

2024 payroll update guide

As a service to you, we are pleased to provide this list of updates and reminders regarding payroll. Reach out to our team at hcm@wipfli.com with any questions or to learn how you can build a better place to work.

This resource is compiled from information in the Bloomberg Tax & Accounting 2023 Payroll Year -End Special Report.

IRS guidance on previously provided claims

The Internal Revenue Service (IRS) has announced a new withdrawal process to help small businesses and organizations that have filed an ERC claim, have not yet received the credit and may be concerned about its accuracy. This new withdrawal option allows certain employers to withdraw their claim and avoid future repayment, interest and penalties.

Claims that are withdrawn will be treated as if they were never filed, and the IRS will not impose penalties or interest. However, those who willfully filed a fraudulent claim or assisted or conspired in such conduct should be aware that withdrawing a fraudulent claim will not exempt them from potential criminal investigation and prosecution.

In September, the IRS announced an immediate moratorium on processing new ERC claims until at least the end of this year due to a flood of ineligible ERC claims.

Payment of approved claims submitted before September 14, 2023, will continue during the moratorium period but at a slower pace due to more detailed compliance reviews. Existing ERC claims will go from a standard processing goal of 90 days to 180 days or longer if the claim faces further review or audit. The IRS may also seek additional documentation from taxpayers to help ensure the claims are legitimate.

The IRS warns taxpayers to use extreme caution before applying for the ERC and is working on guidance to help employers that were misled into claiming the ERC and have already received their refund.

Work anywhere: Our new way of working

The COVID-19 pandemic created a seismic shift in the structure of the workplace. Many workplaces continue to have a hybrid or fully remote workforce in response to state-required orders as well as a shift in the workforce requirements and requests. Employers have spent the past few years trying to determine where employees are working in this new remote environment and how to move forward in this new normal.

Hybrid and remote work situations have led to myriad payroll reporting and taxation issues as well as other tax implications. An employee may now be subject to state income tax withholding in their new work location, and that worksite may be one where the company previously had no presence.

In 2020, some states issued guidance acknowledging the employees that had entered their jurisdictions, stating that income tax withholding is not required while the employee is sheltering temporarily at the location. This guidance expired in 2021, and states are returning to pre-pandemic wage sourcing and withholding tax rules.

The general rule of thumb, established before the pandemic, is that state income tax withholding should be performed based upon the employee's work location. Many states have set thresholds for withholding purposes, dictating that once an employee has passed that threshold, withholding should be performed. For example, New York has a 14-day rule, while California expects state withholding on the first day. An employer should look to the state's rules for state income tax withholding as well as unemployment insurance based upon whether their employee is performing services as a temporary employee in the state, as a traveling employee into the state, as a telecommuter or as a permanent employee in that jurisdiction.

Convenience of the employer rule: Under the convenience of the employer rule applied **in Connecticut, Delaware, Nebraska, New York and Pennsylvania**, if employees work from home through the employer's necessity, the employee will be taxed in the employee's telecommuting location. If, however, the employee telecommutes for their own convenience, the employee's wages for those workdays will be classified as if the employee was working from the employer's physical office.

Alabama is a state imposing a rule similar to the convenience rule. Starting in 2023, employees working for Alabama employers who work remotely in a state that does not impose an income tax are subject to Alabama state income taxes.

New Jersey enacted its own legislation in 2023 to combat New York's convenience of the employer rule. New Jersey's Division of Taxation published guidance on its website pertaining to the implementation of the rule and its application to employees in other states that impose similar rules.

The New Jersey Division of Taxation guidance provides specifically that "under the convenience rule, a nonresident taxpayer's employee compensation from a New Jersey employer for the performance of personal services is sourced to the employer's location (New Jersey) if the employee is working remotely from an out-of-state location (e.g., at home in their resident state) for the employee's own convenience rather than for the necessity of their employer."

Although Pennsylvania has a convenience of the employer rule in place, the New Jersey rule should not be applicable to Pennsylvania residents because of the reciprocal agreement in place between the two states. The reciprocity remains in place as long as the employee has claimed reciprocity by completing the New Jersey Form NJ-165 Employee's Certificate of Nonresidence in New Jersey. In addition, the Division of Taxation provides that the convenience rule should not apply to Connecticut residents working in New Jersey. However, this is subject

to change as the state intends to coordinate with the Connecticut Department of Revenue Services and issue further guidance.

The New Jersey convenience of the employer is retroactive to January 1, 2023. The Division of Taxation recommends that affected employers begin withholding and/or encourage employees to make estimated payments for tax year 2023 as soon as possible. Employers should “consider” adjusting withholdings as an accommodation to employees so that they are not underpaid upon filing their New Jersey nonresident personal income tax return for 2023. The Division of Taxation “will not impose penalties and interest, as long as the taxpayer begins complying with the new law as of September 15, 2023.”

Based upon the above, employers should not be required to retroactively adjust employee withholdings to satisfy the New Jersey convenience of the employer rule. Instead, employers should be compliant with the new convenience of the employer rule by September 15, 2023, to avoid any penalties for underwithholding New Jersey state income tax.

Employee work-from-home expenses: As employees adjusted to their new remote work locations, they also started incurring expenses for new office setups. They may not have left their original state, but they now were working from home and needed computer monitors, printers, office supplies, internet connections and other items necessary to function from a remote office. Some employers have offered employees an allowance or reimbursement to cover certain work-from-home expenses or have provided additional equipment that can be used at the remote site.

Whether these allowances, reimbursements or the value of provided equipment should be included in employee income, and in what amount, generally depends on the facts and circumstances.

Additionally, other expenses that employers and employees often incur while operating in a business-as-usual mode may look different in the new post-pandemic work environment. For employees working from home, there likely are fewer group lunch meetings or recreational team activities. If an employer still would like to cover the cost of some meals for virtual meetings or happy hours, would that still be excludable from income?

Employees who are traveling to the office may have additional expenses if they are relying more heavily on car services or driving personal vehicles and parking to avoid public transportation. If an employer assists with the added expenses, can any portion be provided tax-free?

With the changes to the facts and circumstances around many expenses and benefits, employers have had to reconsider whether, and to what extent, they may continue to treat them in the same way. Certain expenses that are excludable from income when provided at the office or in a group setting may need to be run through payroll as wages if provided to employees working remotely or in a new environment.

Making matters even more challenging for payroll departments is that more employees are working from home and are now considering themselves either full-time remote or hybrid workers, working from one location several days during the week and then from the office for the remaining days of the week.

Hybrid and remote work arrangements may have withholding and reporting ramifications depending upon where the employee lives and works. This might, in turn, create income tax nexus issues for unwary employers that now find themselves in new jurisdictions.

Multistate reporting

Handling the wage and tax allocation/reporting at year-end for the cross-border business traveler may be onerous and technically challenging. Employers of multistate workers and their third-party providers need to effectively manage the overall compliance issues associated with state-to-state, short-term business travel.

When working through the complexities of multistate withholding, practitioners should also consider the different tax treatment of various types of income, such as base compensation, bonus payments and equity compensation. Employers need to apply, by state, any de minimis treatment, reciprocity, telecommuting regulations and specific compensation reporting methodologies.

Employers need to capture all the employee-level data detailing how many days each employee performed services in the states where work was performed. If the travel data was tracked throughout the year and the employee's pay was allocated accordingly, employers may want to review and make adjustments in December.

December is also a good time to communicate the issue of nonresident taxation to the affected employees.

Specific attention should be paid to local jurisdiction taxation. Localities have also faced changes with remote workforces, and some have instituted new guidelines on how they expect their tax to be implemented.

Form W-2 reminder: Form W-2 has space to include wage and tax amounts for up to two states. If three or more states are involved, multiple Form W-2s would be necessary. See the IRS instructions for Form W-2s and W-3s for details.

Amounts in Box 16, State Wages, should take into account unusual reporting requirements. For example, New York requires the amount in Box 16 to be the same as the wages in Box 1. When reporting two states including New York, the total of both Box 16s will not match Box 1. This may confuse employees, so employers should consider providing an explanation to employees when delivering Form W-2s.

The explanation also could be used to alert the employee that they may want to seek help from a tax advisor because they may need to file more than one state individual income tax return.

Items of note

Section 125 crossing years: Sometimes, after employees return from leaves of absence, money is owed to the employer for pretax medical benefits. If the deduction continues into 2024 for amounts owed on insurance coverage from 2023, it must be a post-tax deduction. The employee cannot pay for benefits on a pretax basis in a different year than the coverage.

State and local requirements: The focus at year-end for payroll involves the true-up not only for federal tax requirements but also applicable state taxes. While most states that have income taxes generally conform to federal definitions, there are some significant differences. **California** and **New Jersey**, for example, do not follow the federal exclusion for contributions to health savings accounts.

Several states continue to exclude from income some employer-paid moving expenses. These differences, if identified early enough, can translate to a smoother state year-end process and mitigate post-close issue identification and filings of Form W-2 C, Corrected Wage and Tax Statements.

States continue to react to changes in the federal tax requirements that affect payroll. **Oklahoma**, for example, no longer accepts the federal Form W-4, Employee's Withholding Certificate, for state purposes. **New York** instituted an elective pass-through entity tax — a volunteer corporate payroll tax — in reaction to the new federally imposed \$10,000 state tax deduction limit for individuals.

Some states have started to enact legislation requiring that certain payments by third parties, such as pharmaceutical companies, be counted toward cost-sharing requirements under applicable health plans, including annual deductible requirements. Employers should consider whether these rules apply and the potential effect on the employer's ability to offer a high-deductible health plan for federal tax purposes and, therefore, insureds' eligibility to participate in a tax-favored health savings account.

Keep in mind: Moving expenses are still 100% taxable through 2025, except for active military members. However, state regulations on the taxability of these expenses may differ, so the relevant state income tax rules should be monitored and reviewed. Several states do not follow federal treatment on such expenses and may exclude taxes on the benefit.

Qualified transportation fringe benefits may still be provided tax-free to employees, except for bicycle commuting, up to stated monthly limits. Employers, however, may only take a deduction for most expenses related to providing this type of benefit in limited circumstances. As a result, some employers are amending their transportation benefits programs and policies, which may affect their taxability to employees.

Family and medical leave credits may still be available for some employers, based on wages paid to qualifying employees while on leave that is not COVID-19-related. Specific conditions and requirements must be met. **The credit has been extended through December 31, 2025.**

For other taxes related to payroll, several jurisdictions are using withholding on employee wages to fund paid leave programs or, in the case of **Washington**, a new payroll tax to fund the state's long-term care program.

At year-end, payroll professionals must also monitor and properly account for such items as minimum wage, paid leave requirements, unemployment insurance, temporary disability and workers' compensation — all of which are administered on a state and local basis.

Form W-2 year-end basics

The timely processing of accurate Form W-2s is a key function of any payroll department. However, several potential pitfalls can easily derail the most basic requirements.

Form W-2 formatting: A common mistake is filing Form W-2s labeled with the incorrect year. A 2023 form must be filed by January 31, 2024. Entries for approved print copies must be in 12-point, Courier font and black ink. Dollar amounts must have a decimal point and two decimal places, without a dollar sign or commas. No negative dollar amounts may be reported. The IRS cautions not to use a copy of Form W-2 downloaded from the IRS website, because it is not a scannable form.

Social Security numbers: Ensure that SSNs have nine digits. Since tax year 2022, the IRS lets employers truncate SSNs on employee copies (i.e., copies B, C and 2). SSNs may not be truncated on Copy A, which is filed with the Social Security Administration, or on Copy 1, which is filed with the state, city or local tax department.

Employee name: The SSA will not process Form W-2s with misspelled names, incorrect formatting, and SSNs that do not match those in the SSA's system. Employers should consider using the SSA's Social Security Number Verification Service, which is fast, easy and accurate.

Balance checks: Dollar limits exist for some boxes, including:

- Box 3, Social Security wages, is limited to \$160,200.
- Box 4, Social Security tax withheld, is limited to \$9,932.40.
- Box 12, Codes D and E is limited to \$22,500 for those younger than 50 and \$30,000 for those 50 and older.

Codes: Codes for Box 12 may be a challenge. Report as Code DD the combined cost of the employer-provided health coverage, which includes both the employee and employer portions. Similarly, Code W is to include all employer contributions, including an employee's contributions through a cafeteria plan, to a health savings account. Ensure that earnings and deductions requiring Box 12 reporting include the correct code, especially after a system upgrade.

State and local reporting: Include state account numbers in Box 15 and follow special state reporting rules.

AccuWage Online: SSA can check Form W-2 files before submission for common problems and provide a report on issues that may prevent the submission from being accepted.

Awards, prizes and gifts

Gifts to employees are included in income, and reporting is required, with limited exceptions as described by the Internal Revenue Code, IRS and Treasury Department regulations. **Gift cards or gift coupons that may be redeemed for cash amounts are considered taxable compensation by the IRS.**

Gift coupons: Employers must pay attention to gift coupon arrangements. The IRS concluded that an employer-provided gift coupon with a defined face value of \$35 could not be excluded from income as a de minimis fringe benefit.

As detailed by the IRS, an employer that previously provided employees with tax-free hams, turkeys or gift baskets as annual holiday gifts instead distributed \$35 gift coupons redeemable for grocery products at select nearby stores.

The IRS ruled that the gift coupons were to be included as compensation and reported on Form W-2s because such cash-equivalent fringe benefits have a readily determined value, regardless of whether they may be converted to cash. In short, it was not administratively impracticable to account for coupons that had a face value of \$35.

Supplemental wages

Payroll professionals often handle special bonuses or other supplemental pay at year-end or early in the following year. Here are tips on how to be ready when bonuses will be paid out:

For total supplemental pay up to \$1 million in a year for any employee, employers must use either the aggregate method of withholding or the optional flat rate withholding method. Employers should consistently apply that method for each individual. There is no penalty for changing methods, but allowing employees to decide can be administratively impracticable.

The aggregate method combines supplemental wages with regular pay and tax is withheld using the applicable withholding tables for the payroll period in which the aggregated wages are paid. Such additions to pay may mean the total amount is taxed at a higher-than-normal rate for that pay cycle.

Those applying the optional flat rate withholding method must use a 22% withholding rate. To use the flat rate method, income tax must have been withheld from the employee's regular wages during the calendar year the supplemental pay was paid or in the preceding year. The supplemental wage payment must either not be paid concurrently with regular wages or separately stated on payroll records.

For accumulated supplemental wages exceeding \$1 million, the employer must withhold at a rate of 37%. Employers may not use the aggregate method for amounts exceeding \$1 million. If the employees' accumulated supplemental amounts were less than \$1 million before a supplemental payment, and this payment would cause them to exceed the \$1 million threshold, the employer has two choices:

- Tax the amount that is less than \$1 million at 22% and the amount that exceeds \$1 million at 37%.
- Tax the entire amount at 37%.

The flat tax rates were reduced starting in 2018 by the tax code overhaul. Employers should ensure their systems have been correctly applying the 22% and 37% rates.

Many states also allow flat rate withholding for supplemental pay. For state income taxation, see the state supplemental wage chart.

States with flat supplemental wage rates (2023)

State	Withholding rate
Alabama	5%
Arkansas	4.7%
California	6.6% or 10.23%
Georgia	2%-5.75%*
Idaho	6%
Illinois	4.95%
Indiana	3.15%
Iowa	6%
Kansas	5%
Kentucky	4.5%
Maine	5%
Maryland	3.2%-8.95%*
Michigan	4.05%
Minnesota	6.25%
Missouri	4.95%

State	Base hourly minimum wage
Montana	6%
Nebraska	5%
New Mexico	5.9%
New York	11.7%
North Carolina	4.85%
North Dakota	1.5%
Ohio	3.5%
Oklahoma	4.75%
Oregon	8%
Pennsylvania	3.07%
Rhode Island	5.99%
South Carolina	6.5%
Vermont	6.6%-11.1%*
Virginia	5.75%
Wisconsin	3.54%-7.65%*

2023 rates listed are subject to change.
 * Rates vary by amount or type of payment.

Health savings accounts

Health savings accounts, available only when qualified high-deductible health insurance plans are offered, provide a tax-favored savings mechanism to offset the costs of healthcare. Although the basic rules on HSA contributions and reporting are fairly straightforward, these rules may cause some confusion at year-end in a few areas:

Form W-2 reporting: Employers generally are required to report HSA contributions made in the year on the employee's Form W-2 in Box 12 with Code W.

Box 12 should report all employer contributions to the HSA in the applicable year, including employee contributions through an IRC Section 125 cafeteria plan and those designated as made for the prior year. Employee contributions made to an HSA outside of a Section 125 cafeteria plan are generally included in gross income and should be reported as wages on Form W-2 in Box 1. If the wrong amount is reported in Box 12, such as not counting employee contributions made through a cafeteria plan, Form W-2 should be amended to provide the correct amount.

Note that some states, including **California** and **New Jersey**, do not exempt contributions to HSAs from state income tax.

Maximum annual contribution: The tax-free limits on combined employer and employee HSA contributions are indexed for inflation. The HSA contribution limits for 2024 are \$4,150 for self-only coverage and \$8,300 for family coverage. Those 55 and older can contribute an additional \$1,000 as a catch-up contribution.

Recovering HSA contributions made in error: In general, employers may not recoup funds deposited into an employee's HSA. In some cases, employers may recover contributions made in error, but action generally must be taken before the end of the year.

Employer contributions inadvertently made to employees who were never considered eligible may be recovered through a request made to the relevant financial institution.

Employer contributions exceeding the maximum annual contributions allowed because of errors, including administrative mistakes and employee elections not processed on time, may be corrected by requesting that the funds be returned. To the extent not recovered by the end of the tax year, excess employer contributions must generally be reported as wages on the employee's Form W-2.

Group-term life insurance

Employers are generally required to impute amounts as taxable income for employer-provided group-term life (GTL) plans that exceed \$50,000 in benefit value. Although federal income taxes are not withheld for this income, FICA taxes generally must be withheld when the income is assigned, and these amounts are reportable on Form W-2. The cost of the additional benefit value, in addition to being added to taxable compensation on Form W-2 in Boxes 1, 3 and 5, must be reported in Box 12 using Code C. The amount included as wages is reduced by any amount paid by the employee with after-tax dollars for the insurance. These rules may be different for key employees if they are favored under the GTL plan.

While the basic calculation for employers providing GTL is not difficult, one area that often is forgotten is when employers offer employees the ability to purchase additional GTL coverage, often referred to as “optional life” or “supplemental life.” When employees pay for the entire additional coverage, the employee-purchased coverage amount may need to be added to the calculation for the overall valuation of GTL.

Under the IRC, amounts carried directly or indirectly by the employer through arranged payments, negotiated rates and other arrangements for the coverage to be available should be included when calculating the attributed income. These amounts may be figured using IRS Uniform Table 1, which is included in Publication 15-B, Employer’s Tax Guide to Fringe Benefits.

More complexity occurs when supplemental term life insurance rates qualify under the “straddle test,” in which case that coverage should be included in the overall GTL calculation. Under the straddle test, at least one employee is charged a rate lower than the IRS Uniform Table I rates and at least one employee is charged a rate higher than those in the IRS Uniform Table I.

If all age bracket rates charged to the employees are higher or are all lower than the IRS Uniform Table I rates, the amounts generally are not considered carried by the employer. Thus, the coverage should not be included in the overall group-term life calculation.

Wage and hour: Federal developments

Federal contractor minimum wage: The minimum wage for a select group of federal contractors will increase to \$17.20 effective January 1, 2024 – an increase from the current rate of \$16.20. The wage applies to both tipped and nontipped employees and covers contracts that were entered into, renewed or extended on or after January 30, 2022.

The increase is a result of Executive Order (EO) 14026, signed by President Biden on April 27, 2021, phasing out the lower cash wage that contractors may pay tipped employees and establishing a minimum wage of \$15 per hour, with annual adjustments for inflation thereafter. Following the signing of EO 14026, three states filed suits alleging the increase is either unlawful under the Administrative Procedure Act or, if found legal, the states allege the action is unconstitutional.

In October, a Texas district judge agreed, and granted plaintiffs an injunction against the EO in **Louisiana**, **Mississippi**, and **Texas**, preventing the order from going into effect in the three states. The Biden administration is likely to appeal the decision, and the increase of \$17.20 is effective January 1, 2024, for all states other than Louisiana, Mississippi and Texas.

Overtime rule exception: The Biden administration's much anticipated final rule updating the FLSA's overtime white-collar exemption is expected to arrive in early 2024. The update is expected to implement an automatic increase to the standard salary level and compensation threshold for highly compensated employees. Employees who meet the white-collar exemption are exempt from both minimum wage and overtime pay. The FLSA applies to all employees engaged in interstate commerce unless the employer can claim an exemption from coverage.

Under current law, a white-collar exemption applies to professional, administrative and executive employees. The test for determining exempt status weighs the duties and responsibilities of the employee over the job title. Highly compensated employees, defined as employees who perform office work and receive a total annual compensation of at least \$107,432, need only meet one prong of the duties test to qualify as exempt.

The proposal was published in August and comments were received through November 7. As of November 6, the Department of Labor has received 23,802 comments on the proposal. Once finalized, the rule could become effective as early as May 1, 2024.

State payroll developments

In 2023, states across the country enacted tax laws that created new compliance obligations for employers. **Alabama** became the first state to exempt certain overtime pay from state income tax, **Vermont** established a new payroll tax to subsidize child care costs in the state, **Arkansas** substantially modified its unemployment insurance program, and **Maine** and **Minnesota** became the newest states to create family leave insurance programs.

Alabama became the first state to exempt certain types of overtime pay from state income taxes. The exemption will be in effect from January 1, 2024, through June 30, 2025, and apply to overtime wages received by hourly paid employees during that time. The wages under the exemption include both the straight-time pay and overtime premium earned for work in excess of 40 hours in a week. If an employee works in Alabama and another state, only the wages subject to Alabama withholding will apply toward that 40-hour threshold.

Employers will also be required to report overtime wages starting for tax year 2023, even though the exemption does not apply until January 1, 2024. Employers must report overtime wages for tax year 2023 by January 31, 2024. Starting in tax year 2024, employers will have to report overtime wages on a quarterly or monthly basis.

Vermont created the Child Care Financial Assistance Program, funded through a payroll tax known as the Child Care Contribution starting July 1, 2024. The contribution rate will be 0.44% of covered wages, or 0.11% of a self-employed individual's income. Employers may deduct one quarter of the tax, or 0.11%, from employees' wages.

The tax will apply to employers who are required to withhold Vermont income tax from employees' wages and to employees who have Vermont income tax withheld. Wages subject to federal income tax withholding are subject to the tax, and employers must remit the tax to the Vermont Department of Taxes using the same requirements that apply to Vermont's income tax, including the time and manner of payment.

Arkansas passed legislation modifying its unemployment insurance program starting in 2024. The tax rate for new employers will be 1.9%, down from 2.9% in previous years. The maximum tax rate for negative-rated employers will decrease to 10% compared to 14% in previous years.

The legislation contains a separate provision that will set the state's unemployment-taxable wage base at \$7,000 if the state unemployment insurance trust fund is over \$600 million as of June 30 of the most recently completed state fiscal year. Additionally, any unemployment-taxable wage base increases will be limited to \$2,000 each year.

The state also recharacterized its stabilization tax as an administrative assessment. The administrative assessment is 0.125% of the unemployment-taxable wage base from July 1, 2023, through June 30, 2024, and will lower to 0.1% thereafter.

Maryland delayed its family leave insurance program until October 1, 2024. The initial contribution rate, in effect through at least June 30, 2026, will be 0.9% of covered wages up to the Social Security taxable wage base, which is \$168,600 in 2024.

Employees and employers are each responsible for paying half of the 0.9% rate, or 0.45%.

Employers with fewer than 15 employees are exempt from the employer portion of the tax but are still required to withhold and remit the employee portion.

Maine created a family leave insurance program effective January 1, 2026. Contributions will begin on January 1, 2025.

Minnesota's family leave insurance program will begin collecting contributions on January 1, 2026.

By the numbers

Federal limits

	2024	2023
Social Security (OASDI) wage base	\$168,600	\$160,200
Basic deferral limits		
Section 401(k), 403(b)	\$23,000	\$22,500
Catch-up	\$7,500	\$7,500
SIMPLE	\$16,000	\$15,500
Section 457	\$23,000	\$22,500
Defined contribution maximum annual addition	\$69,000	\$66,000
Defined benefit plan limits	\$275,000	\$265,000
Compensation limits, credits and triggers		
Qualified plans	\$345,000	\$330,000
Highly compensated employee	\$155,000	\$150,000
Compensation limit	\$505,000	\$490,000
Dollar limit for key employee (top-heavy plan)	\$220,000	\$215,000
Compensation amount for control employee	\$135,000	\$130,000
Foreign-earned income exclusion limit	\$126,000	\$120,000
Adoption assistance	\$16,810	\$15,950
Per diem rates		
Standard	\$166	\$157
High-low method	\$309, \$214	\$297, \$204
Health plan limits		
Health flexible spending arrangements	\$3,200	\$3,050
Health savings account contributions — single	\$4,150	\$3,850
Health savings account contributions — family	\$8,300	\$7,750
Federal vehicle valuations (mileage rates, per mile)		
Business	67 cents	65.5 cents
Charitable	14 cents	14 cents
Medical	21 cents	22 cents

Luxury car definition

(ineligible for cents-per-mile use valuation)

Fair market value greater than listed for employer-provided	TBD	\$56,100 (car)
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Vehicles first made available in 2021 and 2022

Tax-free transportation benefits (monthly)	TBD	\$300
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Fleet average maximum value

Fair market value (before averaging) cars and trucks	TBD	\$56,100
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By the numbers

2024 hourly minimum wage rates

Jurisdiction	Base hourly minimum wage
Federal	\$7.25
Federal contractor	\$12.25
Alabama	\$7.25
Alaska	\$11.73
Arizona	\$14.35
Arkansas	\$11
California	\$16
Colorado	\$14.42 (proposed)
Connecticut	\$15.69
Delaware	\$13.25
District of Columbia	\$17*
Florida	\$12*
Georgia	\$5.15, \$7.25 FLSA
Hawaii	\$14
Idaho	\$7.25
Illinois	\$14
Indiana	\$7.25
Iowa	\$7.25
Kansas	\$7.25
Kentucky	\$7.25
Louisiana	\$7.25
Maine	\$14.15
Maryland	\$14.15
Massachusetts	\$15
Michigan	\$10.33 *
Minnesota	\$10.85, \$8.85 ‡
Mississippi	\$7.25

Jurisdiction	Base hourly minimum wage
Missouri	\$12.30
Montana	\$10.30
Nebraska	\$12
Nevada	\$10.25/\$11.25 until 6/30 ‡ then \$12 for all employers
New Hampshire	\$7.25
New Jersey	\$5.26-\$18.13‡
New Mexico	\$12
New York	\$16, \$15 ‡
North Carolina	\$7.25
North Dakota	\$7.25
Ohio	\$10.45
Oklahoma	\$7.25 **
Oregon	\$13.20-\$15.45 ‡ *
Pennsylvania	\$7.25
Puerto Rico	\$9.50 *
Rhode Island	\$14
South Carolina	\$7.25
South Dakota	\$11.20
Tennessee	\$7.25
Texas	\$7.25
Utah	\$7.25
Vermont	\$13.67
Virginia	\$12 *
Washington	\$16.28
West Virginia	\$8.75
Wisconsin	\$7.25
Wyoming	\$5.15, \$7.25 FLSA

‡ Varies by employer size, location, benefits provided

* Subject to change

** Exceptions apply

By the numbers

Unemployment insurance wage bases

State	2024	2023
Alabama	\$8,000	\$8,000
Alaska	\$49,700	\$47,100
Arizona	\$7,000	\$8,000
Arkansas	\$7,000	\$7,000
California	\$7,000	\$7,000
Colorado	\$23,800	\$20,400
Connecticut	\$25,000	\$15,000
Delaware	*	10,500
District of Columbia	\$9,000	\$9,000
Florida	\$7,000	\$7,000
Georgia	\$9,500	\$9,500
Hawaii	\$61,800	\$56,700
Idaho	\$53,500	\$49,900
Illinois	*	\$13,271
Indiana	\$9,500	\$9,500
Iowa	\$38,200	\$36,100
Kansas	\$14,000	\$14,000
Kentucky	\$11,400	\$11,100
Louisiana	*	\$7,700
Maine	\$12,000	\$12,000
Maryland	\$8,500	\$8,500
Massachusetts	\$15,000	\$15,000
Michigan	\$9,500	\$9,500
Minnesota	\$42,000	\$40,000
Mississippi	\$14,000	\$14,000
Missouri	\$10,000	\$10,500
Montana	\$43,000	\$40,500

State	2024	2023
Nebraska ¹	\$9,000, \$24,000	\$9,000, \$24,000
Nevada	\$40,600	\$40,100
New Hampshire	\$14,000	\$14,000
New Jersey	\$42,300	\$41,100
New Mexico	\$31,500	\$30,100
New York	\$12,500	\$12,300
North Carolina	\$31,200	\$29,600
North Dakota	\$43,200	\$40,800
Ohio	\$9,000	\$9,000
Oklahoma	\$27,000	\$25,700
Oregon	\$52,800	\$50,900
Pennsylvania	\$10,000	\$10,000
Puerto Rico	\$7,000	\$7,000
Rhode Island ¹	\$31,800 \$29,700	\$28,200 \$29,700
South Carolina	\$14,000	\$14,000
South Dakota	\$15,000	\$15,000
Tennessee	\$7,000	\$7,000
Texas	\$9,000	\$9,000
Utah	\$47,000	\$44,800
Vermont	\$14,300	\$13,500
Virginia	\$8,000	\$8,000
Washington	\$68,500	\$67,600
West Virginia	\$9,000	\$9,000
Wisconsin	\$14,000	\$14,000
Wyoming	\$30,900	\$29,100

Changes for 2023 are in bold. Wage bases that decreased are in *bold italic*.

* Wage bases to be announced

¹ In Nebraska and Rhode Island, experienced employers assessed the maximum unemployment tax rate are assigned a higher wage base.

By the numbers

2024 family leave insurance chart

Jurisdiction	Taxable wage base	Employer contribution	Employee contribution
California	N/A	N/A	1.1%
Colorado	\$168,600	0.45%; N/A ‡	0.45%
Connecticut	\$168,600	N/A	0.5%
Delaware (eff. 2025)	OASDI wage base	0.8% *	N/A
District of Columbia	N/A	0.26%	N/A
Maine (eff. 2025)	OASDI wage base	1%; 0.5% ‡ *	N/A
Maryland (eff. 10/1)	\$168,600	0.45%; N/A ‡	0.45%
Massachusetts	\$168,600	0.42%; N/A ‡	0.46%
Minnesota (eff. 2026)	OASDI wage base	0.7% *	N/A
New Hampshire ±	N/A	Varies	Varies
New Jersey	\$161,400	N/A	0.09%
New York	\$1,718.15 per week	N/A	0.373%
Oregon	\$168,600	40% of 1% contribution ‡	60% of 1% contribution
Rhode Island	TBD	N/A	TBD
Vermont ± (eff. 7/1)	\$168,600	Varies	Varies
Virginia ±	N/A	Varies	Varies
Washington	\$168,600	28.57% of 0.74% premium	71.43% of 0.74% premium

* Employers may deduct part of the contribution from employees' wages
 ± Voluntary program
 ‡ Varies by employer size

By the numbers

Local minimum wages

State	Locality	2024 minimum wage	Previous minimum wage
Arizona	Flagstaff	\$17.40	\$16.80
	Tucson	\$14.35	\$13.85
	Alameda*	\$16.52	\$15.75
	Belmont	\$17.35	\$16.75
	Berkeley*	\$18.07	\$16.99
	Burlingame	\$17.03	\$16.47
	Cupertino	\$17.75	\$17.20
	Daly City	\$16.62	\$16.07
	East Palo Alto	\$17.10	\$16.50
	El Cerrito	\$17.92	\$17.35
	Emeryville*	\$18.67	\$17.68
	Foster City	\$17	\$16.50
	Fremont*	\$16.80	\$16
	Half Moon Bay*	\$17.01	\$16.45
	Hayward ‡	\$16.90; \$16	\$16.34; \$15.50
	Los Altos	\$17.75	\$17.20
	Los Angeles*	\$16.78	\$16.04
	Los Angeles County*	\$16.90	\$15.96
	Malibu*	\$16.90	\$15.96
	Menlo Park	\$16.70	\$16.20
Milpitas*	\$17.20	\$16.40	
Mountain View	\$18.75	\$18.15	
California	Novato ‡	\$16.86; \$16.60; \$16.04	\$16.32; \$16.07; \$15.53
	Oakland	\$16.50	\$15.97
	Palo Alto	\$17.80	\$17.25
	Pasadena*	\$16.93	\$16.11
	Petaluma	\$17.45	\$17.06
	Redwood City	\$17.70	\$17
	Richmond	TBA	\$16.17
	San Carlos	\$16.87	\$16.32
	San Diego	\$16.85	\$16.30
	San Francisco*	\$18.07	\$16.99
	San Jose	\$17.55	\$17
	San Leandro †	\$16	\$15.50
	San Mateo	\$17.35	\$16.75
	San Mateo County	\$17.06	\$16.50
	Santa Clara	\$17.75	\$17.20
	Santa Monica	\$16.90	\$15.96
	Santa Rosa	\$17.45	\$17.06
	Sonoma ‡	\$17.60; \$16.56	\$17; \$16
	Sonoma County	TBA	\$17.65
	South San Francisco	\$17.25	\$16.70
Sunnyvale	\$18.55	\$17.95	
West Hollywood*	\$19.08	\$18.35; \$17.50; \$17	

By the numbers

Local minimum wages (continued)

State	Locality	2024 minimum wage	Previous minimum wage
Colorado	Boulder County	\$15.69	N/A
	Denver	\$18.29	\$17.29
	Edgewater	\$15.02	N/A
Illinois *	Chicago ‡	\$15.80; \$15	\$15.40; \$14.50
	Cook County	\$13.70	\$13.35
Maine	Portland	\$15	\$14
	Rockland	\$15	\$14
Maryland	Howard County †	\$15	\$15; \$13.25
	Montgomery County *‡	\$16.70; \$15	\$16.70; \$15; \$14.50
	Prince George's County †	\$15	\$13.25; \$12.80
Minnesota	Minneapolis *‡	\$15.57; \$14.50	\$15.19; \$14.50
	St. Paul *‡	\$15.57; \$15; \$13; \$11.50	\$15.19; \$15; \$13; \$11.50
New Mexico	Albuquerque †	\$12	\$12
	Bernalillo County †	\$12	\$12
	Las Cruces	\$12.36	\$12
	Santa Fe **	TBA	\$14.03
	Santa Fe County **	TBA	\$14.03
New York	New York City	\$16	\$15
	Nassau, Suffolk, Westchester counties	\$16	\$15
	Rest of the state	\$15	\$14.20
	Nonurban counties	\$13.20	\$12.50
Oregon *	Portland metro area	\$15.45	\$14.75
	Standard rate	\$14.20	\$13.50
Washington	SeaTac	\$19.71	\$19.06
	Seattle ‡	\$19.97; \$17.25	\$18.69; \$16.50
	Tacoma †	\$16.28	\$15.74
	Tukwila ‡	\$20.29; \$18.29 (eff. 7/1: \$19.29)	\$18.99; \$16.99

* Certain 2024 minimum wage rates effective July 1, 2023, through June 30, 2024

‡ Varies by employer size or other factors

† Minimum wage in effect is state minimum wage

** Rates are effective March 1 through February 28