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What a new federal minimum wage means for the states

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With the recent passage of a federal minimum wage bill, the first national minimum wage increase in over a decade is imminent. This bill will provide a wage boost for 12.5 million workers. Under the legislation, the first step of the minimum wage increase—from $5.15 to $5.85—will go into effect on July 24, 2007, 60 days after the president signed the bill. The minimum wage continues to rise annually for two years under the legislation, reaching $7.25 in 2009.

The interaction between the federal minimum wage and state minimum wages varies. Currently, 33 states have passed minimum wage laws establishing higher wage floors than the federal $5.15 level. Several of these states are in the midst of phased-in minimum wage increases of their own, and some index their wages to inflation. The federal phased-in hike will in some cases surpass state minimum wages and in some cases not. By September 2009, the number of states with minimum wages above the federal level will be down to 12, with several states tied with the federal rate of $7.25.

The table below shows how the federal increase will impact minimum wage workers state-by-state. The dates do not necessarily reflect effective dates of change (which vary), but rather show what the operative minimum wage in the state will be on the date specified. Values that are in bold are wage rates that will increase due to the federal increase. This table only describes the effective minimum wage rate for workers covered by the federal Fair Labor Standards Act (FLSA).

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Effective minimum wage rates for workers covered by FLSA

	May 25, 2007	July 24, 2007	Jan 1, 2008	July 24, 2008	Jan 1, 2009	July 24, 2009
UNITED STATES	**$5.15**	**$5.85**	**$5.85**	**$6.55**	**$6.55**	**$7.25**
Alabama	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Alaska	7.15	7.15	7.15	7.15	7.15	**7.25**
Arizona	6.75	6.75	6.90	6.90	7.05	**7.25**
Arkansas	6.25	6.25	6.25	**6.55**	**6.55**	**7.25**
California	7.50	7.50	8.00	8.00	8.00	8.00
Colorado	6.85	6.85	6.98	6.98	7.14	**7.25**
Connecticut	7.65	7.65	7.65	7.65	7.65	7.65
Delaware	6.65	6.65	7.15	7.15	7.15	**7.25**
District of Columbia	7.00	7.00	7.00	7.55	7.55	8.25
Florida	6.67	6.67	6.80	6.80	6.95	**7.25**
Georgia	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Hawaii	7.25	7.25	7.25	7.25	7.25	7.25
Idaho	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Illinois	6.50	7.50	7.50	7.75	7.75	8.00
Indiana	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Iowa	6.20	6.20	7.25	7.25	7.25	7.25
Kansas	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Kentucky	**5.15**	5.85	5.85	6.55	6.55	7.25
Louisiana	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Maine	6.75	6.75	7.00	7.00	7.00	**7.25**
Maryland	6.15	6.15	6.15	**6.55**	**6.55**	**7.25**
Massachusetts	7.50	7.50	8.00	8.00	8.00	8.00
Michigan	6.95	7.15	7.15	7.40	7.40	7.40
Minnesota	6.15	6.15	6.15	**6.55**	**6.55**	**7.25**
Mississippi	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Missouri	6.50	6.50	6.62	6.62	6.77	**7.25**
Montana	6.15	6.15	6.25	**6.55**	6.70	**7.25**
Nebraska	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Nevada	6.15	6.33	6.33	7.03	7.03	7.73
New Hampshire	**5.15**	**5.85**	6.50	**6.55**	7.25	7.25
New Jersey	7.15	7.15	7.15	7.15	7.15	**7.25**
New Mexico	**5.15**	**5.85**	6.50	6.50	7.50	7.50
New York	7.15	7.15	7.15	7.15	7.15	**7.25**
North Carolina	6.15	6.15	6.15	**6.55**	**6.55**	**7.25**
North Dakota	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Ohio	6.85	6.85	7.00	7.00	7.15	**7.25**
Oklahoma	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Oregon	7.80	7.80	7.95	7.95	8.15	8.15
Pennsylvania	6.25	7.15	7.15	7.15	7.15	**7.25**
Rhode Island	7.40	7.40	7.40	7.40	7.40	7.40
South Carolina	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
South Dakota	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Tennessee	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Texas	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Utah	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Vermont	7.53	7.53	7.67	7.67	7.85	7.85
Virginia	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Washington	7.93	7.93	8.08	8.08	8.27	8.27
West Virginia	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**
Wisconsin	6.50	6.50	6.50	**6.55**	**6.55**	**7.25**
Wyoming	**5.15**	**5.85**	**5.85**	**6.55**	**6.55**	**7.25**

Source: U.S. Department of Labor. Inflation projections based on CBO estimates.