Pay Matters: Summer 2025

Stay updated on payroll and compliance changes for summer 2025, including new HSA limits, state labor laws, and pay transparency requirements.

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Welcome to our **Summer 2025 edition of Pay Matters** – our roundup of all the payroll and compliance news that you must know.

Read on to stay informed and in compliance with relevant alerts and insights that matter most for your payroll.

IRS announces 2026 HSA limits

The IRS has announced increases to the 2026 HSA contributions limits for those covered under high-deductible health plans (HDHPs), giving employers time to plan for the coming year.

The updated contributions and out-of-pocket limits are as follows:

Contribution and out-of-pocket limits for health savings accounts and high-deductible health plans			
	2026	2025	Change

HSA contribution limit (employer and employee)	Self-only: $4,400 Family: $8,750	Self-only: $4,300 Family: $8,550	Self-only: +$100 Family: +$200
HSA catch-up contributions (age 55 or older)	$1,000	$1,000	No change
HDHP minimum deductibles	Self-only: $1,700 Family: $3,400	Self-only: $1,650 Family: $3,300	Self-only: +$50 Family: +$100
HDHP maximum out-of-pocket amounts (co-payments, deductibles, etc., but not premiums)	Self-only: $8,500 Family: $17,000	Self-only: $8,300 Family: $16,600	Self-only: +$200 Family: +$400

USCIS releases updated Form I-9

On April 2, 2025, the U.S. Citizenship and Immigration Services (USCIS) released a new version of Form I-9, Employment Eligibility Verification. Despite the update, employers may continue using the prior versions of the form for now.

The latest edition of Form I-9, dated 1/20/25, includes the following terminology changes:

- "Noncitizen" has been changed to "alien"
- "Gender" has been changed to "sex"

In addition, the accompanying Form I-9 Instructions have been updated to reflect these changes and now include a revised Department of Homeland Security (DHS) Privacy Notice.

The "alien" terminology has also been incorporated into E-Verify as of April 3, 2025.

Currently, using the updated Form I-9 is optional. Employers may continue to use the two earlier versions of the form with edition dates of 8/1/23. These older versions remain valid until their respective expiration dates in 2026 and 2027.

Ohio employers soon permitted to post labor law notices online

On April 21, 2025, Ohio Governor Mike DeWine signed Senate Bill (SB) 33 into law, allowing employers to post certain state-mandated workplace notices online – provided they are accessible to employees – rather than displaying them in physical workplaces. SB 33 will go into effect on July 20, 2025.

Notices that may be posted online include:

- Minor Labor Law (abstract only – Ohio Rev. Code § 4109.08)

- Minimum Fair Wage Standards Law
- Anti-Discrimination and Civil Rights Law
- Prevailing Wage Law
- Workers' Compensation Law (Ohio Rev. Code §§ 4123.54 and 4123.83)
- Public Employment Risk Reduction Program Law

The law applies only to Ohio-specific posting requirements and does not affect any federal posting obligations.

Maryland delays launch of Paid Family and Medical Leave Insurance Program

On May 6, 2025, Maryland Governor Wes Moore signed House Bill 102 into law, officially postponing the implementation of the state's Family and Medical Leave Insurance (FAMLI) program. The paid leave program will now take effect on a revised timeline, with employer and employee contributions beginning January 1, 2027, and benefits available no later than January 3, 2028.

This marks the third major delay in the program's rollout. Originally, contributions were set to begin October 1, 2023, and then were pushed to October 1, 2024. Benefits were originally to become available January 1, 2025, and then were pushed to January 1, 2026. That schedule was later adjusted to a July 1, 2025, start date for contributions and July 1, 2026, for benefits before being postponed again through HB 102.

In addition, under the law, the Maryland Department of Labor (DOL) must set the 2027 contribution rate by May 1, 2026, announce contribution rates for future years by November 1 of the preceding year, and announce the benefit claim submission start date within the 2027–2028 window.

Viventium will continue to monitor developments and updates to Maryland Paid Family and Medical Leave.

New Jersey's pay transparency law now in effect

As of June 1, 2025, New Jersey's new pay and benefits transparency law, Senate Bill 2310 (S2310), went into effect, bringing significant changes to job postings and internal promotion practices. This law aims to increase pay transparency and promote equity in compensation across the state.

Under the new law, New Jersey employers with 10 or more employees must include compensation information in all postings for new job openings or transfer opportunities, including the hourly wage or salary or the range of the hourly wage or salary. Employers must also disclose benefit information and any other compensation programs associated with the position.

For internal promotions, employers must make "reasonable efforts" to announce, post, or otherwise communicate any promotion opportunity, whether advertised internally or externally, to all employees in the affected department(s).

Employers who violate the law are subject to civil penalties of $300 for the first violation and $600 for each subsequent violation.

Employers who have not yet updated their job and promotion posting processes to comply with the new requirements should be sure to do so right away.

NY budget brings payroll changes

On May 9, New York Governor Kathy Hochel signed a new state budget containing payroll and HR related provisions. Here's a sampling of the most impactful ones:

- MTA tax ("Metropolitan Commuter Transportation Mobility Tax") is changing as of July 1, 2025. Small employers will pay less, and most large employers will pay more to fund the state's largest investment ever ($68.4 billion) in its transportation system.

For employers in Zone 1 (Bronx, Brooklyn, Manhattan, Queens, and Staten Island):

Payroll expense ($)	Current rates	As of July 1
312,500 – 375,000	0.11%	0.055%
375,000 – 437,500	0.23%	0.115%
437,500 – 2,500,000	0.60%	No change
Over 2,500,000		0.895%

For employers in Zone 2 (Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester counties):

Payroll expense ($)	Current rates	As of July 1
312,500 – 375,000	0.11%	0.055%
375,000 – 437,500	0.23%	0.115%
437,500 – 2,500,000	0.34%	No change
Over 2,500,000		0.635%

- FUTA credit reduction: New York will repay its unemployment insurance debt to the federal government ($5.7 billion) so that for the first time since 2021, New York employers will potentially be able to benefit from the full 5.4% FUTA credit and pay only 0.6% FUTA tax, as reported on Form 940.

- Personal income taxes are generally decreasing as of January 1, 2026 (although higher income tax brackets have been added), so expect new state withholding tables for 2026.
- The New York Department of Labor (DOL) will have greater enforcement ("quasi-sheriff") powers in cases of employer wage theft and wage supplement violations, including liens, asset seizures, and stop-work orders. Employees themselves will be allowed to stand in place of the labor commissioner to docket and execute collection action on wage payment orders directly.
- In an employer-relief measure, the new budget law shields employers from immediate liability for liquidated damages for first-time frequency-of-pay violations where a "good-faith basis" exists. This relief is likely to reduce class-action suits for frequency-of-pay violations.
- Child labor violation penalties are increasing: Up to $10,000 for a first violation, $2,000–$25,000 for a second violation, and $10,000–$55,000 for a third or subsequent violation. Systems for "working paper" authorizations for youth will be centralized under the NY DOL and moved from paper to electronic by May 2027.

If you are a Viventium client, Viventium will update all tax rates, as needed. For specific questions about applications of the new law to your organization, please consult your legal counsel.

Alabama overtime pay tax exemption to expire

Alabama's overtime tax exemption law is currently set to expire on June 30, 2025.

Under the current law, overtime pay earned by hourly wage employees for hours worked over 40 in a week is exempt from Alabama state income tax. This exemption will remain in effect through June 30, 2025. Beginning July 1, 2025, employers will once again be required to withhold Alabama state income tax on overtime wages.

A bill had been introduced in the Alabama Legislature to make the overtime tax exemption permanent, but it did not pass.

If you are a Viventium client, Viventium will resume treating overtime payments as taxable in Alabama as of July 1, 2025.

Alaska paid sick leave law, minimum wage increase, and overtime exemption threshold increase take effect July 1, 2025

Beginning July 1, 2025, Alaska employers will be required to provide paid sick leave to their employees.

Under the new law, employers must provide one hour of paid sick leave for every 30 hours worked. The requirements vary slightly based on the size of the employer:

- Employers with 15 or more employees may cap both the accrual and use of paid sick leave at 56 hours per year.
- Employers with fewer than 15 employees may cap accrual and use at 40 hours per year.

Unused sick leave must be carried over from year to year, although employers may still impose annual usage limits as outlined above.

Current employees begin accruing paid sick time on July 1, 2025. New hires who begin work after July 1 will begin accruing paid sick leave upon the start of employment. Employees are allowed to use sick leave as it accrues, meaning there is no mandatory waiting period before they can take time off.

Employers must provide notice of these new paid sick leave rights to all current employees and new hires. The state is not offering sample notifications for employers to use; rather, the notification must be generated by the employer just as other employment documents such as hiring agreements are.

In addition, the minimum wage will increase gradually over the next three years from its current $11.91 to:

- $13.00 on July 1, 2025;
- $14.00 on July 1, 2026; and
- $15.00 on July 1, 2027.

Starting January 1, 2028, the minimum wage will be adjusted annually for inflation based on the Consumer Price Index (CPI).

If federal minimum wage increases, then Alaska's minimum wage rate will be set at two dollars over the federal amount and then adjusted annually for inflation.

Since the salary test for exemption from overtime is linked to minimum wage, the threshold will increase from its current $952.80 per week to:

- $1,040.00 per week on July 1, 2025;
- $1,120.00 per week on July 1, 2026; and
- $1,200.00 per week on July 1, 2027.

Salary levels will need to be adjusted thereafter based on changes made to the minimum wage based on the CPI.

Missouri paid sick leave repeal bill awaits governor's signature

In the latest development in Missouri's paid sick leave legislation, the State Senate has passed a bill to repeal the state's newly enacted paid sick leave law, which took effect on May 1, 2025.

As of this writing, the bill is currently awaiting the governor's action. Until the governor signs the bill and it officially takes effect, Missouri employers are still required to comply with existing paid sick leave requirements.

If signed, the repeal would take effect on August 28, 2025, at which point employers would no longer be obligated to accrue or provide paid sick leave under state law. However, employers will need

to be sure not to terminate accruals or benefits early, as the law gives employees the right to sue their employers for actual damages, liquidated damages at two (2) times the actual damages, and attorney fees and costs.

The bill also includes a provision to cancel the planned minimum wage increase scheduled for January 1, 2027, and the planned future increases based on the Consumer Price Index (CPI).

Viventium will continue to monitor developments and keep you updated.

Oregon pay statement requirements

Oregon has passed a new law that requires employers to give new employees more detailed information about how they are paid. The law, SB 906, will take effect on January 1, 2026.

At the time of hire, employers will be required to give employees a written explanation of the following:

- All earnings and deductions;
- A list of all payroll codes used for pay and deductions, with a clear description of each;
- A list of all possible pay rates, benefit deductions and contributions, and any type of deduction that might apply;
- The reason for each deduction;
- Any allowances used toward minimum wage; and
- Employer-paid benefits that might appear on pay statements.

This information must be updated every year by January 1.

Oregon Bureau of Labor and Industries will create a template in English, Spanish, and possibly other languages to help employers comply.

Employers can provide this information by making it easily accessible – for example, by sending it via email, posting it on the company intranet, or displaying it in a central workplace location. They may also consider including it in employee onboarding packets and establishing a process to review and update the information annually.

Minimum wage updates effective July 1, 2025

State or locality	Minimum wage
Alaska	$13.00
Oregon	$15.05
Washington DC	$17.95
Alameda, CA	$17.46

Berkeley, CA	$19.18
Los Angeles, CA	$17.87
Los Angeles County, CA	$17.81
Milpitas, CA	$18.20
Pasadena, CA	$18.04
Fremont, CA	$17.75
Emeryville, CA	$19.90
San Francisco, CA	$19.18
Santa Monica, CA	$17.81
Chicago, IL	$16.60
Montgomery County, MD	$17.65
Prince George's County, MD	$17.70
St. Paul, MN	$15.00
Portland Metro, OR	$16.30
Non-Urban Counties, OR	$14.05

In addition, increases apply in some Washington State localities depending on employer size.

This information is for educational purposes only, and not to provide specific legal advice. This may not reflect the most recent developments in the law and may not be applicable to a particular situation or jurisdiction.