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Rhode Island's New Rules for Sunday and Holiday Premium Pay

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CLIENT ALERT | 8.26.2025

The Rhode Island Department of Labor and Training (DLT) has issued new rules clarifying employers' obligations to pay premium pay for work on Sundays and holidays. A key part of these rules is defining what qualifies as a "retail business," which affects how businesses calculate Sunday and holiday premium pay.

Overtime and Premium Pay

Nonexempt employees in Rhode Island must receive overtime pay at time-and-a-half for hours worked over 40 in a week. Additionally, if an employee works on a Sunday or on certain holidays, time-and-a-half also must be paid for the hours worked on that day. The rules differ based on whether the employer is a retailer.

For most employers, overtime and Sunday/holiday premium pay are calculated separately. For example, if an employee works 50 hours in a week for a non-retailer, including eight hours on Sunday, the employer must pay:

- 32 hours at straight-time,
- 8 hours at time-and-a-half for Sunday work, and
- 10 hours at time-and-a-half for hours worked over 40.

Retail businesses **can** count the Sunday/holiday premium towards their overtime pay obligation. So, for a retailer, the same 50-hour workweek would be compensated as:

- 40 hours at straight-time, and
- 10 hours at time-and-a-half, covering both the Sunday work and the overtime.

Defining "Retail Business"

Under the DLT's rules, a "retail business" is defined as an establishment engaged primarily in the sale of goods or services directly to the general public. It operates at the end of the distribution chain, selling in

small quantities to the ultimate consumer in a manner consistent with other consumer goods and services. Excluded from this definition are businesses that:

- Engage primarily in resale, wholesale transactions, or manufacturing;
- Primarily prepare and sell food for immediate consumption; or
- Operate wholesale transactions serving other businesses rather than individual consumers.

No New Exemptions for Sunday/Holiday Premium Pay

The Rhode Island legislature eliminated the DLT's authority to grant new exemptions from Sunday/holiday premium pay requirements in 2021. The new regulations remove the procedures for requesting such exemptions. Existing exemptions for nine employer groups remain in effect. The exempted employer groups include: churches and houses of worship, for work related to worship services; employers of Federally Certified Maintenance Technicians at TF Green Airport; manufacturers of monoclonal antibodies using mammalian cells; motorist service facilities located near major interstate highways; non-profit higher educational institutions and certain other educational institutions; private security guard businesses; some employees of fueling operators at Rhode Island Airport Corporation airports; and telephonic call centers or internet-based dispatch systems.

Next Steps for Employers

The new regulations took effect on August 17, 2025. Rhode Island employers should review these regulations to determine whether they meet the new definition of "retail business" and adjust their calculations for Sunday and holiday premiums as quickly as possible.