

Kentucky High Court Strikes Down Louisville Minimum Wage Law; Lexington Law Also Affected

By **Katharine C. Weber** and **Ryan M. Martin**

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Local governments in Kentucky lack the authority to establish their own minimum wage rates, the Kentucky Supreme Court has ruled 6-1. *Kentucky Restaurant Ass'n, et al. v. Louisville/Jefferson Cty. Metro Gov't*, 2015-SC-000371-TG (Oct. 20, 2016).

The Court struck down a Louisville ordinance that required employers within the city to pay a minimum wage of \$8.25 per hour as of July 2016 — \$1.00 per hour more than the minimum wage established under Kentucky law. Under the Louisville ordinance, the minimum wage was scheduled to increase to \$9.00 per hour as of July 2017 and automatically increase each year thereafter based on the increase in the Consumer Price Index.

Conflict with Kentucky Law

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Noting Kentucky’s strong “affection for local government,” the Court nonetheless determined the ordinance directly conflicted with the Kentucky minimum wage statute and was unenforceable.

The Court observed that even a “ cursory glance” at the numerous provisions in the Kentucky wage and hour laws evidence a detailed and comprehensive legislative scheme for a single minimum wage for all employers. Therefore, the Court ruled that at least until the Kentucky General Assembly directs otherwise, municipalities throughout the Bluegrass State do not have the authority to implement conflicting legislation establishing a higher minimum wage.

Lexington Law

Although not stated in the opinion, the Court’s ruling also invalidated a 2015 ordinance passed by the Urban County Council in Lexington increasing that city’s minimum wage to \$10.10 per hour over a three-year period.

Government officials in both Louisville and Lexington have expressed concern that the Court’s decision will result in tremendous confusion, especially for employers deciding whether to roll back employee wages. They have called on the Kentucky General Assembly to pass legislation authorizing cities to set their own minimum wage floors.

Following the high court decision, employers in Louisville and Lexington may choose to reduce prospectively the hourly wage of their current employees whose pay was raised only to comply with the cities’ minimum wage laws. However, as a practical matter, that would mean a difficult conversation with employees as we enter the holiday season and is unlikely. In addition, such a move could make competing for seasonal retail employees a challenge.

Employers, more likely, would choose to set the rates of pay for new entry level workers consistent with Kentucky’s \$7.25 minimum wage, which mirrors that of the federal Fair Labor Standards Act. Of course, this choice is not without its own set of employee relations challenges.

Please contact Jackson Lewis for assistance or questions regarding minimum wage or other workplace issues.



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