

Los Angeles Minimum Wage Increase for Hotel Workers May Have Far Reaching Implications

By Lisa Barnett Sween on December 17, 2014

On December 16, 2014, the American Hotel & Lodging Association and the Asian American Hotel Owners Association filed suit in federal court seeking to enjoin the City of Los Angeles from implementing the new Hotel Workers Act, which would put in place one of the nation's highest minimum wages, targeted specifically to hotel workers in the largest hotels. The Act raises the hourly minimum wage for large-hotel workers in Los Angeles to \$15.37. Hotels with more than 300 rooms would need to comply beginning July 2015, while hotels with at least 150 rooms will have another year to comply.

If implemented, the Act has both local and potentially broad reaching implications in two significant ways: First, a provision of the Act allows hotels covered by a collective-bargaining agreement and the union to agree to waive any part of the Act. The industry groups bringing the lawsuit believe that the Act paves the way for the union to pressure nonunionized hotels to organize.

Second, the suit also argues that the ordinance violates state and federal equal-protection clauses by unfairly targeting a single industry. In addition, the federal court could find that any different treatment of union and nonunion employers violates federal labor laws.

If the Act is upheld, it will likely have significance not only in Los Angeles, but across the hotel industry nationwide. Starting pay for hotel workers in Los Angeles will exceed the median hourly wage paid last year in almost a third of states. If implemented, other cities, particularly those with higher costs of living, may seek to propose similar wage increases.

Jackson Lewis will continue to monitor this lawsuit and provide further analysis.