

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 1059

Short Title: Fair Minimum Wage Act. (Public)

Sponsors: Representatives Prather, Longest, Buansi, and K. Brown (Primary Sponsors).
For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

April 28, 2026

A BILL TO BE ENTITLED

AN ACT ESTABLISHING STATE MINIMUM WAGES THAT ADJUST UPWARD
AUTOMATICALLY FOR INFLATION, CREATING THE NORTH CAROLINA WAGE
BOARD, ESTABLISHING THE SHORT-TIME COMPENSATION PROGRAM,
REPEALING THE RESTRICTION ON LOCAL MINIMUM WAGES, AND
APPROPRIATING FUNDS FOR IMPLEMENTATION OF THIS ACT.

Whereas, the wages paid to working North Carolinians should be sufficient to better
reflect the rising cost of basic necessities, including housing, food, transportation, and health
care; and

Whereas, indexing the State minimum wage for inflation will help preserve workers'
purchasing power over time and reduce the need for repeated legislative intervention; and

Whereas, allowing local governments to adopt higher minimum wages, where
appropriate, gives communities greater flexibility to respond to local labor market conditions and
cost pressures; and

Whereas, a Wage Board and a short-time compensation program can help the State
promote fair wages, reduce avoidable layoffs, and support workforce stability during economic
downturns; and

Whereas, improving wage standards and employment stability advances the general
welfare of the people of North Carolina; Now, therefore,
The General Assembly of North Carolina enacts:

SECTION 1.1. G.S. 95-25.3 reads as rewritten:

"§ 95-25.3. Minimum wage.

(a) ~~Every~~ Except as provided by subsection (a1) of this section, every employer shall pay
to each employee who in any workweek performs any work, wages of at least ~~six dollars and
fifteen cents (\$6.15) per hour or the minimum wage set forth in paragraph 1 of section 6(a) of the
Fair Labor Standards Act, 29 U.S.C. 206(a)(1), as that wage may change from time to time,
whichever is higher, except as otherwise provided in this section.~~ fifteen dollars (\$15.00) per hour,
which shall be adjusted automatically for inflation annually to reflect increases in the Consumer
Price Index, with the first adjustment occurring effective January 1, 2027. These adjustments
shall be effective January 1 of each year. The adjustments shall be calculated by the
Commissioner as the percentage of change between the October Consumer Price Index in the
year most recently ended, calculated to the nearest tenth of one percent (1/10 of 1%), provided
that this percentage change is positive. For the purposes of this section, the term "Consumer Price
Index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average,



1 all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor
2 Statistics of the U.S. Department of Labor.

3 (a1) Notwithstanding the provisions of subsection (a) of this section, an employer whose
4 gross annual receipts for the preceding calendar year were less than four hundred thousand dollars
5 (\$400,000) shall pay to each employee who in any workweek performs any work wages of at
6 least eleven dollars (\$11.00) per hour or the minimum wage set forth in paragraph 1 of section
7 6(a) of the Fair Labor Standards Act, 29 U.S.C. § 206(a)(1), as that wage may change from time
8 to time, whichever is higher, except as otherwise provided in this section. The rate of eleven
9 dollars (\$11.00) per hour is effective January 1, 2027, and shall be adjusted annually thereafter
10 in the same manner and on the same schedule as provided in subsection (a) of this section. An
11 employer that qualifies under this section has the burden of establishing its eligibility by
12 maintaining records sufficient to demonstrate gross annual receipts for the preceding calendar
13 year. The records shall be retained for at least three years and shall be made available to the
14 Commissioner upon request.

15 (a2) A local government may adopt an ordinance establishing a local minimum wage
16 within its territorial jurisdiction that is higher than the statewide minimum wage; then, in that
17 case, every employer in the jurisdiction shall instead pay the higher local minimum wage.

18 (a3) The North Carolina Wage Board is established within the Department. Wage Board
19 members shall be appointed by, and serve at the pleasure of, the Commissioner. The Wage Board
20 shall review wages in this State annually and publish a report establishing targets for the State to
21 remain competitive and that allow wage earners to afford housing, health care, and other basic
22 necessities.

23 (b) In order to prevent curtailment of opportunities for employment, the wage rate for
24 full-time students, learners, apprentices, and messengers, as defined under the Fair Labor
25 Standards Act, shall be ninety percent (90%) of the rate in effect under subsection (a) ~~above,~~ or
26 subsection (a1) of this section rounded to the lowest nickel.

27 (c) The Commissioner, in order to prevent curtailment of opportunities for employment,
28 may, by regulation, establish a wage rate less than the wage rate in effect under section (a) or
29 subsection (a1) of this section which may apply to persons whose earning or productive capacity
30 is impaired by age or physical or mental deficiency or injury, as such persons are defined under
31 the Fair Labor Standards Act.

32 (d) The Commissioner, in order to prevent curtailment of opportunities for employment
33 of the economically disadvantaged and the unemployed, may, by regulation, establish a wage
34 rate not less than eighty-five percent (85%) of the otherwise applicable wage rate in effect under
35 subsection (a) or subsection (a1) of this section which shall apply to all persons (i) who have
36 been unemployed for at least 15 weeks and who are economically disadvantaged, or (ii) who are,
37 or whose families are, receiving Work First Family Assistance or who are receiving supplemental
38 security benefits under Title XVI of the Social Security Act.

39 Pursuant to regulations issued by the Commissioner, certificates establishing eligibility for
40 such subminimum wage shall be issued by the Division of Employment Security.

41 The regulation issued by the Commissioner shall not permit employment at the subminimum
42 rate for a period in excess of 52 weeks.

43 (e) The Commissioner, in order to prevent curtailment of opportunities for employment,
44 and to not adversely affect the viability of seasonal establishments, may, by regulation, establish
45 a wage rate not less than eighty-five percent (85%) of the otherwise applicable wage rate in effect
46 under subsection (a) or subsection (a1) of this section that shall apply to any employee employed
47 by an establishment that is a seasonal food service establishment.

48 (f) Tips earned by a tipped employee may be counted as wages only up to the amount
49 permitted in section 3(m) of the Fair Labor Standards Act, 29 U.S.C. 203(m), if the tipped
50 employee is notified in advance, is permitted to retain all tips and the employer maintains
51 accurate and complete records of tips received by each employee as such tips are certified by the

1 employee monthly or for each pay period. Even if the employee refuses to certify tips accurately,
 2 tips may still be counted as wages when the employer complies with the other requirements of
 3 this section and can demonstrate by monitoring tips that the employee regularly receives tips in
 4 the amount for which the credit is taken. Tip pooling shall also be permissible among employees
 5 who customarily and regularly receive tips; however, no employee's tips may be reduced by more
 6 than fifteen percent (15%) under a tip pooling arrangement.

7 (g) Repealed by Session Laws 2006-259, s. 18, effective August 23, 2006."

8 **SECTION 2.1.** G.S. 95-25.1 reads as rewritten:

9 **"§ 95-25.1. Short title and legislative purpose; local governments preempted purpose.**

10 (a) This Article shall be known and may be cited as the "Wage and Hour Act."

11 (b) The public policy of this State is declared as follows: The wage levels of employees,
 12 hours of labor, payment of earned wages, and the well-being of minors are subjects of concern
 13 requiring legislation to promote the general welfare of the people of the State without
 14 jeopardizing the competitive position of North Carolina business and industry. The General
 15 Assembly declares that the general welfare of the State requires the enactment of this law under
 16 the police power of the State.

17 (c) Repealed by Session Laws 2017-4, s. 1, effective March 30, 2017.

18 (d) ~~The provisions of this Article supersede and preempt any ordinance, regulation,~~
 19 ~~resolution, or policy adopted or imposed by a unit of local government or other political~~
 20 ~~subdivision of the State that regulates or imposes any requirement upon an employer pertaining~~
 21 ~~to compensation of employees, such as the wage levels of employees, hours of labor, payment of~~
 22 ~~earned wages, benefits, leave, or well-being of minors in the workforce. This subsection shall not~~
 23 ~~apply to any of the following:~~

24 (1) ~~A local government regulating, compensating, or controlling its own~~
 25 ~~employees.~~

26 (2) ~~Economic development incentives awarded under Chapter 143B of the~~
 27 ~~General Statutes.~~

28 (3) ~~Economic development incentives awarded under Article 1 of Chapter 158 of~~
 29 ~~the General Statutes.~~

30 (4) ~~A requirement of federal community development block grants.~~

31 (5) ~~Programs established under G.S. 160D-1311."~~

32 **SECTION 3.1.** Chapter 96 of the General Statutes is amended by adding a new
 33 Article to read:

34 "Article 6.

35 "Short-Time Compensation.

36 **"§ 96-45. Short-time compensation.**

37 (a) Definitions. – The following definitions apply in this section:

38 (1) Affected unit. – A specified plant, department, shift, or other definable unit of
 39 two or more employees designated by the employer to participate in a
 40 short-time compensation plan.

41 (2) Employer-sponsored training. – A training component sponsored by an
 42 employer to improve the skills of the employer's workers.

43 (3) Normal weekly hours of work. – The number of hours in a week that an
 44 individual would regularly work for the short-time compensation employer,
 45 not to exceed 40 hours, excluding overtime.

46 (4) Short-time compensation benefits. – Benefits payable to individuals in an
 47 affected unit under an approved short-time compensation plan.

48 (5) Short-time compensation employer. – An employer with a short-time
 49 compensation plan in effect.

1 (6) Short-time compensation plan or plan. – An employer's written plan for
2 reducing unemployment under which an affected unit shares the work
3 remaining after its normal weekly hours of work are reduced.

4 (b) Approval of Plans. – An employer wishing to participate in the short-time
5 compensation program must submit a signed, written, short-time plan to the Division. The
6 Division shall approve the plan if all of the following criteria are met:

7 (1) The plan applies to and identifies each specific affected unit.

8 (2) The individuals in the affected unit are identified by name and social security
9 number.

10 (3) The normal weekly hours of work for individuals in the affected unit are
11 reduced by at least ten percent (10%) and by not more than sixty percent
12 (60%).

13 (4) The plan includes a certified statement by the employer that the aggregate
14 reduction in work hours is in lieu of layoffs that would affect at least ten
15 percent (10%) of the employees in the affected unit and that would have
16 resulted in an equivalent reduction in work hours.

17 (5) The plan applies to at least ten percent (10%) of the employees in the affected
18 unit.

19 (6) The plan is approved in writing by the collective bargaining agent for each
20 collective bargaining agreement covering any individual in the affected unit.

21 (7) The plan does not serve as a subsidy to seasonal employers during the
22 off-season or as a subsidy to employers who traditionally use part-time
23 employees.

24 (8) The plan certifies that, if the employer provides fringe benefits to any
25 employee whose workweek is reduced under the program, the fringe benefits
26 will continue to be provided to the employee participating in the short-time
27 compensation program under the same terms and conditions as though the
28 workweek of such employee had not been reduced or to the same extent as
29 other employees not participating in the short-time compensation program. As
30 used in this subdivision, the term "fringe benefits" includes, but is not limited
31 to, health insurance, retirement benefits under defined benefit pension plans
32 as defined in the Employee Retirement Income Security Act of 1974, 29
33 U.S.C. § 1002(35), contributions under a defined contribution plan as defined
34 in section 414(i) of the Internal Revenue Code, paid vacation and holidays,
35 and sick leave.

36 (9) The plan describes the manner in which the requirements of this subsection
37 will be implemented, including a plan for giving notice, if feasible, to an
38 employee whose workweek is to be reduced, together with an estimate of the
39 number of layoffs that would have occurred absent the ability to participate in
40 short-time compensation.

41 (10) The terms of the employer's written plan and implementation are consistent
42 with employer obligations under applicable federal laws and laws of this State.

43 (11) The employer has filed all quarterly reports and other reports required under
44 this Chapter and has paid all obligation assessments, contributions,
45 reimbursements in lieu of contributions, interest, and penalties due through
46 the date of the employer's application.

47 The Division shall approve or disapprove a short-time compensation plan in writing within
48 15 days after its receipt. If the plan is denied, the Division shall notify the employer of the reasons
49 for disapproval. The plan takes effect on the date of its approval by the Division and expires at
50 the end of the twelfth full calendar month after its effective date.

1 (c) Revocation of Approval. – The Division shall periodically monitor the employer's
2 plan compliance and operations. Plan approval may be revoked based on good cause, including
3 the failure to comply with assurances provided in the plan such as that the aggregate reduction
4 in hours is in lieu of layoffs.

5 (d) Eligibility Requirements for Short-Time Compensation Benefits. – Except as
6 provided in this subsection, an individual is eligible to receive short-time compensation benefits
7 for any week only if the individual complies with this Chapter and the Division finds that (i) the
8 individual is employed as a member of an affected unit in an approved plan that was approved
9 before the week and is in effect for the week, (ii) the individual is able to work and is available
10 for additional hours of work or for full-time work with the short-time employer, and (iii) the
11 normal weekly hours of work of the individual are reduced by at least ten percent (10%) but not
12 by more than sixty percent (60%), with a corresponding reduction in wages.

13 The Division may not deny short-time compensation benefits to an individual who is
14 otherwise eligible for these benefits for any week by reason of the application of any provision
15 of this Chapter relating to availability for work, active search for work, or refusal to apply for or
16 accept work from other than the short-time compensation employer of that individual. The
17 Division may not deny short-time compensation benefits to an individual who is otherwise
18 eligible for these benefits for any week because such individual is participating in an
19 employer-sponsored training or a training under the Workforce Innovation and Opportunity Act
20 to improve job skills when the training is approved by the Division.

21 Notwithstanding any other provision of law, an individual is deemed unemployed in any
22 week for which compensation is payable to the individual, as an employee in an affected unit,
23 for less than the individual's normal weekly hours of work in accordance with an approved
24 short-time compensation plan in effect for the week.

25 (e) Weekly Benefit Amount. – The weekly short-time compensation benefit amount
26 payable to an individual is equal to the product of the individual's weekly benefit amount and the
27 ratio of the number of normal weekly hours of work for which the employer would not
28 compensate the individual to the individual's normal weekly hours of work. The benefit amount,
29 if not a multiple of one dollar (\$1.00), is rounded downward to the next lower multiple of one
30 dollar (\$1.00).

31 (f) Total Benefit Amount. – An individual may not be paid benefits under this section in
32 an amount that is more than the individual's maximum entitlement, and an individual may not be
33 paid short-time compensation benefits in excess of that maximum.

34 (g) Effect of Benefit. – The short-time compensation benefits paid to an individual shall
35 be deducted from the total benefit amount established for that individual. An individual who
36 receives all of the short-time compensation or combined reemployment assistance or
37 unemployment compensation and short-time compensation available in a benefit year is
38 considered an exhaustee for purposes of the extended benefits program and, if otherwise eligible
39 under those provisions, is eligible to receive extended benefits. An otherwise eligible individual
40 may not be disqualified from benefits for leaving employment instead of accepting a reduction
41 in hours under an approved plan.

42 (h) Allocation of Charges. – Except when the result is inconsistent with the other
43 provisions of this Chapter, short-time compensation benefits shall be charged to the employment
44 record of employers.

45 (i) Seasonal, temporary, or intermittent employees are not eligible for participation in the
46 program. The following definitions apply in this subsection:

47 (1) Seasonal employment. – Employment with an employer who experiences at
48 least a twenty percent (20%) difference between its highest level of
49 employment during a particular season and its lowest level of employment
50 during the off-season in each of the previous three years as reported to the

- 1 State agency and/or employees are hired to work on a temporary basis by
- 2 employers that need extra help during a particular season.
- 3 (2) Temporary employment. – Employment where an employee is expected to
- 4 remain in a position for only a limited period of time and/or is hired by a
- 5 temporary agency to fill a gap in an employer's workforce.
- 6 (3) Intermittent employment. – Employment that is not continuous but may
- 7 consist of periodic intervals of weekly work and intervals of no weekly work."

8 **SECTION 4.1.** Effective July 1, 2026, there is appropriated from the General Fund
9 to the Department of Labor the sum of one hundred fifty thousand dollars (\$150,000) in
10 nonrecurring funds for the 2026-2027 fiscal year to implement the provisions of this act.

11 **SECTION 5.1.** Except as otherwise provided, this act is effective when it becomes
12 law.