





EY Payroll NewsFlash

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Tucson, Arizona enacts Minimum Wage Act: raises the minimum wage and imposes other wage payment rules

As a result of Arizona voter passage of [Proposition 206](#), and effective April 1, 2022, the new [Tucson Minimum Wage Act](#) (TMWA) increases the city's minimum wage and imposes other requirements affecting how Tucson employees are paid.

Following are some of the provisions that apply.

Minimum wage

The minimum wage that applies to full-time, part-time, or temporary employees who perform at least 5 hours of work per pay cycle within the City of Tucson's boundaries is as follows:

- \$13.00 by April 1, 2022
- \$13.50 by January 1, 2023
- \$14.25 by January 1, 2024
- \$15.00 by January 1, 2025

Beginning January 1, 2026 and each January thereafter, the minimum wage may increase to the nearest \$0.05 based on the rate of inflation, depending on the rate of inflation, and will be announced no later than November 1 of the previous year. If the federal minimum wage is higher than the Tucson minimum wage, the federal minimum wage will apply.

Limitations on direct deposit and pay cards

Employers are prohibited from paying employees with a pay card, reloadable debit card or similar payment method that requires the employee to have a valid Social Security number (SSN).

Note that Arizona law does not include this [SSN provision](#). State law requires that employees provide their written consent for electronic wage payments, but this is not specifically required under the TMWA.

Scheduling pay

Employers that averaged at least 26 employees (full-time, part-time, or temporary) during the last quarter of the previous year are required to pay a minimum of three hours at no less than the city's minimum wage when (1) an employee is scheduled to work at least three hours; the employee timely reports for duty; the employee is able to work the entire shift; and the employer engages the employee for fewer than three hours, or (2) an employee is scheduled to work at least three hours and the employer cancels the employee's shift with less than 24 hours' notice.

Prohibited payroll deductions

In congruence with the federal Fair Labor Standards Act, employers are prohibited from taking deductions from wages if doing so will result in the employee's receiving less than the city's minimum wage, including but not limited to amounts deducted for employer-provided meals and damaged, lost, or spoiled goods.

Employer resources

Links to these employer resources are available:

- [Workplace Poster for Employees in English](#)
- [Workplace Poster for Employees in Spanish](#)
- [MapTucson GIS page](#) - check here if you are unsure if your business is in the City of Tucson

Ernst & Young LLP insights

Employers should consider discussing these new provisions with their wage-hour advisors, in particular how pay cards and similar payment methods can apply to employees without an SSN given that the SSN is a required element of employment verification and to comply with other federal and Arizona state laws (e.g., Form W-2 reporting, state unemployment insurance).

Contact us for more information

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