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S.B. 234
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsors: Sens. Smith and Craig

Chris Edwards, Attorney

SUMMARY

- Increases the basic state minimum wage to $12.00 per hour beginning January 1, 2026.
- Increases the basic state hourly minimum wage rate by $1.00 each year for the following three years, beginning January 1 of the respective year.
- Eliminates the tipped employee minimum wage, and instead requires all employees to be paid the basic state minimum wage.
- Requires, beginning January 1, 2030, the minimum wage rates to be adjusted annually based on the Consumer Price Index, in accordance with Ohio's constitutional minimum wage requirements.

DETAILED ANALYSIS

State minimum wage

The bill raises the state minimum wage rate to $12.00 per hour beginning January 1, 2026. (Because this date has passed, it is unclear when the bill would be implemented. An amendment may be necessary to address this issue.) It also increases the hourly minimum wage by $1.00 each year for the following three years. The following table identifies the minimum wage under the bill an employee must be paid during the listed year.[1]

Year	Hourly wage rate under the bill
2026	$12.00
2027	$13.00

[1] R.C. 4111.02(A).

Year	Hourly wage rate under the bill
2028	$14.00
2029	$15.00

Under current law, the basic state minimum wage is $11.00 per hour and, beginning January 1, 2027, will increase to $11.40 per hour. The basic state minimum wage is currently set pursuant to the Minimum Wage Amendment of the Ohio Constitution (MWA). The MWA requires the basic state minimum wage to be increased annually according to the Consumer Price Index or its successor index for all urban wage earners and clerical workers for all items as calculated by the federal government, rounded to the nearest five cents. However, the MWA allows laws to be passed that set the state minimum wage at a rate higher than the rate calculated pursuant to the MWA.[2] The bill establishes scheduled increases in the minimum wage rate and, beginning September 30, 2029, requires the Director of Commerce, who administers and enforces the law, to adjust the minimum wage rate annually in accordance with the MWA. The adjustment takes effect on the first day of January immediately following the date of the adjustment.[3]

Currently, pursuant to MWA, employees who are under age 16 or who are employed by a business with gross annual receipts of $405,000 or less in 2026 or $419,000 or less in 2027 must be paid at least the federal minimum wage rate, which is $7.25 per hour. Under the MWA, the amount of gross annual receipts is adjusted annually based on the Consumer Price Index or its successor index. The bill applies the higher state minimum wage rate to these employees.[4]

State minimum wage for tipped employees

Under current law, tipped employees may be paid less than, but not less than half, the basic state minimum wage rate if the employer is able to demonstrate that the employee receives tips that combined with the wages paid by the employer are equal to or greater than the state minimum wage rate for all hours worked. The bill eliminates the tipped employee minimum wage, and instead requires that all employees be paid the basic state minimum wage discussed above.[5]

[2] Ohio Constitution, Article II, Section 34a; see also Ohio Department of Commerce Division of Industrial Compliance (ODC-DIC), State of Ohio 2026 Minimum Wage (PDF) and State of Ohio 2027 Minimum Wage (PDF).

[3] R.C. 4111.02, with conforming changes in R.C. 4111.09 and 4111.14.

[4] R.C. 4111.02; Ohio Const., art. II, sec. 34a; 29 United States Code (U.S.C.) 206; ODC-DIC, State of Ohio 2026 Minimum Wage (PDF) and State of Ohio 2027 Minimum Wage (PDF).

[5] R.C. 4111.02; Ohio Const., art. II, sec. 34a; ODC-DIC, State of Ohio 2026 Minimum Wage (PDF).

Apprentices

The bill also eliminates the authority of the Director to adopt rules permitting the employment of apprentices at a wage rate not less than 85% of the state minimum wage. The Director has not adopted these rules.[6]

Relationship between state and federal law

The federal Fair Labor Standards Act[7] (FLSA) and Ohio's minimum wage laws both specify minimum wages that an employer must pay the employer's employees. An employer may be subject to one or both laws. The FLSA specifies that if an employer is subject to both laws, the employer is governed by the law that establishes the higher minimum wage.[8] Currently, Ohio has a higher basic minimum wage ($11.00 per hour in 2026 and, beginning January 1, 2027, $11.40 per hour) as compared to the basic minimum wage under the FLSA ($7.25 per hour). Thus, employers subject to both laws pay the state rate under current law and under the bill.

HISTORY

Action	Date
Introduced	07-09-25

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[6] R.C. 4111.07, repealed, with conforming changes in R.C. 4111.05.

[7] 29 U.S.C. 201 *et seq.*

[8] 29 U.S.C. 218.