

Washington Employers Face Minimum Wage and Salary Threshold Increases

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Effective January 1, 2025, Washington's state minimum wage will increase to \$16.66 per hour, a 2.35% increase over 2024. In addition to complying with the state's minimum wage requirements, Washington employers also need to be aware of minimum wage requirements of local city and county ordinances that can exceed the state's minimum wage. For example, the minimum wage in Seattle will increase to \$20.76 per hour in January. Notably, increases to Washington's minimum wage automatically increase the minimum salary thresholds for the overtime exemption and enforceability of non-compete agreements.

In addition to satisfying the executive, administrative, or professional "duties" test, employers with up to 50 employees will be required to pay employees an annual salary of at least \$69,305.60 to qualify as exempt. Employers with 51 or more employees will be required to pay at least \$77,968.80 per year for an employee to qualify as exempt. Additionally, exempt computer professionals must be paid at least \$58.31 per hour.

Earning thresholds for enforceable non-compete agreements will also be increasing in Washington, as it is tied to annual inflation. For a non-compete agreement to be enforceable, the employee must earn at least \$123,394.17 per year from the employer seeking its enforcement. Similarly, for a non-compete agreement with an independent contractor to be enforceable, the independent contractor must earn at least \$308,485.43 per year from the business seeking to enforce the non-compete.

Washington employers should review their current pay policies, update exemption status of their employees, and verify that non-compete agreements with employees remain enforceable. Contact your Vorys lawyer if you have questions on pending wage increases in Washington and other jurisdictions.