



Arizona's hourly minimum wage will increase from \$14.35 to **\$14.70 per hour**, effective January 1, 2025. This increase is in accordance with the Fair Wages and Healthy Families Act, A.R.S. § 23-363(B), which requires Arizona's minimum wage to increase yearly based on the cost of living.

The Fair Wages and Healthy Families Act and 2025 increase do not apply to any person who is employed by a parent or a sibling; any person who is employed while performing babysitting services in the employer's home on a casual basis; any person employed by the State of Arizona or the United States government; or any person employed in a small business that grosses less than \$500,000 in annual revenue, if that small business is exempt from having to pay a minimum wage under section 206(a) of Title 29 of the United States Code.

Employers may pay tipped employees a maximum of \$3.00 per hour less than the minimum wage if the employer can establish, among other conditions, that for each week, when adding tips received to wages paid, the employee received not less than the minimum wage for all hours worked. This part of the statute remains in effect after Arizona voters in the 2025 election rejected the Tipped Workers Protection Act, Proposition 138. Proposition 138 would have allowed tipped workers to be paid 25% less per hour than the minimum wage if any tips received by the employee were not less than the minimum wage plus \$2.00 for all hours worked. However, the amendment failed, and the current state law will remain unchanged.

Employers should remember to display the 2025 Minimum Wage poster in a place that is accessible to employees. The 2025 wage poster can be downloaded and printed [here](#).

Authors



Jill L. Ripke

Senior Counsel

JRipke@perkinscoie.com [310.788.3260](tel:310.788.3260)



Paul E. Smith

Senior Counsel

PSmith@perkinscoie.com [206.359.3817](tel:206.359.3817)



Kristine J. Beaudoin

Counsel

KBeaudoin@perkinscoie.com [602.351.8395](tel:602.351.8395)



Chandler K. Smith

Associate

ChandlerSmith@perkinscoie.com [602.351.8038](tel:602.351.8038)

Explore more in

[Labor & Employment](#)

Blog series

Wage & Hour Developments

The regulatory landscape, appetite for administrative agency enforcement, and judicial interpretations related to wage-and-hour issues are rapidly evolving. Our blog is a one-stop resource for federal- and state-level updates and analysis on wage-and-hour-related developments affecting employers. [Subscribe ?](#)

[View the blog](#)