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LABOR & EMPLOYMENT LAW ALERT

Recent Legislation Affecting the Labor & Employment Law Area

President Barack Obama to Sign Executive Order to Raise Minimum Wage to \$10.10 for Federal Contract Workers

On January 28, 2014, President Obama announced that he will use his executive authority to raise the minimum wage to **\$10.10** for those employees working on new federal contracts for services. The increase will take effect for new contracts after the effective date of the Executive Order, yet to be published. In this way, federal contractors will have time to prepare and price their bids accordingly.

President Obama also declared his continued support for the Harkin-Miller bill which would raise the Federal minimum wage to \$10.10 for all workers and index it to inflation thereafter.

Governor Signs Law Establishing Incentive Payment Plan on Amounts Owed to the State Insurance Fund and other Similar Governmental Entities

On January 3, 2014, Governor Alejandro García Padilla signed House Bill No. 1523 (P.R. Act No. 15 of 2014 or Act 15-14) into law. Act 15-14 establishes an optional incentive payment plan to all employers who have outstanding indebtedness with the Puerto Rico State Insurance Fund (also known as "Fondo del Seguro del Estado"), the Puerto Rico Unemployment Insurance Fund, the Puerto Rico Temporary Non-Occupational Disability Insurance (also known as "SINOT"), and the Puerto Rico Social Security for Chauffeur's (Chauffeur's Insurance Fund).

Employers may satisfy outstanding indebtedness to the above-mentioned funds **for periods ending on or before June 30, 2013**. Employers may opt to satisfy outstanding debt in a single payment or as part of a payment plan, not to exceed 4 years. Depending on the option chosen by the employer, these payments may not be subject to annual interest rates.

Employers have the following options:

1. One-time payment. Employers will pay no interest and other accrued penalties on such payments.
2. 1-year payment plan. Initial payment of 10% of the outstanding debt. The remaining outstanding debt will be subject to a 12-month payment plan. Employers will pay no interest on such payments.

3. 2-year payment plan. Initial payment of 10% of the outstanding debt. The remaining outstanding debt will be subject to a 24-month payment plan, subject to a 5% annual interest rate.
4. 3-year payment plan. Initial payment of 10% of the outstanding debt. The remaining outstanding debt will be subject to a 36-month payment plan, subject to a 7% annual interest rate.
5. 4-year payment plan. Initial payment of 10% of the outstanding debt. The remaining outstanding debt will be subject to a 48-month payment plan, subject to a 10% annual interest rate.

In order to participate in this incentive payment plan, employers must be up to date on payments corresponding to periods commencing on or after July 1, 2013.

Employers who have not filed payroll statement forms for years ending on or before June 30, 2013, may file these forms and receive the benefits of the incentive payment plan. This incentive payment plan is not applicable for any outstanding indebtedness corresponding to the taxable period commencing on July 1, 2013.

This incentive payment plan will enter into effect after the PR Department of Labor and the State Insurance Fund publish circular letters and upon the completion of a 30-day orientation period to the public. After the completion of these two criteria, the incentive payment plan will be in effect for a period of 100 days.

If you have any questions or comments, or wish additional information regarding the above matters, please contact any of the following attorneys:

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