



# What's New For 2016?

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As we approach the New Year, Cast & Crew wants to ensure that you are kept abreast of issues affecting the 2016 payroll process, leave and benefits, and various wage and hour issues.

## MINIMUM WAGE RATES:

States/cities raising their minimum wage as of January 1, 2016 (unless otherwise indicated) include:

- Alabama
  - Birmingham, AL, \$8.50 (eff. 7/1/2016)
- Alaska, \$9.75
- Arkansas, \$8.00
- California, \$10.00
  - Berkeley, \$11.00
  - Emeryville, \$12.25
  - Los Angeles, \$10.50 (eff. 7/1/2016 for employers with 26 or more employees)
  - Mountain View, \$11.00
  - Oakland, \$12.55
  - Palo Alto, \$11.00
  - Richmond, \$11.52
  - San Francisco, \$13.00 (eff. 7/1/16)
  - San Jose, \$10.30
  - Santa Clara, \$11.00
  - Sunnyvale, \$10.30
- Colorado, \$8.31
- Connecticut, \$9.60
- District of Columbia, \$11.50 (eff. 7/1/16)
- Hawaii, \$8.50
- Illinois
  - Chicago, \$10.50 (eff. 7/1/16)
- Maryland, \$8.75 (eff. 7/1/16)
- Massachusetts, \$10.00
- Michigan, \$8.50
- Minnesota, \$9.50 (eff. 8/1/16)
- Nebraska, \$9.00
- Nevada, \$8.25



- New Mexico
  - Albuquerque, \$8.75
  - Bernalilo County, \$8.65
  - Santa Fe, \$10.84
  - Santa Fe County, \$10.66
  - Las Cruces, \$8.40
- New York, \$9.00
- Rhode Island, \$9.60
- South Dakota, \$8.55
- Vermont, \$9.60
- Washington
  - Seattle, \$12.50 (for employers that have more than 500 employees)
  - Tacoma, \$10.35 (eff. 2/1/16)
- West Virginia, \$8.75

**MILEAGE RATE:**

For 2016, the standard mileage rate for the use of a vehicle is 54 cents per mile (reduced from 57.5 cents per mile).

**2016 CREDIT REDUCTION STATES:**

State	Reduction
California	1.8%
Connecticut	2.4%
Ohio	1.8%

**PER DIEM:**

The 2016 standard per diem rate is \$140 (\$89 lodging, \$51 meals and incidental expenses).

Domestic: <http://www.gsa.gov/portal/content/104877>

Foreign: <https://aoprals.state.gov/>



## PRODUCTION INCENTIVES:

Alaska, Kentucky, Louisiana, Michigan, New Jersey and North Carolina had changes to their production incentive programs. Cast & Crew Financial Services provides an end-to-end production incentive solution to studio and independent producers, including production incentive valuation and administration services. Cast & Crew's The Incentive Program (TIP) can provide you up-to-date information for every available incentive in the United States and around the world. For more information, click [here](#) or visit [www.castandcrew.com/production-incentive-map-us](http://www.castandcrew.com/production-incentive-map-us).

## CALIFORNIA FAIR PAY ACT - SB 358:

Referred to as "the strongest equal pay law in the nation," the new Fair Pay Act prohibits an employer from paying lower wage rates for "substantially similar" work, rather than "equal" work as used in existing law, lowering the burden of proof for plaintiffs who file gender-discriminatory pay practice claims. The Fair Pay Act also increases the burden of proof for employers in defending such claims, requiring employers to directly demonstrate that a wage differential is based on a bona fide factor other than the employee's gender. The new law provides broader coverage than its federal counterpart, the Equal Pay Act (29 USC § 206(d)). Unlike the Equal Pay Act, California's Fair Pay Act provides employees an ability to challenge their pay based on wages paid to employees at other work locations of the same employer.

## E-VERIFY USE & RECORD DISPOSAL:

Effective January 1, 2016, employers will be prohibited from using the E-Verify system to check the employee authorization status of an existing employee (or an applicant who has not received an offer of employment) in a time or manner not required by a specified federal law or federal agency memorandum of understanding.

Also, an employer that uses E-Verify must provide their affected employee any notification(s) by the Social Security Administration or the United States Department of Homeland Security that contains information specific to the employee's E-Verify case. There is a \$10,000 penalty for each violation.

Finally, on January 1, 2016, E-Verify must dispose of transaction records that are over ten years old - those dated on or before December 31, 2005. E-Verify employers have until December 31, 2015, to download case data from the new "Historic Records Report" if they want to retain transaction data that is more than ten years old.



## Reminders

### SOCIAL SECURITY (FICA) WAGE BASE:

The 2016 Social Security tax rate is 6.2% each for the employee and employer, unchanged from 2015. The taxable wage base for Social Security is \$118,500, unchanged from 2015. Medicare remains unchanged at 1.45% with no cap. The additional Medicare tax on wages in excess of \$200,000 remains at .90%.

### CALIFORNIA STATE DISABILITY:

The California State Disability Insurance (SDI) rate for 2016 is .9%. The taxable wage limit is \$106,742 for each employee per calendar year. The maximum withholding for each employee is \$960.68.

### AFFORDABLE CARE ACT:

The Employer Mandate, which was expected to roll out in 2014, will be implemented in 2016. This policy stipulates that businesses with over 50 full-time or full-time equivalent employees must provide insurance to at least 95% of employees, plus dependents up to age 26. Employers who do not meet these requirements will be subjected to a penalty. Cast & Crew Open Health can assist you with any of your ACA insurance coverage requirements. To learn more please contact us at 866.491.4001 or [questions@cc-openhealth.com](mailto:questions@cc-openhealth.com).

### ACA SHARED RESPONSIBILITY REPORTING REQUIREMENTS:

Employers who averaged 50 or more full-time employees (including full-time equivalent employees) in 2014 are considered an "Applicable Large Employer" (ALE) for 2015 and are subject to the ACA employer "shared responsibility" mandate for 2015. These employers are required to report health insurance coverage offered under their employer-sponsored plans in accordance with Section 6056 of the Internal Revenue Code (IRC). EVEN IF YOU DID NOT OFFER HEALTH CARE YOU MUST STILL REPORT ON YOUR EMPLOYEES.

Each employer in the controlled group responsible for its own reporting is referred to as an "Applicable Large Employer Member (ALE Member)" or "employer." There are two forms required to be filed by employers for 2015: Forms 1094-C and 1095-C. Form 1095-C (reporting whether health coverage was offered and other information) must be provided by January 31, 2016, to each employee who was a full-time employee of an ALE member for any month of 2015. Copies



of each Form 1095-C provided to an employee must also be filed with the IRS with a Form 1094-C transmittal summarizing the information on the Form 1095-Cs.

UPDATE: The IRS has recently extended the due date for reporting and remitting the Form 1095-C from February 1, 2016, to March 31, 2016, and Form 1094-C from February 29, 2016, to May 31, 2016, if not filing electronically, and from March 31, 2016, to June 30, 2016, if filing electronically.

## Looking Forward

### PAID SICK LEAVE LAWS:

On January 1, 2016, Oregon will join California, Connecticut and Massachusetts as the only states that mandate sick leave. This list may continue to grow as campaigns for sick leave gain ground in other states. Hawaii, Michigan, Minnesota, New Jersey, Pennsylvania, Vermont and Washington currently have bills pending that, if passed, would require employers to provide paid sick leave. There are subtle differences between the states' laws, summarized below. For details about each state's requirements please contact us.

California - Eligible employees accrue one hour of sick leave for every 30 hours worked up to a maximum of 48 hours/6 days annually. Employers may limit usage to 24 hours/3 days per year. Accrued leave must be made available to employees on the 90th day of employment. California's law does not preempt any more generous laws that require sick leave.

Connecticut - Eligible employees earn one hour of paid sick leave for every 40 hours worked up to a cap of 40 hours per year. The law only applies to "service workers." Connecticut's industrial occupation codes are used to determine to whom the law applies. The law also only applies to employers with 50 or more employees who are employed in the state as of October 1 of each year.

Massachusetts - Eligible employees accrue sick leave benefits at the rate of one hour for every 30 hours worked up to a cap of 40 hours per year. An employee is eligible to accrue sick leave if his or her primary place of employment is Massachusetts, regardless of where the employer is located.

Oregon - Prior to the enactment of Oregon's law, Eugene and Portland had passed sick leave laws. As of January 1, 2016, when the state law goes into effect, employers will only have to comply with the state law, as it preempts any local laws. The state law provides that employees will earn one hour of sick leave for every 30 hours worked. Employers with 10 or more employees must provide up to 40 hours of paid sick leave.



In addition to state leave laws, employers need to be aware of municipal ordinances. Some states have recognized that having multiple laws is confusing for employers, and have passed laws that prohibit local governments from passing sick leave laws. These states include Arizona, Florida, Georgia, Indiana, Kansas, Louisiana, Michigan, Mississippi, North Carolina, Oklahoma, Tennessee and Wisconsin.

Sick leave laws may apply to employees who are currently covered by collective bargaining agreements (CBAs) as of the effective date of the law. However, many of the laws allow for CBAs to waive the provisions if the CBA provides an equivalent amount of sick time or paid time off that can be used for all of the reasons set forth in the law and provided that it accrues as set forth in the law. Please be sure to check your local laws and CBAs to ensure proper allocation.

Employers now face the possibility of having to comply with a patchwork of state and local sick leave laws. Cast & Crew provides paid sick leave solutions for Cast & Crew-exclusive clients as well as Cast & Crew clients that use multiple payroll providers.

#### **PAYING INTERNS AND TRAINEES:**

Earlier this year, courts grappled with whether interns were misclassified and should have been treated as employees entitled to pay and benefits. Further developments to the Labor Department's test for an intern exception to employee status may be coming soon.

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