

## **IC 22-2-2**

### Chapter 2. Minimum Wage

#### **IC 22-2-2-1**

##### **Short title**

Sec. 1. This chapter shall be known and may be cited as the Minimum Wage Law of 1965.

*(Formerly: Acts 1965, c.134, s.1.) As amended by P.L.144-1986, SEC.1.*

#### **IC 22-2-2-2**

##### **Public policy**

Sec. 2. There are persons employed in some occupations in the state of Indiana at wages insufficient to provide adequate maintenance for themselves and their families. Such employment impairs the health, efficiency and well being of the persons so employed and their families, constitutes unfair competition against other employees and their employers, threatens the stability of industry, and requires, in many cases, that income be supplemented by the payment of public moneys for relief or the provision of other public or private assistance. Employment of persons at such insufficient rates of pay threatens the health and well being of the people of the state of Indiana and injures the economy of the state.

Accordingly, it is hereby declared the policy of the state of Indiana that such conditions be eliminated as rapidly as practicable without substantially curtailing opportunities for employment. To this end, the Minimum Wage Law of 1965 is enacted.

*(Formerly: Acts 1965, c.134, s.2.)*

#### **IC 22-2-2-3**

##### **Definitions; exemptions**

Sec. 3. As used in this chapter:

"Commissioner" means the commissioner of labor or the commissioner's authorized representative.

"Department" means the department of labor.

"Occupation" means an industry, trade, business, or class of work in which employees are gainfully employed.

"Employer" means any individual, partnership, association, limited liability company, corporation, business trust, the state, or other governmental agency or political subdivision during any work week in which they have two (2) or more employees. However, it shall not include any employer who is subject to the minimum wage provisions of the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201-209).

"Employee" means any person employed or permitted to work or perform any service for remuneration or under any contract of hire, written or oral, express or implied by an employer in any occupation, but shall not include any of the following:

- (a) Persons less than sixteen (16) years of age.
- (b) Persons engaged in an independently established trade,

occupation, profession, or business who, in performing the services in question, are free from control or direction both under a contract of service and in fact.

(c) Persons performing services not in the course of the employing unit's trade or business.

(d) Persons employed on a commission basis.

(e) Persons employed by their own parent, spouse, or child.

(f) Members of any religious order performing any service for that order, any ordained, commissioned, or licensed minister, priest, rabbi, sexton, or Christian Science reader, and volunteers performing services for any religious or charitable organization.

(g) Persons performing services as student nurses in the employ of a hospital or nurses training school while enrolled and regularly attending classes in a nurses training school chartered or approved under law, or students performing services in the employ of persons licensed as both funeral directors and embalmers as a part of their requirements for apprenticeship to secure an embalmer's license or a funeral director's license from the state, or during their attendance at any schools required by law for securing an embalmer's or funeral director's license.

(h) Persons who have completed a four (4) year course in a medical school approved by law when employed as interns or resident physicians by any accredited hospital.

(i) Students performing services for any school, college, or university in which they are enrolled and are regularly attending classes.

(j) Persons with physical or mental disabilities performing services for nonprofit organizations organized primarily for the purpose of providing employment for persons with disabilities or for assisting in their therapy and rehabilitation.

(k) Persons employed as insurance producers, insurance solicitors, and outside salesmen, if all their services are performed for remuneration solely by commission.

(l) Persons performing services for any camping, recreational, or guidance facilities operated by a charitable, religious, or educational nonprofit organization.

(m) Persons engaged in agricultural labor. The term shall include only services performed:

(1) on a farm, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and furbearing animals and wildlife;

(2) in the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of the farm and its tools and equipment if the major part of the service is performed on a farm;

(3) in connection with:

(A) the production or harvesting of maple sugar or maple

syrup or any commodity defined as an agricultural commodity in the Agricultural Marketing Act, as amended (12 U.S.C. 1141j);

(B) the raising or harvesting of mushrooms;

(C) the hatching of poultry; or

(D) the operation or maintenance of ditches, canals, reservoirs, or waterways used exclusively for supplying and storing water for farming purposes; and

(4) in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage, to market, or to a carrier for transportation to market, any agricultural or horticultural commodity, but only if service is performed as an incident to ordinary farming operation or, in the case of fruits and vegetables, as an incident to the preparation of fruits and vegetables for market. However, this exception shall not apply to services performed in connection with any agricultural or horticultural commodity after its delivery to a terminal market or processor for preparation or distribution for consumption.

As used in this subdivision, "farm" includes stock, dairy, poultry, fruit, furbearing animals, and truck farms, nurseries, orchards, or greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities.

(n) Those persons employed in executive, administrative, or professional occupations who have the authority to employ or discharge and who earn one hundred fifty dollars (\$150) or more a week, and outside salesmen.

(o) Any person not employed for more than four (4) weeks in any four (4) consecutive three (3) month periods.

(p) Any employee with respect to whom the Interstate Commerce Commission has power to establish qualifications and maximum hours of service under the federal Motor Carrier Act of 1935 (49 U.S.C. 304(3)) or any employee of a carrier subject to IC 8-2.1.

*(Formerly: Acts 1965, c.134, s.3; Acts 1967, c.153, s.1.) As amended by Acts 1977, P.L.259, SEC.1; P.L.37-1985, SEC.27; P.L.246-1985, SEC.11; P.L.23-1988, SEC.110; P.L.99-1989, SEC.30; P.L.3-1989, SEC.131; P.L.133-1990, SEC.1; P.L.23-1993, SEC.127; P.L.8-1993, SEC.270; P.L.178-2003, SEC.8.*

#### **IC 22-2-2-4**

##### **Rates; discrimination**

Sec. 4. (a) Every employer employing four (4) or more employees during a work week shall:

(1) in any work week beginning on or after July 1, 1968, in which the employer is subject to the provisions of this chapter, pay each of the employer's employees wages of not less than one dollar and twenty-five cents (\$1.25) per hour;

(2) in any work week beginning on or after July 1, 1977, in which the employer is subject to this chapter, pay each of the employer's employees wages of not less than one dollar and fifty cents (\$1.50) per hour;

(3) in any work week beginning on or after January 1, 1978, in which the employer is subject to this chapter, pay each of the employer's employees wages of not less than one dollar and seventy-five cents (\$1.75) per hour; and

(4) in any work week beginning on or after January 1, 1979, in which the employer is subject to this chapter, pay each of the employer's employees wages of not less than two dollars (\$2) per hour.

(b) Except as provided in subsection (c), every employer employing at least two (2) employees during a work week shall, in any work week in which the employer is subject to this chapter, pay each of the employees in any work week beginning on and after July 1, 1990, and before October 1, 1998, wages of not less than three dollars and thirty-five cents (\$3.35) per hour.

(c) An employer subject to subsection (b) is permitted to apply a "tip credit" in determining the amount of cash wage paid to tipped employees. In determining the wage an employer is required to pay a tipped employee, the amount paid the employee by the employer shall be an amount equal to:

(1) the cash wage paid the employee, which for purposes of the determination shall be not less than the cash wage required to be paid to employees covered under the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 203(m)(1)) on August 20, 1996, which amount is two dollars and thirteen cents (\$2.13) an hour; and

(2) an additional amount on account of the tips received by the employee, which amount is equal to the difference between the wage specified in subdivision (1) and the wage in effect under subsections (b), (f), (g), and (h).

An employer is responsible for supporting the amount of tip credit taken through reported tips by the employees.

(d) No employer having employees subject to any provisions of this section shall discriminate, within any establishment in which employees are employed, between employees on the basis of sex by paying to employees in such establishment a rate less than the rate at which the employer pays wages to employees of the opposite sex in such establishment for equal work on jobs the performance of which requires equal skill, effort, and responsibility, and which are performed under similar working conditions, except where such payment is made pursuant to:

(1) a seniority system;

(2) a merit system;

(3) a system which measures earnings by quantity or quality of production; or

(4) a differential based on any other factor other than sex.

(e) An employer who is paying a wage rate differential in

violation of subsection (d) shall not, in order to comply with subsection (d), reduce the wage rate of any employee, and no labor organization, or its agents, representing employees of an employer having employees subject to subsection (d) shall cause or attempt to cause such an employer to discriminate against an employee in violation of subsection (d).

(f) Except as provided in subsection (c), every employer employing at least two (2) employees during a work week shall, in any work week in which the employer is subject to this chapter, pay each of the employees in any work week beginning on or after October 1, 1998, and before March 1, 1999, wages of not less than four dollars and twenty-five cents (\$4.25) per hour.

(g) Except as provided in subsections (c) and (j), every employer employing at least two (2) employees during a work week shall, in any work week in which the employer is subject to this chapter, pay each of the employees in any work week beginning on or after March 1, 1999, and before July 1, 2007, wages of not less than five dollars and fifteen cents (\$5.15) an hour.

(h) Except as provided in subsections (c) and (j), every employer employing at least two (2) employees during a work week shall, in any work week in which the employer is subject to this chapter, pay each of the employees in any work week beginning on or after June 30, 2007, wages of not less than the minimum wage payable under the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.).

(i) This section does not apply if an employee:

- (1) provides companionship services to the aged and infirm (as defined in 29 CFR 552.6); and
- (2) is employed by an employer or agency other than the family or household using the companionship services, as provided in 29 CFR 552.109 (a).

(j) This subsection applies only to an employee who has not attained the age of twenty (20) years. Instead of the rates prescribed by subsections (c), (f), (g), and (h), an employer may pay an employee of the employer, during the first ninety (90) consecutive calendar days after the employee is initially employed by the employer, a wage which is not less than:

- (1) four dollars and twenty-five cents (\$4.25) per hour, effective March 1, 1999; and
- (2) the amount payable under the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.), during the first ninety (90) consecutive calendar days after initial employment to an employee who has not attained twenty (20) years of age, effective July 1, 2007.

However, no employer may take any action to displace employees (including partial displacements such as reduction in hours, wages, or employment benefits) for purposes of hiring individuals at the wage authorized in this subsection.

(k) Except as otherwise provided in this section, no employer shall employ any employee for a work week longer than forty (40)

hours unless the employee receives compensation for employment in excess of the hours above specified at a rate not less than one and one-half (1.5) times the regular rate at which the employee is employed.

(l) For purposes of this section the following apply:

(1) "Overtime compensation" means the compensation required by subsection (k).

(2) "Compensatory time" and "compensatory time off" mean hours during which an employee is not working, which are not counted as hours worked during the applicable work week or other work period for purposes of overtime compensation, and for which the employee is compensated at the employee's regular rate.

(3) "Regular rate" means the rate at which an employee is employed is considered to include all remuneration for employment paid to, or on behalf of, the employee, but is not considered to include the following:

(A) Sums paid as gifts, payments in the nature of gifts made at Christmas time or on other special occasions, as a reward for service, the amounts of which are not measured by or dependent on hours worked, production, or efficiency.

(B) Payments made for occasional periods when no work is performed due to vacation, holiday, illness, failure of the employer to provide sufficient work, or other similar cause, reasonable payments for traveling expenses, or other expenses, incurred by an employee in the furtherance of the employer's interests and properly reimbursable by the employer, and other similar payments to an employee which are not made as compensation for the employee's hours of employment.

(C) Sums paid in recognition of services performed during a given period if:

(i) both the fact that payment is to be made and the amount of the payment are determined at the sole discretion of the employer at or near the end of the period and not pursuant to any prior contract, agreement, or promise causing the employee to expect the payments regularly;

(ii) the payments are made pursuant to a bona fide profit sharing plan or trust or bona fide thrift or savings plan, meeting the requirements of the administrator set forth in appropriately issued regulations, having due regard among other relevant factors, to the extent to which the amounts paid to the employee are determined without regard to hours of work, production, or efficiency; or

(iii) the payments are talent fees paid to performers, including announcers, on radio and television programs.

(D) Contributions irrevocably made by an employer to a trustee or third person pursuant to a bona fide plan for providing old age, retirement, life, accident, or health insurance or similar benefits for employees.

(E) Extra compensation provided by a premium rate paid for certain hours worked by the employee in any day or work week because those hours are hours worked in excess of eight (8) in a day or in excess of the maximum work week applicable to the employee under subsection (k) or in excess of the employee's normal working hours or regular working hours, as the case may be.

(F) Extra compensation provided by a premium rate paid for work by the employee on Saturdays, Sundays, holidays, or regular days of rest, or on the sixth or seventh day of the work week, where the premium rate is not less than one and one-half (1.5) times the rate established in good faith for like work performed in nonovertime hours on other days.

(G) Extra compensation provided by a premium rate paid to the employee, in pursuance of an applicable employment contract or collective bargaining agreement, for work outside of the hours established in good faith by the contract or agreement as the basic, normal, or regular workday (not exceeding eight (8) hours) or work week (not exceeding the maximum work week applicable to the employee under subsection (k)) where the premium rate is not less than one and one-half (1.5) times the rate established in good faith by the contract or agreement for like work performed during the workday or work week.

(m) No employer shall be considered to have violated subsection (k) by employing any employee for a work week in excess of that specified in subsection (k) without paying the compensation for overtime employment prescribed therein if the employee is so employed:

(1) in pursuance of an agreement, made as a result of collective bargaining by representatives of employees certified as bona fide by the National Labor Relations Board, which provides that no employee shall be employed more than one thousand forty (1,040) hours during any period of twenty-six (26) consecutive weeks; or

(2) in pursuance of an agreement, made as a result of collective bargaining by representatives of employees certified as bona fide by the National Labor Relations Board, which provides that during a specified period of fifty-two (52) consecutive weeks the employee shall be employed not more than two thousand two hundred forty (2,240) hours and shall be guaranteed not less than one thousand eight hundred forty (1,840) hours (or not less than forty-six (46) weeks at the normal number of hours worked per week, but not less than thirty (30) hours per week) and not more than two thousand eighty (2,080) hours of employment for which the employee shall receive compensation for all hours guaranteed or worked at rates not less than those applicable under the agreement to the work performed and for all hours in excess of the guaranty which are also in excess of the maximum work week applicable to the employee under

subsection (k) or two thousand eighty (2,080) in that period at rates not less than one and one-half (1.5) times the regular rate at which the employee is employed.

(n) No employer shall be considered to have violated subsection (k) by employing any employee for a work week in excess of the maximum work week applicable to the employee under subsection (k) if the employee is employed pursuant to a bona fide individual contract, or pursuant to an agreement made as a result of collective bargaining by representatives of employees, if the duties of the employee necessitate irregular hours of work, and the contract or agreement includes the following:

(1) Specifies a regular rate of pay of not less than the minimum hourly rate provided in subsections (c), (h), and (j) (whichever is applicable) and compensation at not less than one and one-half (1.5) times that rate for all hours worked in excess of the maximum work week.

(2) Provides a weekly guaranty of pay for not more than sixty (60) hours based on the rates so specified.

(o) No employer shall be considered to have violated subsection (k) by employing any employee for a work week in excess of the maximum work week applicable to the employee under that subsection if, pursuant to an agreement or understanding arrived at between the employer and the employee before performance of the work, the amount paid to the employee for the number of hours worked by the employee in the work week in excess of the maximum work week applicable to the employee under that subsection:

(1) in the case of an employee employed at piece rates, is computed at piece rates not less than one and one-half (1.5) times the bona fide piece rates applicable to the same work when performed during nonovertime hours;

(2) in the case of an employee performing two (2) or more kinds of work for which different hourly or piece rates have been established, is computed at rates not less than one and one-half (1.5) times those bona fide rates applicable to the same work when performed during nonovertime hours; or

(3) is computed at a rate not less than one and one-half (1.5) times the rate established by the agreement or understanding as the basic rate to be used in computing overtime compensation thereunder, provided that the rate so established shall be substantially equivalent to the average hourly earnings of the employee, exclusive of overtime premiums, in the particular work over a representative period of time;

and if the employee's average hourly earnings for the work week exclusive of payments described in this section are not less than the minimum hourly rate required by applicable law, and extra overtime compensation is properly computed and paid on other forms of additional pay required to be included in computing the regular rate.

(p) Extra compensation paid as described in this section shall be creditable toward overtime compensation payable pursuant to this section.

(q) No employer shall be considered to have violated subsection (k) by employing any employee of a retail or service establishment for a work week in excess of the applicable work week specified therein, if:

- (1) the regular rate of pay of the employee is in excess of one and one-half (1.5) times the minimum hourly rate applicable to the employee under section 2 of this chapter; and
- (2) more than half of the employee's compensation for a representative period (not less than one (1) month) represents commissions on goods or services.

In determining the proportion of compensation representing commissions, all earnings resulting from the application of a bona fide commission rate shall be considered commissions on goods or services without regard to whether the computed commissions exceed the draw or guarantee.

(r) No employer engaged in the operation of a hospital or an establishment which is an institution primarily engaged in the care of the sick, the aged, or individuals with a mental illness or defect who reside on the premises shall be considered to have violated subsection (k) if, pursuant to an agreement or understanding arrived at between the employer and the employee before performance of the work, a work period of fourteen (14) consecutive days is accepted in lieu of the work week of seven (7) consecutive days for purposes of overtime computation and if, for the employee's employment in excess of eight (8) hours in any workday and in excess of eighty (80) hours in that fourteen (14) day period, the employee receives compensation at a rate not less than one and one-half (1.5) times the regular rate at which the employee is employed.

(s) No employer shall employ any employee in domestic service in one (1) or more households for a work week longer than forty (40) hours unless the employee receives compensation for that employment in accordance with subsection (k).

(t) In the case of an employee of an employer engaged in the business of operating a street, a suburban or interurban electric railway, or a local trolley or motorbus carrier (regardless of whether or not the railway or carrier is public or private or operated for profit or not for profit), in determining the hours of employment of such an employee to which the rate prescribed by subsection (k) applies, there shall be excluded the hours the employee was employed in charter activities by the employer if both of the following apply:

- (1) The employee's employment in the charter activities was pursuant to an agreement or understanding with the employer arrived at before engaging in that employment.
- (2) If employment in the charter activities is not part of the employee's regular employment.

(u) Any employer may employ any employee for a period or periods of not more than ten (10) hours in the aggregate in any work week in excess of the maximum work week specified in subsection (k) without paying the compensation for overtime employment prescribed in subsection (k), if during that period or periods the

employee is receiving remedial education that:

- (1) is provided to employees who lack a high school diploma or educational attainment at the eighth grade level;
- (2) is designed to provide reading and other basic skills at an eighth grade level or below; and
- (3) does not include job specific training.

(v) Subsection (k) does not apply to an employee of a motion picture theater.

(w) Subsection (k) does not apply to an employee of a seasonal amusement or recreational establishment, an organized camp, or a religious or nonprofit educational conference center that is exempt under the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 213).

*(Formerly: Acts 1965, c.134, s.4; Acts 1967, c.153, s.2.) As amended by Acts 1977, P.L.259, SEC.2; P.L.19-1986, SEC.38; P.L.133-1990, SEC.2; P.L.39-1998, SEC.1; P.L.1-1999, SEC.53; P.L.234-1999, SEC.6; P.L.99-2007, SEC.182; P.L.165-2007, SEC.1.*

#### **IC 22-2-2-5**

##### **Repealed**

*(Repealed by P.L.37-1985, SEC.60.)*

#### **IC 22-2-2-6**

##### **Repealed**

*(Repealed by P.L.37-1985, SEC.60.)*

#### **IC 22-2-2-7**

##### **Repealed**

*(Repealed by P.L.37-1985, SEC.60.)*

#### **IC 22-2-2-8**

##### **Statement of hours and wages; furnishing employees; posting law**

Sec. 8. (a) Every employer subject to the provisions of this chapter or to any rule or order issued under this chapter shall each pay period furnish to each employee a statement that includes at least the following information:

- (1) The hours worked by the employee.
- (2) The wages paid to the employee.
- (3) A listing of the deductions made.

(b) An employer shall furnish to the commissioner upon demand a sworn statement of the information furnished to an employee under subsection (a). Records relating to the information furnished shall be open to inspection by the commissioner, the commissioner's deputy, or any authorized agent of the department at any reasonable time.

(c) Every employer subject to the provisions of this chapter or to any rule or order issued under this chapter shall post in a conspicuous place in the area where employees are employed a single page poster providing employees notice of the following information:

- (1) The current Indiana minimum wage.

(2) An employee's basic rights under Indiana's minimum wage law.

(3) Contact information to inform an employee how to obtain additional information from or to direct questions or complaints to the Indiana department of labor.

(d) The commissioner shall furnish copies of this chapter and the rules and orders to employers without charge upon request.

*(Formerly: Acts 1965, c.134, s.8.) As amended by P.L.144-1986, SEC.2; P.L.48-2009, SEC.1.*

#### **IC 22-2-2-9**

##### **Actions and proceedings; damages; limitation of actions; defenses**

Sec. 9. Any employer who violates the provisions of section 4 of this chapter shall be liable to the employee or employees affected in the amount of their unpaid minimum wages and in an equal additional amount as liquidated damages. Action to recover such liability may be maintained within three (3) years after the cause of action therefor arises in the circuit or superior court of the county in which the services out of which the claim arises were performed or in which the defendant resides or transacts business. Such action may be brought by any one (1) or more employees for and on behalf of himself or themselves and all other employees of the same employer who are similarly situated. No employee shall be a party plaintiff to any such action unless he gives his consent in writing to become such a party and such consent is filed in the court in which such action is brought. The court in such action shall, in addition to any judgment awarded to the plaintiffs, allow recovery of a reasonable attorney's fee and costs of the action. No contract or agreement between the employee and the employer nor any acceptance of a lesser wage by the employee shall be a defense to the action.

*(Formerly: Acts 1965, c.134, s.9.) As amended by P.L.144-1986, SEC.3.*

#### **IC 22-2-2-10**

##### **Other statutes; application of law**

Sec. 10. Nothing in this chapter shall be deemed to authorize or permit the payment to any employee of a lower rate of pay than may be prescribed by any other applicable law.

*(Formerly: Acts 1965, c.134, s.10.) As amended by P.L.144-1986, SEC.4.*

#### **IC 22-2-2-11**

##### **Violations**

Sec. 11. (a) An employer or his agent who:

(1) discharges or otherwise discriminates in regard to tenure or condition of employment against any employee because the employee has:

(A) instituted or participated in the institution of any action to recover wages under this chapter; or

(B) demanded the payment of wages under this chapter;

(2) pays or agrees to pay any employee less than the minimum wage prescribed by section 4 of this chapter; or  
(3) fails to keep records required by section 8 of this chapter; commits a Class C infraction.

(b) An employer or the employer's agent who knowingly or intentionally violates section 4 or 8 of this chapter commits a Class A infraction.

(c) An employer or the employer's agent who violates section 4 of this chapter, having a prior unrelated judgment for a violation of section 4 of this chapter, commits a Class B misdemeanor.

(d) An employer or the employer's agent who violates section 8 of this chapter, having a prior unrelated judgment for a violation of section 8 of this chapter, commits a Class B misdemeanor.

*(Formerly: Acts 1965, c.134, s.11.) As amended by Acts 1978, P.L.2, SEC.2202; P.L.37-1985, SEC.28; P.L.133-1990, SEC.3.*

### **IC 22-2-2-12**

#### **Discharging persons within four weeks; offense**

Sec. 12. An employer who consistently discharges persons within four (4) weeks of their employment and replaces the discharged person without work stoppage commits a Class A infraction.

*(Formerly: Acts 1965, c.134, s.14; Acts 1967, c.153, s.4.) As amended by Acts 1977, P.L.259, SEC.3; Acts 1978, P.L.2, SEC.2203; P.L.133-1990, SEC.4.*

### **IC 22-2-2-13**

#### **Collective bargaining agreements; applicability**

Sec. 13. The equal pay provisions of section 4 of this chapter shall not apply to employees covered by a bona fide collective bargaining agreement in effect on March 2, 1965, until the termination of such collective bargaining agreement or July 1, 1968, whichever shall occur first.

*(Formerly: Acts 1965, c.134, s.15; Acts 1967, c.153, s.5.) As amended by P.L.144-1986, SEC.5.*