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Legal Alerts

Washington Announces New Wage and Employment Requirements for 2027

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Washington employers have several important developments to prepare for in 2027. In addition to various increased annual wage and salary minimums, employers will see changes to paid leave premiums and the enforceability of certain employment agreements.

State and Local Minimum Wage Increases

The Washington State Department of Labor & Industries (L&I) has announced a statewide 3.5 percent minimum wage increase, from $17.13 to $17.73 per hour, effective January 1, 2027. Several Washington cities and counties have established their own minimum wages above the statewide rate. These local requirements vary by jurisdiction, with some setting different rates based on employer size or annual revenue.

Jurisdiction	2026 Minimum Wage	2027 Minimum Wage
Bellingham	**$19.13**	**$19.73**
Burien	• Large Employers (501 or more employees): **$21.78** • Medium Employers (16-500 employees): **$20.78** • Small Employers (15 or fewer employees): **$19.28**	• Large Employers (501 or more employees): **$22.49** • Medium Employers (16-500 employees): Equal to the then-cu large-employer rate (**$22.49**) • Small Employers (15 or fewer employees): **$20.49**

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Jurisdiction	2026 Minimum Wage	2027 Minimum Wage
Renton	• Large Employer (more than 500 employees worldwide and certain franchises): **$21.57** • Mid-Size Employer (15-500 employees worldwide or over $2 million of annual gross revenue in Renton): **$20.57** from Jan. 1 to Jun. 30, and **$21.57** from Jul. 1 to Dec. 31 • Employers with 14 or fewer employees are not covered	• Large Employer (more than 500 employees worldwide and certa franchises): **$22.28** • Mid-Size Employer (15-500 emp worldwide or over $2 million of a gross revenue in Renton): **$22.2** • Employers that do not fall within Large or Mid-Size Employer descriptions above are not cove the new Renton minimum wage but must continue to meet Wash minimum wage requirements
Seattle	**$21.30**	**$22.14**
SeaTac	**$20.74**	**$21.47**
Tukwila	**$21.65**	**$22.45**

Additional Pay for Minors and Rideshare Drivers

The statewide increase will also affect minimum pay for younger workers. Washington permits employers to pay workers aged 14 and 15 at 85 percent of the state minimum wage. Their minimum hourly rate will rise from $14.56 to $15.07 on January 1, 2027.

Minimum compensation rates for rideshare drivers in Washington will also increase on January 1. For trips within Seattle, drivers must receive at least $0.72 per "passenger platform minute" plus $1.69 per passenger platform mile, or $6.34 per trip, whichever is greater. For trips outside Seattle, the minimum will increase to $0.41 per platform minute plus $1.43 per platform mile, or $3.68 per trip, whichever is greater.

Overtime-Exempt Employees

Washington ties the minimum salary requirements for certain overtime exemptions to the statewide minimum wage. As the minimum wage increases, so does the compensation required for employees to qualify for the executive, administrative and professional exemptions. Employees must also satisfy the

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applicable duties test.

Beginning January 1, 2027, the salary threshold will depend on employer size. Employers with 50 or fewer employees must pay at least 2.25 times the state minimum wage, equivalent to $1,595.70 per week ($82,976.40 annually). Employers with 51 or more employees must pay at least 2.5 times the state minimum wage, equivalent to $1,773 per week ($92,196 annually). Beginning in 2028, the 2.5 multiplier will apply to employers of all sizes, although the corresponding dollar amounts will continue to change with annual minimum wage adjustments.

Computer professionals paid on an hourly basis must receive at least 3.5 times the state minimum wage to qualify for the exemption, or $62.06 per hour in 2027, regardless of employer size.

Paid Family and Medical Leave Premiums

Washington's Paid Family and Medical Leave (PFML) premium rate is also set to increase in 2027. Effective January 1, 2027, the premium rate will rise from 1.13 percent to 1.2 percent of employees' gross wages, with employees responsible for 70.7 percent of the total premium, and employers paying the remaining 29.3 percent.

Employers classified as having fewer than 50 employees for 2027 are exempt from paying the employer portion, although they must still withhold the employee share or pay it on their behalf. Regardless of size, employers will continue to calculate premiums on gross wages (excluding tips), up to the 2027 Social Security wage cap of $192,300.

To prepare for these PFML changes, employers should notify employees of the new withholding rate and update their payroll systems for wages paid on or after January 1, 2027. First quarter premiums and reports will be due by the end of April 2027, and employers cannot retroactively withhold premiums from employees.

Enforceability of Noncompete Clauses and Agreements

Washington's noncompete requirements will change in two stages in 2027. From January 1 through June 29, certain noncompete agreements may be enforced against employees and independent contractors whose earnings exceed annually adjusted thresholds, provided all other statutory requirements are satisfied. During that period, noncompete agreements generally cannot be enforced unless, among other requirements:

- An employee's annual earnings exceed $131,326.59;
- An independent contractor's annual compensation exceeds $328,316.49.

Effective June 30, Washington will prohibit most noncompete agreements, regardless of the individual's earnings or when the agreement was signed. Certain exceptions will remain, including qualifying confidentiality and nonsolicitation agreements. Employers must also make reasonable efforts by October 1,

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2027, to notify affected current and former employees and independent contractors that their existing noncompete agreements are void and unenforceable.

Employers should review their wage rates and employee agreements before the 2027 deadlines. For assistance assessing how these changes may affect your organization or updating employment policies and agreements, please contact Foster Garvey's Labor, Employment & Immigration team.

The rates and thresholds referenced in this alert reflect information available as of the publication date and are subject to change. The information above involves complex legal considerations and is provided for general informational purposes only. It does not constitute legal advice. For guidance on specific legal matters, you should consult with an attorney. Foster Garvey requires engagement letters to establish the attorney-client relationship for new (or returning) clients and requires written confirmation to expand the scope of representation for existing clients.

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- Washington State Enacts Sweeping Ban on Noncompetition Agreements

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