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## **Employment Law Bulletin**

**December 2016**

### **Exempt Employee Salary Update**

As reported last week in our Special Bulletin, the federal exempt employee salary increase to \$47,476 per year slated to take effect December 1, 2016 is on hold pending further court action. While we don't know how long the reprieve will last, California employers must still review their exempt employees' salaries and make necessary adjustments by January 1, 2017 under California law. Here's why.

In California, the minimum salary for an exempt employee must be at least two times the minimum wage earned by a full-time employee. Since the minimum salary requirement is tied to the state minimum wage, increases in the minimum wage result in a corresponding increase in the salary requirement for exempt employees.

Currently, the California minimum wage is \$10 per hour, so an exempt employee must be paid a salary of at least \$41,600 per year. However on January 1, 2017, the state minimum wage will increase to \$10.50 per hour, which means the minimum salary for an exempt employee will rise from \$41,600 per year to \$43,680 per year.

We'll be watching for developments in the legal battle about the federal minimum salary and issue a bulletin when a decision is made. In the meantime, California employers should plan on increasing exempt employee salaries to at least \$43,680 effective January 1.

## **Change in Workers' Compensation Coverage Exclusions for Business Owners**

Beginning January 1, 2017, business owner exclusions from workers compensation policies are changing as to certain officers and directors of corporations, general partners of partnerships, and managing members of limited liability companies.

Under the new law, only corporate officers and members of Boards of Directors who own 15% or more of the issued and outstanding stock of a corporation may elect to be excluded from workers' compensation coverage by completing and signing a written waiver attesting to his/her eligibility to be excluded, under penalty of perjury. There is no longer a requirement that 100% of the corporate stock be owned by the corporate officers and directors.

Also excludable from workers' compensation coverage are individuals who are general partners of a partnership or managing members of a limited liability company who similarly execute a voluntary election by a written waiver under penalty of perjury. Exclusion from workers' compensation coverage -- and premium payments -- are only effective on receipt of the written waiver. Many workers' compensation carriers have created forms in anticipation of the change. Business owners should be sure to follow up with their individual carriers or contact us with questions.

## **New Required Written Notice To Employees Regarding Domestic Violence Protections**

As of July 1, 2017 employers with twenty-five or more employees will be required to provide written notice to new employees (and other employees on request) regarding domestic violence protections and rights. The Labor Commissioner will be developing the form by July 1, 2017.

## **Previous SMT Employment Law Bulletins**

Have you missed one of our prior SMT Employment Law Bulletins? All editions are available on our website at [www.smlaw.com](http://www.smlaw.com).

## SMT's Annual Employment Law Update

**January 13, 2017**

**Morning Seminar 8:30 - 10:30 am**

**Afternoon Seminar 1:30 – 3:30 pm**

Click here to [RSVP](#) for a seminar.

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### **Spaulding McCullough & Tansil LLP**

Employment Law Group

Jan Gabrielson Tansil • Lisa Ann Hilario

Valorie Bader • Kari Brown

90 South E Street, Suite 200 | Santa Rosa, CA 95404

Tel (707) 524-1900 | Fax (707) 524-1906

[www.smlaw.com](http://www.smlaw.com)

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