

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1150 Session of 2025

INTRODUCED BY GREEN, KHAN, MADDEN, PIELLI, HOHENSTEIN, MADSEN, OTTEN, McNEILL, WAXMAN, PROBST, GIRAL, BOYD, RABB, MAYES, KAZEEM, HILL-EVANS, SANCHEZ, HADDOCK, MALAGARI, FIEDLER, CEPEDA-FREYTIZ, RIVERA, DONAHUE, KENYATTA, FREEMAN, CIRESI, WARREN, SHUSTERMAN, PROKOPIAK, WEBSTER, CERRATO, SCOTT, CURRY, DALEY, POWELL, KINKEAD, T. DAVIS, ISAACSON, O'MARA, K.HARRIS, DOUGHERTY, SCHLOSSBERG, HANBIDGE, N. NELSON, NEILSON AND BELLMON, APRIL 3, 2025

REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, APRIL 3, 2025

AN ACT

1 Amending the act of January 17, 1968 (P.L.11, No.5), entitled
2 "An act establishing a fixed minimum wage and overtime rates
3 for employes, with certain exceptions; providing for minimum
4 rates for learners and apprentices; creating a Minimum Wage
5 Advisory Board and defining its powers and duties; conferring
6 powers and imposing duties upon the Department of Labor and
7 Industry; imposing duties on employers; and providing
8 penalties," further providing for definitions, for minimum
9 wages and for preemption.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Sections 3(d), 4(a) and 14.1 of the act of
13 January 17, 1968 (P.L.11, No.5), known as The Minimum Wage Act
14 of 1968, are amended to read:

15 Section 3. Definitions.--As used in this act:

16 * * *

17 (d) "Wages" mean compensation due to any employe by reason
18 of his or her employment, payable in legal tender of the United

1 States or checks on banks convertible into cash on demand at
2 full face value, subject to such deductions, charges or
3 allowances as may be permitted by regulations of the secretary
4 under section 9.

5 "Wage" paid to any employe includes the reasonable cost, as
6 determined by the secretary, to the employer for furnishing such
7 employe with board, lodging, or other facilities, if such board,
8 lodging, or other facilities are customarily furnished by such
9 employer to his or her employes: Provided, That the cost of
10 board, lodging, or other facilities shall not be included as a
11 part of the wage paid to any employe to the extent it is
12 excluded therefrom under the terms of a bona fide collective-
13 bargaining agreement applicable to the particular employe:
14 Provided, further, That the secretary is authorized to determine
15 the fair value of such board, lodging, or other facilities for
16 defined classes of employes and in defined areas, based on
17 average cost to the employer or to groups of employers similarly
18 situated, or average value to groups of employes, or other
19 appropriate measures of fair value. Such evaluations, where
20 applicable and pertinent, shall be used in lieu of actual
21 measure of cost in determining the wage paid to any employe.

22 In determining the hourly wage an employer is required to pay
23 a tipped employe, the amount paid such employe by his or her
24 employer shall be an amount equal to: (i) the cash wage paid the
25 employe which for the purposes of the determination shall be not
26 less than the cash wage [required to be paid the employe on the
27 date immediately prior to the effective date of this
28 subparagraph;] of five dollars (\$5.00) an hour after June 30,
29 2025, six dollars and twenty-five cents (\$6.25) an hour after
30 December 31, 2025, seven dollars and fifty cents (\$7.50) an hour

1 after June 30, 2026, eight dollars and seventy-five cents
2 (\$8.75) an hour after December 31, 2026, ten dollars (\$10.00) an
3 hour after June 30, 2027, eleven dollars and twenty-five cents
4 (\$11.25) an hour after December 31, 2027, twelve dollars and
5 fifty cents (\$12.50) an hour after June 30, 2028, and thirteen
6 dollars and seventy-five cents (\$13.75) an hour after December
7 31, 2029, through June 30, 2029; and (ii) an additional amount
8 on account of the tips received by the employee which is equal to
9 the difference between the wage specified in subparagraph (i)
10 and the wage in effect under section 4 of this act. The
11 additional amount on account of tips may not exceed the value of
12 tips actually received by the employee. The previous sentence
13 shall not apply with respect to any tipped employee unless:
14 (1) Such employee has been informed by the employer of the
15 provisions of this subsection;
16 (2) All tips received by such employee have been retained by
17 the employee and shall not be surrendered to the employer to be
18 used as wages to satisfy the requirement to pay the current
19 hourly minimum rate in effect; where the gratuity is added to
20 the charge made by the establishment, either by the management,
21 or by the customer, the gratuity shall become the property of
22 the employee; except that this subsection shall not be construed
23 to prohibit the pooling of tips among employees who customarily
24 and regularly receive tips. Effective July 1, 2029, an employer
25 is required to pay a tipped employee the full minimum wage in
26 effect under section 4 of this act. In addition, all gratuities
27 received by such employee or added to the charge made by the
28 establishment, either by the management or by the customer,
29 shall become the property of the employee and shall not be used
30 by the employer as wages to satisfy the requirement to pay the

current hourly minimum rate in effect. Nothing in this definition shall be construed to prohibit the pooling of tips among employees who customarily and regularly receive tips, however an employer may not keep any gratuities received by an employee for any purpose, including allowing managers or supervisors to keep any portion of an employee's gratuities.

* * *

Section 4. Minimum Wages.--Except as may otherwise be provided under this act:

(a) Every employer shall pay to each of his or her employees wages for all hours worked at a rate of not less than:

(1) Two dollars sixty-five cents (\$2.65) an hour upon the effective date of this amendment.

(2) Two dollars ninety cents (\$2.90) an hour during the year beginning January 1, 1979.

(3) Three dollars ten cents (\$3.10) an hour during the year beginning January 1, 1980.

(4) Three dollars thirty-five cents (\$3.35) an hour after December 31, 1980.

(5) Three dollars seventy cents (\$3.70) an hour beginning February 1, 1989.

(6) Five dollars fifteen cents (\$5.15) an hour beginning September 1, 1997.

(7) Six dollars twenty-five cents (\$6.25) an hour beginning January 1, 2007.

(8) Seven dollars fifteen cents (\$7.15) an hour beginning July 1, 2007.

(9) Fifteen dollars (\$15) an hour beginning January 1, 2026.

(10) Beginning January 1, 2027, and each January 1 thereafter, the minimum wage shall be increased by an annual

1 cost-of-living adjustment calculated by the secretary using the
2 percentage change in the Consumer Price Index for All Urban
3 Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware and
4 Maryland area. In calculating the adjustment, the secretary
5 shall use the most recent twelve-month period for which figures
6 have been officially reported by the United States Department of
7 Labor, Bureau of Labor Statistics. At least sixty days prior to
8 the date the adjustment is due to take effect, the percentage
9 increase and the minimum wage amount, rounded to the nearest
10 multiple of five cents (5¢), shall be determined by the
11 secretary. The secretary shall, within ten days following the
12 determination, transmit a notice of the determination to the
13 Legislative Reference Bureau for publication in the next
14 available issue of the Pennsylvania Bulletin.

15 * * *

16 Section 14.1. Preemption.--(a) [Except as set forth in
17 subsection (b), this act shall preempt and supersede any local
18 ordinance or rule concerning the subject matter of this act.

19 (b) This section does not prohibit local regulation pursuant
20 to an ordinance which was adopted by a municipality prior to
21 January 1, 2006, and which remained in effect on January 1,
22 2006.] Notwithstanding any other provision of law, a
23 municipality shall be permitted to pass local ordinances or
24 rules regulating the minimum wage for that municipality. Nothing
25 in this act shall permit a municipality to pass a wage lower
26 than the minimum wage as required by the Commonwealth of
27 Pennsylvania, or that are required under section 4 of this act
28 and 29 U.S.C. Ch. 8 (relating to fair labor standards).

29 (b) A municipality that adopts a minimum wage ordinance or
30 other measure may adopt provisions for the local enforcement of

1 the ordinance or measure, including enforcement by private
2 parties. Nothing in this section shall preclude the secretary
3 from enforcing the provisions of this act.

4 (c) As used in this section, the following words and phrases
5 shall have the meanings given to them in this subsection unless
6 the context clearly indicates otherwise:

7 "Municipality" means a county, city, borough, incorporated
8 town, township, home rule municipality, optional plan
9 municipality or optional charter municipality.

10 Section 2. This act shall take effect as follows:

11 (1) The amendment of section 3(d) of the act shall take
12 effect January 1, 2026.

13 (2) This section shall take effect immediately.

14 (3) The remainder of this act shall take effect in 60
15 days.