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Don't miss this month's insights— 2024 election results could impact minimum wage and paid sick leave developments in several states

Top stories

US employment tax rates and limits

Our 2024 edition of US employment tax rates and limits includes, as of September 25, 2024, the following:

- Social Security wage base for 2024
- Qualified pension plan limits for 2023 and 2024
- Health Savings Account limits for 2023 and 2024
- Fringe-benefit inflation adjustments and Form W-2 penalties for 2024
- Federal mileage rates and luxury vehicle limits for 2024
- Per diem rates under high-low substantiation method for 2024
- 2022 and 2023 FUTA credit reduction
- State unemployment insurance wage bases and tax rates for 2024
- Disability and paid family leave insurance wage base and rates for 2024
- Federal income tax withholding for 2024
- State income tax withholding tables, supplemental withholding and highest withholding tax rates for 2024

—[Download the latest report](#)

Federal and state Form W-4 compliance

Now that most employees have filed their 2023 personal income tax returns, employers can expect an increase in withholding tax questions and a rise in adjustments to federal and state withholding allowance certificates (e.g., federal Form W-4).

Our special report provides information employers need to know about federal and state Form W-4 compliance, with topics including:

- IRS Form W-4 regulations
- Compliance with IRS lock-in letters

- Federal Form W-4 top 10 tips
 - Federal Form W-4 frequently asked questions
 - Special instructions for US nonresident aliens
 - State Form W-4 compliance in 2024
 - 2024 State Form W-4 requirements survey
 - 2024 state Form W-4 requirements heat map
- [Download the latest report](#)

Report on state unemployment insurance requirements for employee notices and workplace posters updated through June 2024

Most states require that employers tell employees about their potential eligibility for unemployment insurance benefits. There are two forms of communications that most states require: (1) a notice to the employee at the time of separation and/or (2) a poster placed in a conspicuous location in the workplace.

Our special report includes the results of our May 2024 survey of state workforce agency websites and includes links, if applicable, to the states' requirements for unemployment insurance employee separation notices and workplace posters.

—[Download the latest report](#)

Federal developments

Social Security wage base to increase in 2025

The Social Security wage base will increase from \$168,600 to \$176,100 in 2025, higher than the \$174,900 high-cost estimate published in the 2024 *Annual Report of the Board of Trustees*.

—[Read more about it in Tax Alert 2024-1870](#)

IRS extends due dates for filing tax returns and making tax payments to May 1, 2025, for victims of Hurricane Helene in all or parts of seven states

The IRS has extended the due dates for filing individual and business tax returns and making tax payments to May 1, 2025, for taxpayers in seven states affected by Hurricane Helene.

—[Read more about it in Tax Alert 2024-1823](#)

IRS extends due dates for filing tax returns and making tax payments to May 1, 2025, for victims of Hurricane Milton

The IRS has postponed the due dates for filing individual and business tax returns and making tax payments to May 1, 2025, for taxpayers in all of Florida as a result of Hurricane Milton.

—[Read more about it in Tax Alert 2024-1899](#)

IRS releases standard deductions and exclusions for 2025, including estate and gift tax

The IRS has increased the estate tax basic exclusion and gift tax annual exclusion, as well as the income tax marginal brackets, standard deduction and Alternative Minimum Tax (AMT) exemption, for 2025. These changes generally apply for tax returns filed in 2026.

—[Read more about it in Tax Alert 2024-1952](#)

Employers should confirm their Affordable Care Act affordability safe harbors for 2024

Employers that are planning to use the Federal Poverty Line (FPL) safe harbor should review their 2024 data to make sure their lowest-cost monthly premium is less than the 2024 FPL limit. In particular, companies that kept the same employee premium for 2023 and 2024 may want to double check that the selected safe harbor still applies.

—[Read more about it in Tax Alert 2024-1807](#)

State unemployment insurance (SUI)

Disaster unemployment assistance is available to employees out of work due to Hurricanes Helene and Milton

Federal law makes disaster unemployment assistance (DUA) available to state workforce agencies for distribution to certain employees and self-employed individuals who cannot work due to a major disaster. DUA is now available to qualified individuals in several states who are unemployed due to Hurricane Helene and will be available to qualified individuals in Florida due to Hurricane Milton.

—[Read more about it in Tax Alert 2024-1896](#)

State income tax withholding

New York rules the convenience of the employer rule applies to nonresident working from home during COVID-19 emergency

The New York Division of Tax Appeals ruled that, under the New York State convenience of the employer rule, a New Jersey resident working from home for his New York employer after the start of the COVID-19 emergency owed New York income tax for all wages he was paid in 2020, including those earned for services performed in New Jersey. (Matter of Bryant, DTA No. 830818, 9-12-2024.)

—[Read more about it in Tax Alert 2024-1808](#)

Utah law lowers personal income tax rate retroactive to January 1, 2024

Utah Governor Spencer Cox signed into law [S.B. 69](#), which effective retroactive to January 1, 2024, lowers the state personal income tax rate from 4.65% to 4.55%.

—[Read more about it in Tax Alert 2024-1845](#)

State and local payroll developments

For information purposes only. Employers should consider seeking the assistance of experienced employment law attorneys before implementing policy changes.

Connecticut Governor Ned Lamont signed into law H.B. 5005, which incrementally expands the number of employers subject to the state's paid sick leave requirement and extends the benefit to virtually all private-sector employees starting in 2025.

—[Read more about it in Tax Alert 2024-1997](#)

Bill watch (tracking the status of legislation proposed in 2024)

Federal

H.R. 10026	Status: Introduced to the House Judiciary Committee (10-22-2024)	Topic: Multi-State Worker Tax Fairness Act
Would establish a uniform standard for taxing income based on physical presence in a state – remote workers would not be subject to state nonresident income tax on wages earned while not physically present in that state.		

Georgia

HB 1015	Status: Signed into law 4-18-2024	Topic: Personal income tax rates
Retroactive to January 1, 2024, lowers the personal income tax rate from 5.49% to 5.39%. Effective January 1, 2025, reduces the tax rate by 0.10% annually if certain revenue benchmarks are met until the rate reaches 4.99%. Although the tax rate applies for the entire 2024 tax year, it did not go into effect until July 1, 2024.		

Illinois

SB 2981	Status: Failed to pass before legislature adjourned on 5-29-2024	Topic: Personal income tax on overtime pay
Would, effective immediately, create a deduction of the amount of any overtime wages paid to the taxpayer during the tax year.		

Iowa

HF 2638	Status: Failed to pass before legislature adjourned on 4-20-2024	Topic: Taxation of nonqualified deferred comp
Would exclude nonqualified deferred compensation income from individual income tax retroactive to January 1, 2023.		

Iowa

SF 2442	Status: Signed into law 5-1-2024	Topic: Personal income tax rate
Accelerates the personal income tax rate reduction from 3.9% to 3.8% starting in 2025, rather than in 2026.		

Kansas

SB 1	Status: Signed into law 6-20-2024	Topic: Personal income tax rate
Retroactive to January 1, 2024, establishes a two-bracket income tax with tax rates of 5.2% and 5.58%. The previous three-bracket income tax rates were 3.1%, 5.2% and 5.7%.		

Kansas

HB 2284	Status: Governor vetoed (1-29-2024) Veto sustained (2-20-2024)	Topic: Income tax rate
Would have, among other things, implemented a flat tax of 5.25%, exempted Social Security benefits from state income tax and increased the standard deduction by a cost-of-living adjustment.		

Kansas

HB 2420	Status: Died in House committee (4-30-2024)	Topic: Nonresident income tax, de minimis exception
Would exempt nonresident employees performing work in Kansas from income tax for the first 30 days.		

Kentucky

HB 537	Status: Failed to pass before legislature adjourned on 4-14-2024	Topic: Bereavement leave
Effective 90 days after the legislature adjourns, would require that employers provide up to 10 days of bereavement leave (with a minimum of three days paid) following the death, miscarriage or stillbirth of the employee's child or the death of a dependent or other immediate family member of the employee.		

Louisiana

Louisiana Forward Tax Reform	Status: Governor's tax proposal (10-8-2024)	Topic: Personal income tax
Effective January 1, 2025, would tax individual income at 3%, repeal certain personal exemptions and net capital gains deductions, allow bonus depreciation retroactively for certain capital investments, and increase the retirement income tax exemption from \$6,000 to \$12,000.		

Maine

LD 1231	Status: Maine legislature unable to overcome Governor's veto	Topic: Personal income tax
Effective January 1, 2025, would have created three additional tax brackets to increase taxes paid by high-income earners.		

Mississippi

HB 224	Status: Died in Ways and Means Committee (3-27-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime compensation from gross income effective January 1, 2024.		

Missouri

HB 2315	Status: Failed to pass before legislature adjourned 5-30-2024	Topic: Personal income tax on overtime pay
Would authorize an income tax subtraction for work in excess of 40 hours in the workweek.		

New Jersey

AB 2621	Status: Referred to Assembly Labor Committee (1-9-2024)	Topic: Personal income tax on overtime pay
Would exclude the overtime pay of certain employees from gross income tax.		

New Jersey

AB 3816	Status: Introduced, referred to Assembly Labor Committee (2-22-2024)	Topic: Bereavement leave
Effective immediately, would expand the current family and medical leave law to include leave due to the death of a child or the miscarriage or stillbirth of a child.		

New Jersey

S 2310	Status: Passed House and Senate (9-26-2024)	Topic: Pay transparency
Effective six months after enactment, would require transparency concerning compensation with promotional opportunities and in employment listings.		

Pennsylvania

H.B. 2388	Status: Referred to Finance (6-6-2024)	Topic: State Personal income tax
Effective July 1, 2024, would reduce the personal income tax rate from 3.07% to 2.8%.		

Pennsylvania

H.B. 181	Status: Laid on the table for later consideration (4-17-2024)	Topic: State paid family and medical leave insurance
Effective 180 days after enactment, would establish a state paid family and medical leave insurance program with contributions, yet to be determined, to be paid 50% by employers and 50% by employees (employers with fewer than 15 employees are not subject to the 50% contribution amount).		

Rhode Island

S. 2355	Status: Failed to pass before legislature adjourned (6-14-2024)	Topic: Personal income tax
Effective January 1, 2026, would impose a personal income tax surtax of 3% on taxable income over \$1 million.		

South Carolina

HB 4811	Status: Failed to pass before legislature adjourned (5-9-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax.		

Wisconsin

AB 938	Status: Failed to pass in Senate (4-15-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income and certain bonuses from personal income tax.		

West Virginia

HB 5296	Status: Failed to pass before legislature adjourned 3-9-2024	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax for three years.		

West Virginia

S.B. 2033	Status: Signed into law 10-29-2024	Topic: Personal income tax rates
Would reduce the highest personal income tax rate from 5.12% to 4.67%.		

2024 election results could impact minimum wage and paid sick leave developments in several states

On November 5, 2024, voters in several states had the opportunity to say “yes” or “no” on ballot measures that would raise the state minimum wage and/or enact state law to provide paid sick leave to employees. Ballot measures in Arizona and Massachusetts propose a higher minimum wage for tipped employees; Alaska, California, Massachusetts and Missouri propose an increase in the minimum wage; Missouri and Nebraska propose paid sick leave for employees.

Below are the ballot measure details.


2024 state ballot measures to raise the minimum wage and provide paid sick leave to employees

State	Title	Description
Alaska	Ballot Measure No. 1	Under current law, the minimum wage is \$11.73 per hour and there is no requirement that employers provide paid sick leave to their employees. Ballot Measure No. 1 would: (1) gradually raise the minimum wage to \$15.00 per hour by 2027 with future increases tied to inflation, (2) allow full-time employees to earn up to 40 hours of paid sick leave per year and (3) prohibit employers from forcing employees to participate in employer-sponsored religious and political meetings unrelated to their jobs.
Arizona	Proposition 138	Under current law, employers may pay tipped employees up to \$3.00 per hour less than the minimum wage. Proposition 138 would amend the Arizona Constitution to allow an employer to pay up to 25% per hour less than the minimum wage if the employer can establish that the employee is paid at least the minimum wage plus \$2.00 per hour for all hours worked.
California	Proposition 32	Under current law, the minimum wage is tied to inflation and is anticipated to be \$17.00 per hour effective January 1, 2025. (A higher minimum wage applies to fast food workers and certain healthcare workers.) Proposition 32 would raise the minimum wage as follows: For employers with 26 or more employees, to \$17.00 immediately, \$18.00 effective January 1, 2025. For employers with 25 or fewer employees, to \$17.00 effective January 1, 2025, \$18.00 effective January 1, 2026.
Massachusetts	Question 5	Under current law, tipped employees must be paid a minimum of \$6.75 per hour, provided that their total tips and wages bring them to at least \$15.00 per hour. Question 5 would gradually increase the minimum hourly wage an employer must pay a tipped worker, over the course of five years, on the following schedule:

State	Title	Description
		<ul style="list-style-type: none"> To 64% of the state minimum wage on January 1, 2025 To 73% of the state minimum wage on January 1, 2026 To 82% of the state minimum wage on January 1, 2027 To 91% of the state minimum wage on January 1, 2028 To 100% of the state minimum wage on January 1, 2029
Missouri	Proposition A	<p>Under current law, the minimum wage is \$12.30 per hour, which is adjusted annually according to the Consumer Price Index. There is no requirement that employers provide paid sick leave.</p> <p>Proposition A would:</p> <ul style="list-style-type: none"> Increase the minimum wage effective January 1, 2025 to \$13.75 per hour, with increases of \$1.25 per hour each year until 2026 when the minimum wage would be \$15.00 per hour Adjust the minimum wage based on changes in the Consumer Price Index each January beginning in 2027 Require all private-sector employers to provide one hour of paid sick leave for every 30 hours worked
Nebraska	Initiative 436	<p>Under current law, employers are not required to provide paid sick leave to employees.</p> <p>Initiative 436 would give eligible employees the right to earn paid sick time for personal or family health needs as follows:</p> <ul style="list-style-type: none"> Employees of employers with fewer than 20 employees would accrue up to 40 hours of paid leave each year Employees of employers with 20 or more employees would accrue up to 56 hours of paid leave per year

Ernst & Young LLP insights

Employers will need to closely monitor election results in these states and be prepared to discuss with their employment law advisors the processes for updating any pay and benefits policies as required.

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