

# Client Alert

## Alaska: New Minimum Wage and Paid Sick Leave Laws Taking Effect July 2025

**WHAT'S NEW:** On July 1, 2025, three important legal changes are coming to Alaska: Minimum Wage Increase, Minimum Salary Increase, Paid Sick Leave Requirement and Notice to Employees.

### Minimum Wage Increase

The current minimum wage of \$11.91 will increase as follows:

- \$13.00 on July 1, 2025
- \$14.00 on July 1, 2026
- \$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).

### Minimum Salary Increase

Changes to the minimum wage also affect the minimum salary level to qualify as a salary-exempt employee, which is currently \$952.80/week. This will increase to:

- \$1,040.00/week on July 1, 2025
- \$1,120.00/week on July 1, 2026
- \$1,200.00/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.

Salary-exempt employees must still meet the duties test for the executive, administrative, or professional to qualify for the overtime exemption.

### Paid Sick Leave

All employers in Alaska are required to provide paid sick leave to all employees, with limited exceptions. Sick leave can be used for injury, illness, to care for a family member, or when necessary to receive care or legal help related to domestic violence, sexual assault, or stalking.

#### **WHAT EMPLOYERS NEED TO DO:**

- Sick leave will be accrued at the minimum rate of **one hour of sick leave for every 30 hours worked**.
- **Small employers, fewer than 15 employees**, are required to allow employees to accrue and use up to 40 hours of sick leave per year.
- **Employers with 15 or more employees** are required to allow employees to accrue and use up to 56 hours of sick leave per year.
- An employee can **carry a sick leave balance forward into a new year**.
- Employers must also **provide written notice** to their employees of their paid sick leave rights **on or before June 1, 2025**. A **sample notice** can be found [here](#).

Please contact your Engage HR Consultant/Business Partner with any questions about the law and your Engage Payroll Specialist before July 1, 2025 to set up your paid sick leave program.