

# **Hot Topics** for Tennessee cities and towns

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## **Second Phase of Minimum Wage Increase**

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Included in the Small Business Protection Act of 1996 (P. L. 104-188) was a two-phase increase in the Fair Labor Standards Act (FLSA) minimum wage. The second phase of the minimum wage increase went into effect of September 1, 1997. Under the act, employees, unless specifically exempt, must receive a minimum wage no less than \$5.15 per hour for all hours worked.

Under the act, employers are not required to pay employees solely on an hourly basis. They may pay employees on an hourly, salaried, commission, monthly, piecework, or any other basis, as long as pay covering each workweek equals or exceeds the minimum wage standard.

A special sub-minimum wage rate is applicable to trainees, student-trainees, messengers, apprentices, disabled workers, patient workers, student workers and full-time students of institutions of higher learning. Special certification from the Department of Labor is required.

Not covered by the provisions of the act are elected officials, staffs of elected officials, political appointees, legal advisors, bona fide volunteers, independent contractors prisoners, and certain trainees. Exempt from coverage are professional, administrative, executive, seasonal, and recreation employees.

The recreation exemption applies to any agency that is an amusement or recreational establishment if (a) it does not operate for more than seven months in any calendar year, or (b) its average receipts for any six months during the preceding calendar year were not more than 33.3 percent of its average receipts for the other six months of the year.

For additional information contact Richard Stokes, MTAS Human Resources Management Consultant at 615/532-6827. You may also contact the MTAS office in your area.

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**MTAS Mission Statement**

The Municipal Technical Advisory Service (MTAS) was created in 1949 by the state legislature to enhance the quality of government in Tennessee municipalities. An agency of the University of Tennessee's Institute for Public Service, MTAS works in cooperation with the Tennessee Municipal League and affiliated organizations to assist municipal officials.

By sharing information, responding to client requests, and anticipating the ever-changing municipal government environment, MTAS promotes better local government and helps cities develop and sustain effective management and leadership.

MTAS offers assistance in areas such as accounting and finance, administration and personnel, fire, public works, law, ordinance codification, communications, and wastewater management. MTAS houses a comprehensive library and publishes numerous documents annually.

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