

Client Insight: Important Employment Laws and Ordinances Taking Effect on July 1, 2024

Insights

June 26, 2024

As we reach the midpoint of the year, employers should be aware of several important employment laws that take effect on July 1, 2024.

High Level Summary

This Client Insight focuses on the following updates:

1. Federal – New rule increases minimum salaries for certain exemptions
2. California – Workplace Violence Prevention Plan requirements
3. New York City – Workers' Bill of Rights requirements
4. Minnesota – Increased penalties for misclassification of employees
5. Illinois – Freelance Worker Protection Act requirements
6. Florida – Penalties for failure to use E-Verify
7. Colorado – Job Application Fairness Act

Employment Laws Updates

U.S. Department of Labor – New Rule Increases Minimum Salaries for Certain Exempt Workers, Making More Employees Eligible for Overtime Pay

The U.S. Department of Labor's (DOL) final rule, increasing minimum salaries for certain exempt employees, takes effect on July 1, 2024. This modification to the Fair Labor Standards Act (FLSA) overtime exemptions will affect highly compensated, executive, administrative, and professional employees. ([Click here to read our prior Client Insight, published May 8, 2024.](#))

Key changes include:

- **Increased Salary Thresholds for Highly Compensated Employees:** The annual salary threshold for highly compensated employees will increase from \$107,432 to \$132,964 on July 1, 2024, and it will increase again on January 1, 2025, to \$151,164.
- **Executive, Administrative, and Professional Employees:** Effective July 1, 2024, the minimum annual salary will increase from \$35,568 to \$43,888, and it will increase again on January 1, 2025, to \$58,656.
- **Automatic Salary Updates:** Beginning July 1, 2027, the thresholds will automatically update every three years.

Significantly, the enforceability of post-termination non-compete agreements in Massachusetts and Rhode Island hinges on, among other things, compliance with the FLSA's salary thresholds for exempt employees.

State Specific Updates

California – Workplace Violence Prevention Plan

By July 1, 2024, most California employers, with a few exceptions, must develop and implement a workplace violence prevention plan (WVPP). ([Click here to read our full Client Insight, published May 29, 2024.](#)) This plan must include, among other things:

- Designated responsible persons;
- Procedures for employee involvement;
- Communication protocols for reporting and responding to violence;
- Procedures to identify and evaluate workplace violence hazards, including scheduled periodic inspections, and to correct any identified hazards;
- Post-incident response and investigation processes; and
- Initial and annual training.

New York City – Workers’ Bill of Rights

Effective July 1, 2024, New York City employers must distribute a copy of a “Workers’ Bill of Rights” to current and former employees, and post a copy online or in an area that is accessible and visible to employees. This document must inform employees of their rights under federal, state, and local workplace laws, regardless of immigration status. This includes information on rights enforced by New York City’s Department of Consumer and Worker Protection, including:

- Paid Safe and Sick Leave;
- Temporary Schedule Change Law;
- Fair Workweek Law;
- New York City’s Delivery Worker Laws; and
- Rights enforced by other state and federal agencies, like minimum wage.

The “Workers’ Bill of Rights” must also include information about who to contact with questions, as well as how to file a complaint. Failure to comply can result in civil penalties of up to \$500. Additional information and resources regarding this requirement are available [here](#).

Minnesota – Increased Penalties for Misclassifying Employees as Independent Contractors

Effective July 1, 2024, Minnesota employers risk increased penalties for misclassifying employees as independent contractors. Employers may face penalties of up to \$10,000 for each individual violation. Employers who fail to report the individuals as employees to a state agency could face additional penalties. If Minnesota’s Department of Labor and Industry (DOLI) determines that an individual was misclassified, DOLI may award compensatory damages to each affected worker.

DOLI generally focuses on the following factors to determine whether a worker is an employee or independent contractor:

- Control: Does the worker control the means and manner in which the services are performed?
- Payment: Does the worker dictate the value placed on the services provided? Is the worker paid by the job or in a regular and routine manner?

- Investment and Materials: Does the worker furnish any tools, equipment, materials, or supplies necessary to perform these services?
- Premises: Does the worker control the premises where these services are performed?
- Discharge: Can either party sue for breach of contract or can the worker terminate the relationship at will without incurring any legal liability?

Under the new law, employers are liable for:

- Failing to classify, represent, or treat an employee as an employee under local, state, or federal law;
- Failing to report or disclose a person as an employee to any local, state, or federal government agency when required; or
- Requiring an employee to enter into an agreement or complete any document that misclassifies them as an independent contractor.

If an owner, officer, or agent knowingly or repeatedly engages in any of the prohibited activities, that individual may also be held liable.

Illinois – Freelance Worker Protection Act

Illinois' **Freelance Worker Protection Act** (FWPA) covers most independent contractors who contract with any non-governmental person or entity to provide products/services in Illinois or with an entity located in Illinois worth at least \$500 (either in a single contract or in the aggregate of all contracts with a single entity) within a 120-day period. The FWPA takes effect on July 1, 2024.

Freelance workers covered by the FWPA are entitled to a written contract that includes:

- Name and contact information of both the hiring entity and freelance worker;
- Itemization of products and services;
- Rate and method of compensation;
- Date compensation is due;
- Dates of services to be provided;

- Full payment for the services by the due date in the contract, or if the due date is not specified, within 30 days of completing the services outlined in the contract; and
- Protection from retaliation and/or other negative action for exercising rights under the FWPA.

Sample contract templates are available [here](#).

Additional information regarding the FWPA, including helpful FAQs, can be found [here](#).

Florida – E-Verify Requirements and Penalties

Since July 2023, [Florida law](#) requires employers with more than 25 employees to use the federal E-Verify system to verify the employment eligibility of new employees.

- Beginning July 1, 2024, if the Florida Department of Economic Opportunity determines that an employer has failed to comply with the E-Verify requirements, the employer will be given 30 days to correct the noncompliance.
- A fine of \$1,000 per day may be imposed if three violations occur in any 24-month period.
- Violations may also result in suspension or revocation of state licenses, permits, registrations, and other forms of authorization required by law.

Colorado – Job Application Fairness Act

[Colorado's Job Application Fairness Act \(JAFA\)](#) prohibits employers from requesting age-related information during the initial hiring process. This includes requesting an applicant's date of birth and school graduation/attendance dates on an initial employment application or job posting. Employers that require school transcripts (or similar certifications or materials from third parties) must inform applicants that they may redact age-identifying information.

Employers may request age-related information where age is a bona fide occupational qualification, or confirming age-related information is required by law.

JAFA does not provide a private right of action; applicants cannot sue for violations. Rather, complaints about JAFA violations go to the Colorado Department of Labor and Employment (CDLE). If the CDLE determines a violation occurred, it will issue a warning. Subsequent violations may result in civil penalties up to \$1,000 (second

violation) or \$2,500 (further violations). Penalties can accumulate quickly as every non-compliant job posting constitutes a JAFA violation.

Conclusion

The employment laws above represent some, but not all, of the important new regulations taking effect this July. If you have any questions regarding the changes discussed above, or any other employment law matters, please contact your Gunderson attorney.

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