



# State Compliance Guide

How to successfully navigate  
state and local labor regulations

June 2024



# Introduction

Proposed state and local labor regulations are adding to already challenging federal rule compliance

Managing compliance with federal labor laws is difficult enough for HR and payroll managers, given constantly changing regulations and the ongoing list of pending legislation. Add individual state and local labor requirements to that mix and it's no wonder that those responsible for maintaining compliance and processing payroll within their organization struggle to keep up. Ensuring compliance across your organization is not only crucial to avoiding costly errors but can also have a huge impact on the productivity and overall satisfaction of your people.

If you are moving your organization to a new area or are kicking off operations in a locale where you haven't done business before, it's important to make sure you know what you're getting into and have the right tools needed to help you succeed. In this guide you will learn about major employment areas, what you need to know about certain labor laws, how you can ensure your operation is following all labor law regulations, and how to make the right business decisions regarding your employees to ensure they're accurately paid and being taken care of.

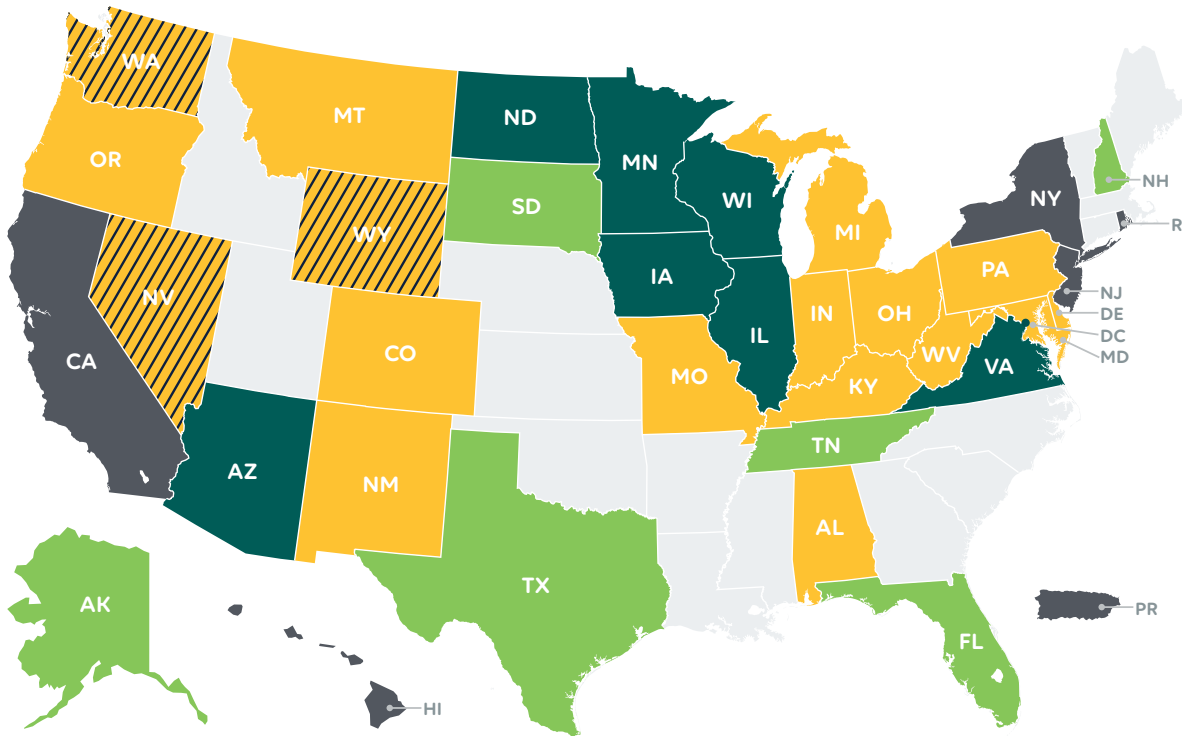
The following is not intended as legal advice regarding the specific legislation referenced in this eBook, and you should consult with your legal counsel concerning the requirements of such legislation.



# State and local tax withholding

Withholding state and local taxes from employee pay can sometimes be tricky

When an employee works in one city or state but lives in another, calculating withholding taxes when running payroll can be challenging and overwhelming. If your organization has operations in any of the states with complex withholding regulations, then you need to pay special attention to these regulations.





## Making technology work for you

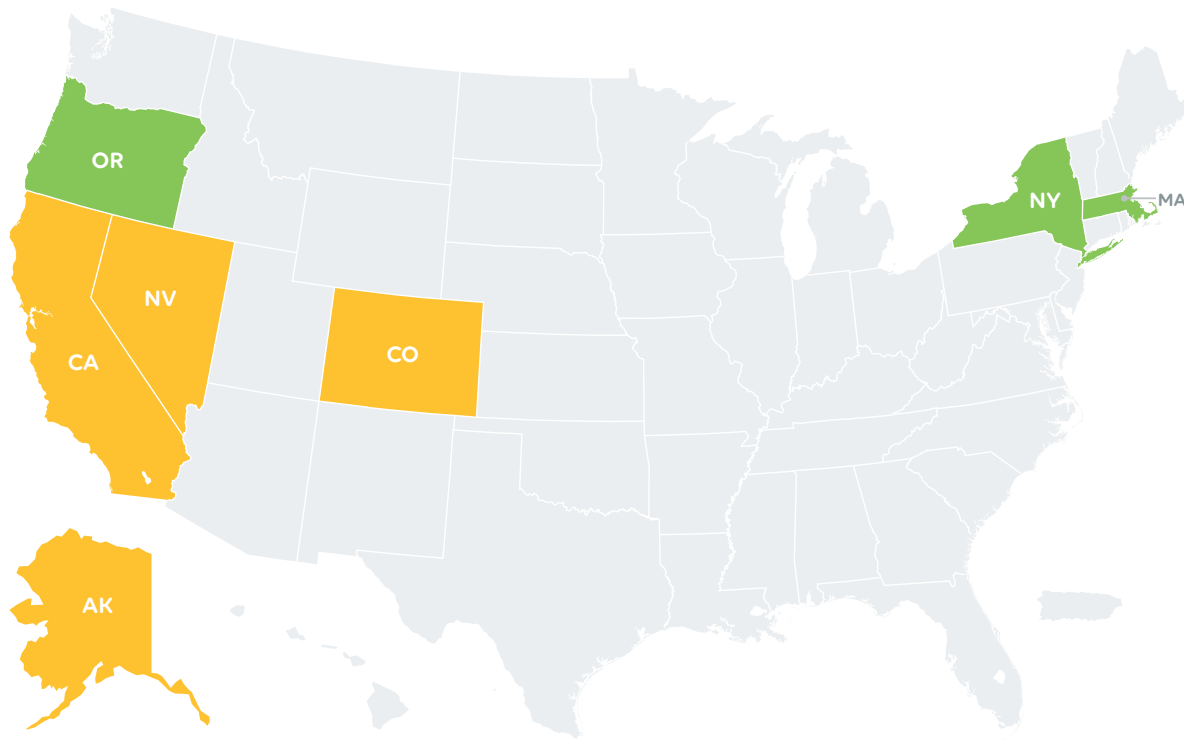
Don't be faced with fees, fines, and penalties for not complying with tax agency requirements. Invest in technology that understands the complexities of tax withholding and remitting, and alleviate the burden of managing different regulations. You can distinguish taxation based on employee residency and work locations — and handle complex multistate tax configurations. When you're using a modern human capital management (HCM) solution, capturing accurate time and location-worked information becomes a seamless process. When using technology made to handle the most complex tax setups, you can easily withhold the correct amount from each employee's paycheck and remit the appropriate amount to each taxing agency.



# Overtime complexities

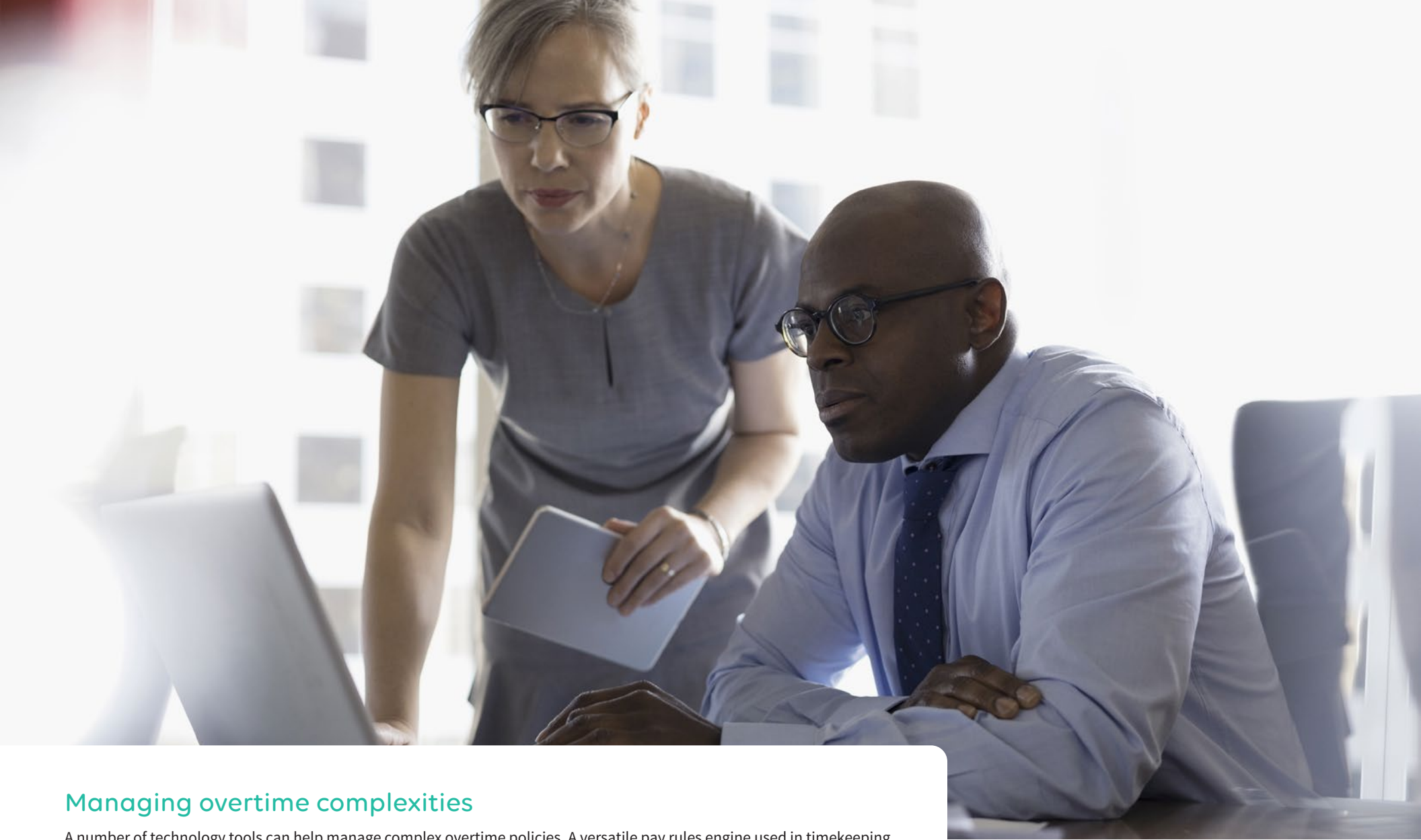
Inaccurate overtime tracking and calculations can lead to noncompliance penalties

Although tracking employee wages and overtime can be challenging, it's critical for employers to understand pay rules and how they impact not only an employee's pay but also the organization through the imposition of possible fines, fees, and penalties for noncompliance. Most states follow the federal rules set forth under the FLSA (Fair Labor Standards Act), but there are exceptions. While no state can require less than the federal FLSA rules, states can create more employee-friendly regulations. These exceptions can quickly create issues for an employer.



- Industry-Specific Overtime Regulations
- Daily Overtime Regulations





## Managing overtime complexities

A number of technology tools can help manage complex overtime policies. A versatile pay rules engine used in timekeeping software can simplify the process of determining pay associated with regular and overtime hours. A modern timekeeping system can support any number of scenarios to accurately track worked time, such as shift differentials, order of importance, daily and total hours worked, and more. Solutions can even send out alerts and notifications when employees are approaching hours-worked and overtime thresholds. These tools can help you better manage your employees and labor costs to meet your business and customer needs — and maintain compliance.

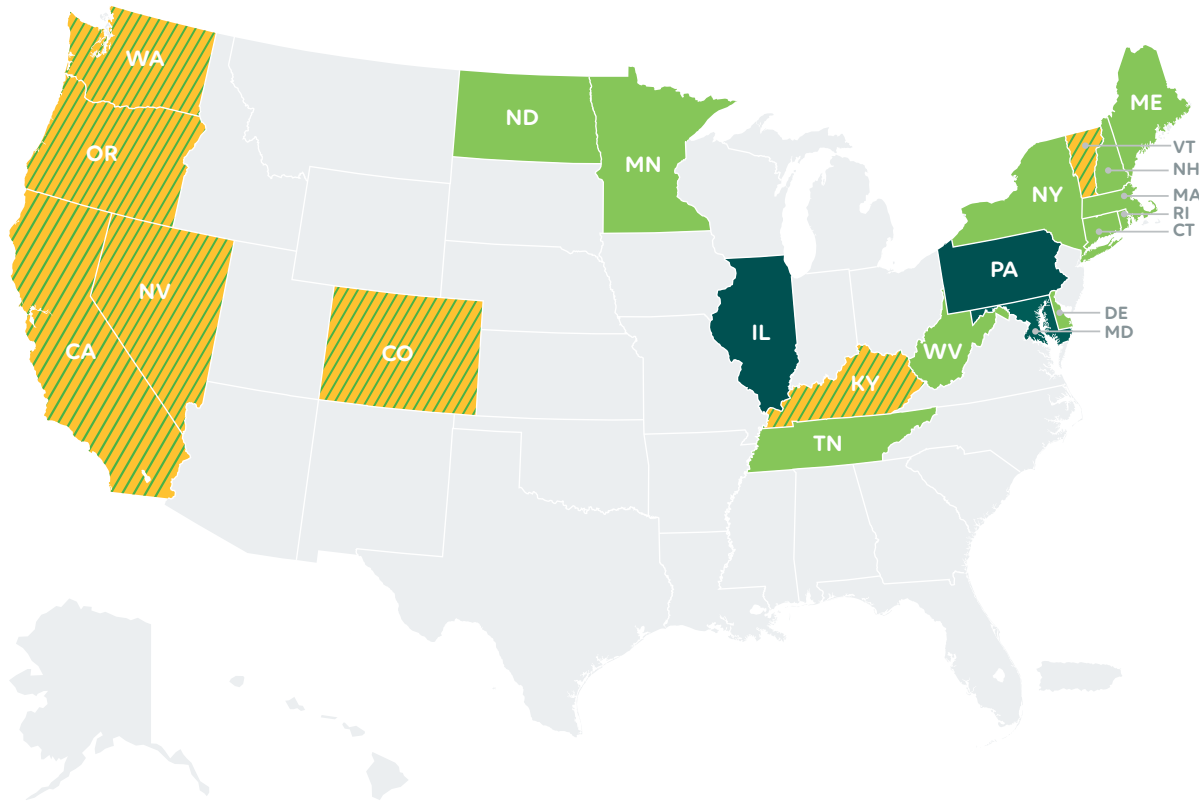


# Meal and rest breaks

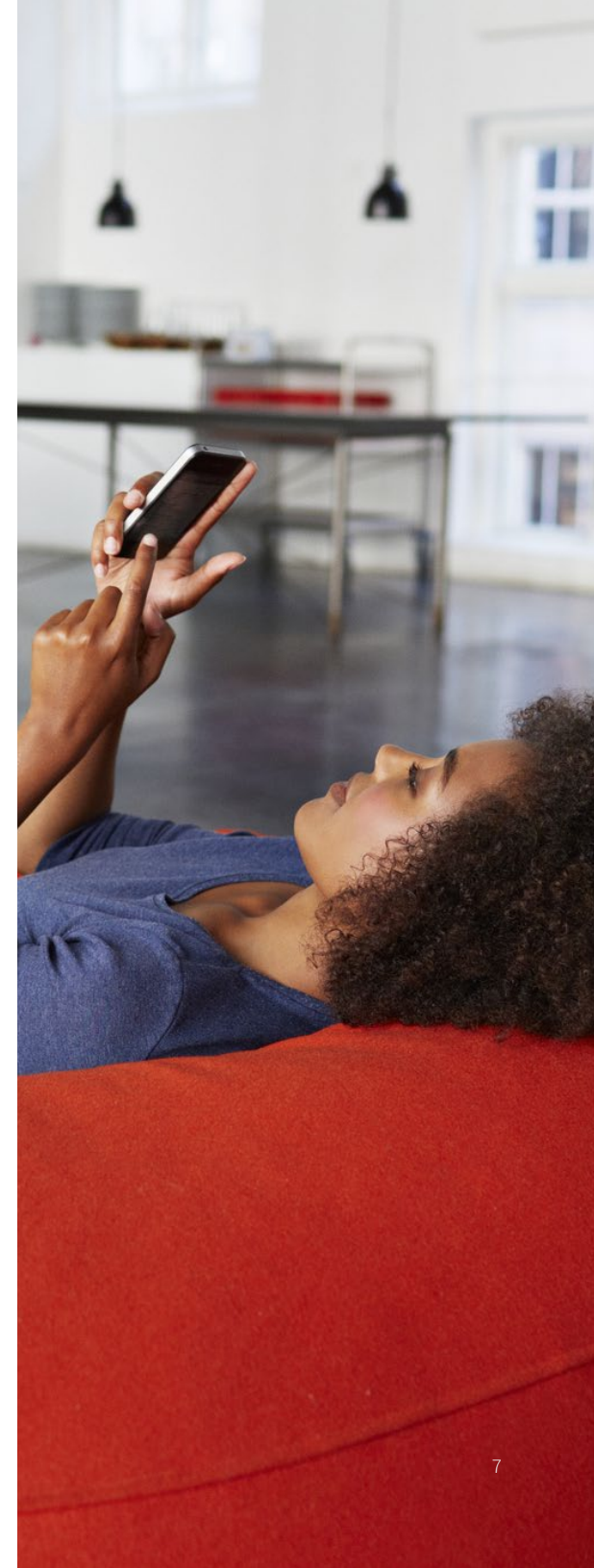
## Varying meal and rest break rules can be complex and create confusion

While no federal legislation requires employers to provide meals or rest periods, individual states have a variety of rules on the books. Meal policies can range from an optional 30-minute meal or rest break after five continuous hours to complex policies and laws that require a minimum of 30 minutes of uninterrupted time after five hours of work. If employers don't provide enough break time or employees don't take all the time allotted, penalties can result. Depending on the industry or trade, even more restrictions may apply.

Likewise, rest periods vary from state to state, with some states simply allowing for 30 minutes of rest or a meal after five hours worked, or as little as five minutes of rest for every four hours worked.



- Meal Breaks
- Meal Breaks and Rest Periods
- Industry-Specific Requirement



## Consistently apply meal and rest break rules

For specific worker types, each state has its own set of requirements that an employer must follow or face costly fees, fines, and penalties. Having accurate employee schedules is a starting point, and coupling this with the pay rules engine in your timekeeping solution provides the necessary automation and adherence to varying and complex work and pay rules. The advantage of modern technology is being able to build the rules and parameters once and, with centralized policy and rule configuration in the solution, knowing that the same set of rules will apply to all employees assigned to a job category.

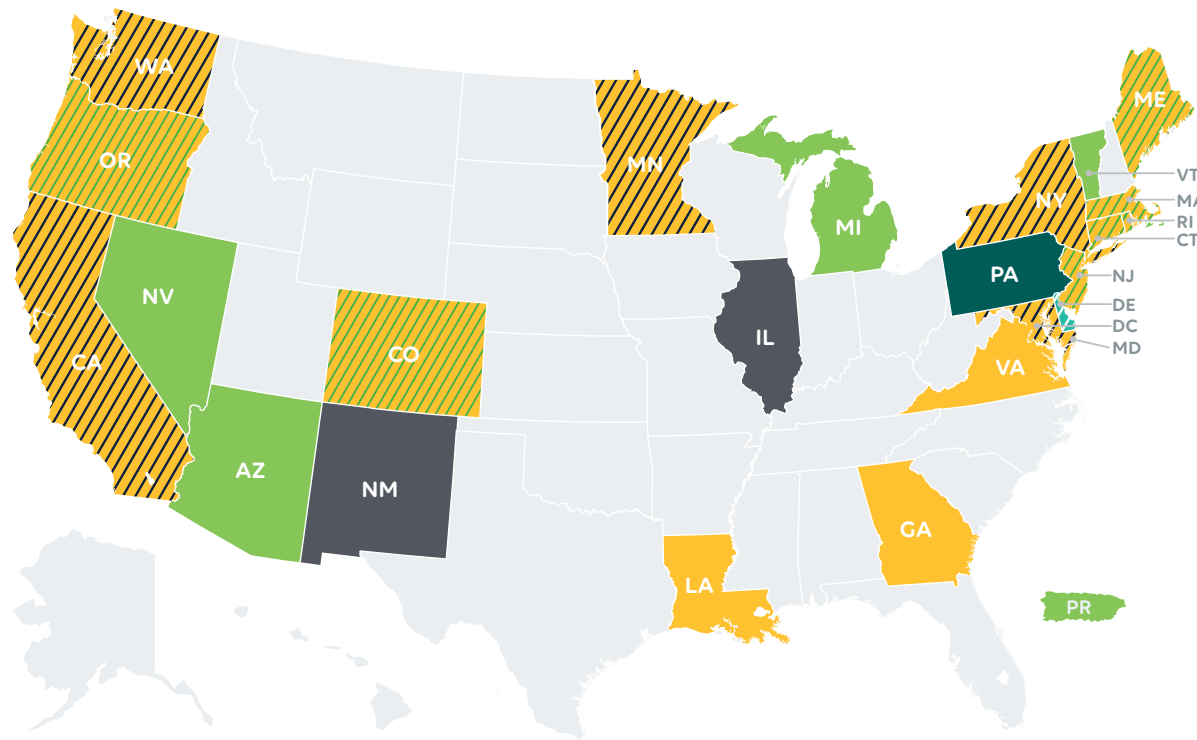




# Paid leave laws

## Changing paid leave laws bring new rules that can be difficult to apply manually

In the absence of federal regulations, a growing number of states and local jurisdictions have passed paid sick leave laws. In addition, paid family leave is gaining strength and adds more complexity to tracking leave. Each new law can have its own rules and restrictions, requiring that each set of rules that applies to your state or local jurisdiction be incorporated into your HR/payroll system. For employers with operations in multiple states, this can be challenging, as they aren't able to operate under a single set of rules. This can cause confusion for employees and makes it difficult for organizations to streamline configurations within their HR/payroll systems.



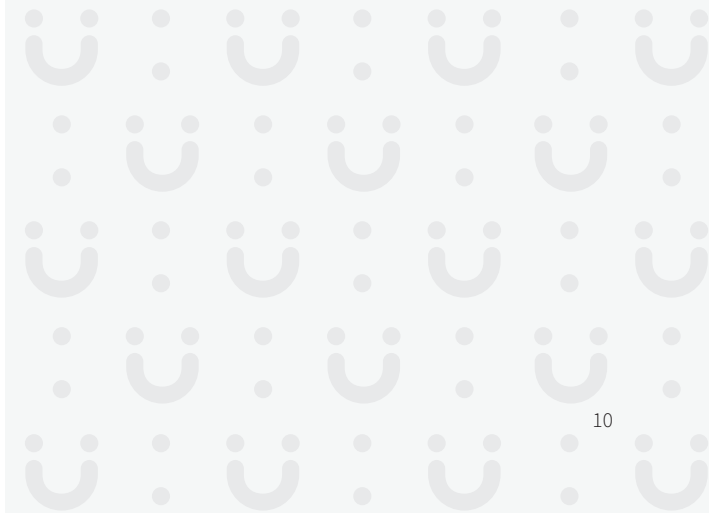
- One Sick Leave Regulation for the Entire State, but No Family Leave
- Statewide Sick Leave Laws with Limited Employer or Government Agency Applicability
- Local Sick Leave Ordinances, but No State Sick Leave or Family Leave
- Multiple City Regulations Within the State and Have a Statewide Regulation
- Local Sick Leave Ordinances and Paid Family Leave
- One Sick Leave Regulation for the Entire State and Paid Family Leave
- Multiple City and State Sick Leave Regulations and Paid Family Leave
- Paid Family Leave Law for the Entire State, but No Paid Sick Leave





## Automate paid leave law compliance

When faced with managing and staying abreast of frequent leave law changes, investing in a modern solution for HR, timekeeping, and payroll is the best business decision. Tracking and accruing the correct leave amounts, per policy, can quickly become overwhelming in the absence of automation and centralized policy control. Your HR and leave software should be able not only to track and accrue but also generate action letters based on policies, provide alerts when thresholds are met, and be flexible enough to meet varying rules based on company and legal requirements. Ensure your employees have the right amount of leave to take at the right time, and have confidence you are meeting all your compliance obligations.

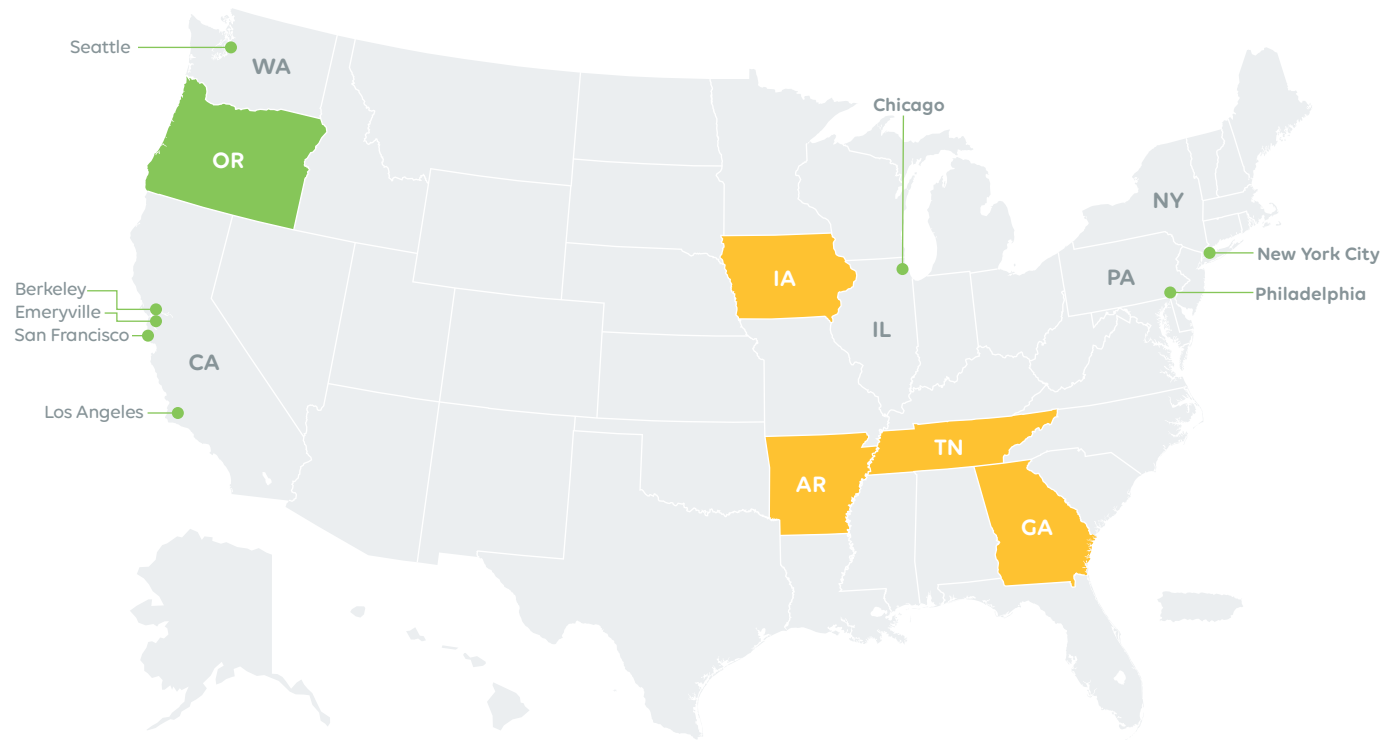




# Predictive scheduling and fair workweeks

Meeting predictive scheduling legislation requirements can be daunting, with cumbersome processes

Predictive scheduling laws generally affect the retail, hospitality, and food service industries and are being enacted to give employees predictable schedules that foster better work-life balance and greater financial stability. For employers, however, accurately forecasting customer traffic and demand weeks in advance to meet predictive scheduling requirements can be nearly impossible with manual processes. This can result in overstaffing, leading to additional labor costs, or understaffing, creating overwhelmed employees and unhappy customers. And the last-minute schedule changes typical in these industries can create scheduling conflicts for employees — and fines, penalties, and unforeseen costs for employers.



■ Enacted Legislation to Preempt Scheduling Ordinances

■ Enacted Predictive Scheduling Laws:

Berkeley, California  
Emeryville, California  
Los Angeles, California

San Francisco, California  
Chicago, Illinois  
New York City, New York

Philadelphia, Pennsylvania  
Seattle, Washington  
Oregon (State)

## Be proactive with predictive scheduling compliance

Prepare now to avoid potential compliance issues later. From advance notice, predictable pay, and on-call pay practices to reporting-time pay, split-shift pay, right to rest, and other legal provisions, the use of automated scheduling helps schedule employees accordingly and record all pay practices accurately. In addition, automated scheduling improves the employee experience with more lead time to better balance work and life activities. Automated solutions support meeting regulation requirements and your customer service needs while minimizing compliance risk.





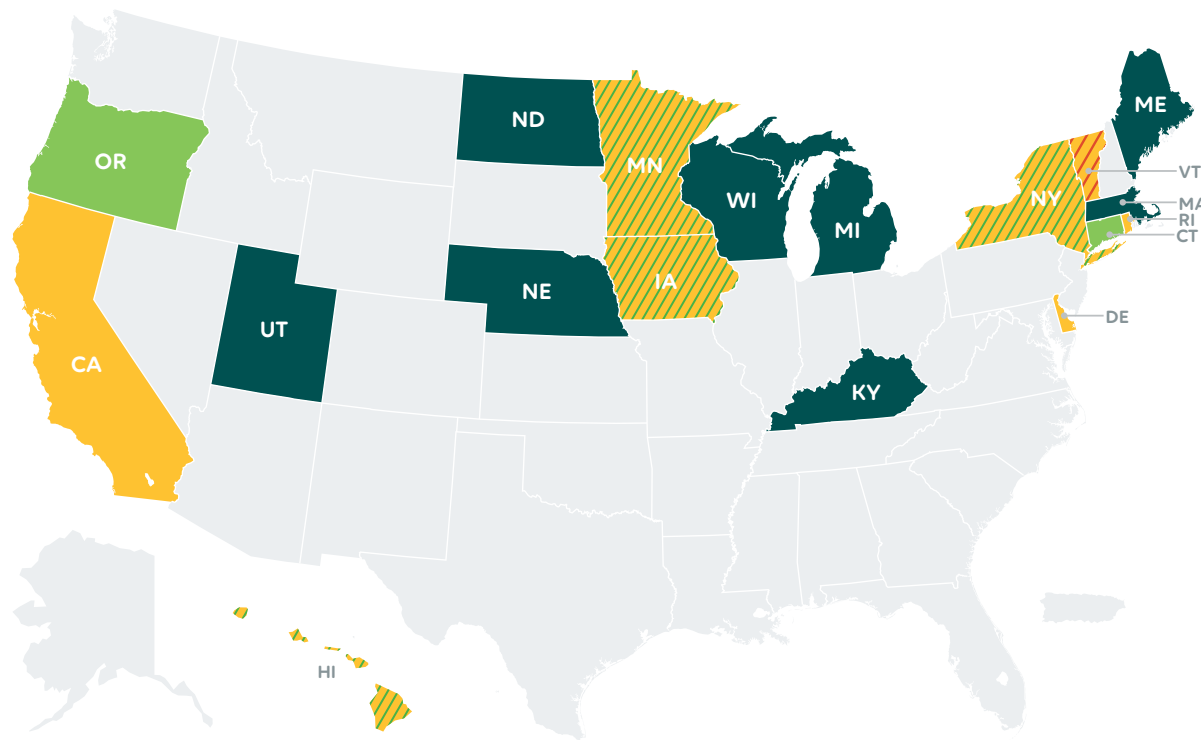
# Wage statements

## Pay statement requirements could create compliance issues if your system isn't flexible

Although the FLSA does not require employers to provide wage statements, some states have highly specific regulations, which may lead to costly class action litigation if not followed. Pay codes may need to be itemized by pay rate and pay type. Accruals may need to show not just accrued time taken to date but also accrued time earned to date, or even a total of all hours worked.

There are not only rules on what to include on the paycheck, but also rules, which can vary by state, on how to distribute paychecks and statements.

Your organization could be out of compliance if your payroll system doesn't have the flexibility to manage pay components all the way through to the wage statement.



- Employee Opt-In Required for Electronic Pay Statements
- Employee Opt-Outs Must Be Allowed for Electronic Pay Statements
- Access to Free Printing Must Be Provided
- Employee Opt-Outs Must Be Allowed for Electronic Pay Statements, and Access to Free Printing Must Be Provided
- Employee Opt-In Required for Electronic Pay Statements, and Access to Free Printing Must Be Provided



## Meet varying wage statement regulations

Invest in HR and payroll software that is flexible enough to adjust to the needs of each state's requirements. Having standard preconfigured pay rules and the ability to make adjustments as policies, rules, and laws change removes potential obstacles that could result in noncompliance. Every pay-related item also can be itemized on wage statements. For organizations that have operations in multiple states, meeting the requirements of the most complex state when building the configuration for all locations can reduce the impact of separate and/or duplicate coding and management. Today, employees want access to their pay information whenever they need it and wherever they are. Pay statements can be printed and distributed or simply made available online. Payroll solutions with mobile and employee self-service functionality meet these needs, so pay-related requests can be fulfilled quickly.



# Navigate regulations more easily

Moving into a new territory can be daunting when considering all these labor-related compliance regulations. This is all the more reason you need to be confident that your HR and payroll technology is flexible and robust enough to accommodate a variety of rules.

UKG helps you navigate these rules and regulations with a standard, preconfigured compliance setup built to comply with each state's requirements. Open a new location or expand a current location with ease. Save valuable time and effort and minimize your compliance concerns with a UKG solution in your corner.

Contact UKG at **+1 800 225 1561** for a demo and to learn more.

## About UKG

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Our purpose is people

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