA	\$19.90	\$19.90*	7/1/25	Yes	Once available found here
Santa Monica, CA	\$17.81	\$17.81*	7/1/25	Yes	Once available found here
Oregon	\$15.05	\$15.05*	7/1/25	Yes	Once available found here
Oregon - Portland, Urban Growth Boundary	\$16.30	\$16.30*	7/1/25	Yes	Once available found here
Oregon Non-Urban Counties	\$14.05	\$14.05*	7/1/25	Yes	Once available found here

*CA and OR do not allow the use of a tip credit.

[Download a PDF of a comprehensive listing of state and local minimum wage rates.](#)

ADP Compliance Resources

ADP maintains a staff of dedicated professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve. For the latest on how federal and state tax law changes may impact your business, visit the ADP *Eye on Washington* Web page located at www.adp.com/regulatorynews.

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