

Legal Update

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California Considers Higher Wage Rates and Inflation Relief Package

California's minimum wage rate is set to increase to \$15 per hour for all workers on Jan. 1, 2023. However, the state is considering additional minimum wage increases and other measures to combat inflation struggles.

Scheduled Minimum Wage Rate Increase

On Jan. 1, 2023, California's minimum wage rate will increase to \$15 for employers with 25 or fewer employees. The rate is already \$15 for employers with 26 or more employees. However, state law allows for an additional increase when inflation in the state is at or above 7%. As a result, California's governor has announced that the state minimum wage rate is projected to increase to \$15.50 per hour for all workers, regardless of employer size.

Ballot Initiative for \$18 Minimum Wage Rate

In addition, California has introduced a ballot initiative—the [Living Wage Act of 2022](#)—proposing to gradually increase the state minimum wage until it reaches **\$18 per hour by 2025**. According to [news sources](#), proponents of this ballot initiative have already gathered a sufficient number of signatures to allow this proposal to be included in the November 2022 ballot. If the initiative is approved, California's minimum wage rate will increase to \$15 per hour for employers with 25 or fewer employees and \$16 per hour for employers with 26 or more employees on Jan. 1, 2023.

Inflation Relief Package

California's governor is [proposing](#) an inflation relief package to address high inflation costs facing state residents. The proposed package would allocate \$18.1 billion in the form of tax refunds, emergency rental assistance, utility bill subsidies, free public transportation, health care coverage aid, child care assistance for low-income families and measures to curb or pause increasing fuel costs.

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Important Dates

May 12, 2022

California's Gov. Gavin Newsom proposed an inflation relief package and projected \$15.50 minimum wage rate for 2023.

Nov. 8, 2022

Election day in California. State residents may vote on whether to approve an \$18 minimum wage rate.

Jan. 1, 2023

Effective date for California's \$15 per hour minimum wage rate (pending additional increases).

California is considering additional minimum wage increases and other measures to combat inflation struggles.