

EMPLOYER LAW BLOG

Court Strikes Down St. Louis Ordinance to Increase Minimum Wage

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On August 28, 2015, St. Louis Mayor Slay signed a bill, approved by the St. Louis Board of Aldermen, into law as Ordinance 70078 that would have raised the minimum wage in St. Louis City from the current rate of \$7.65 per hour. Ordinance 70078 was set to increase the current minimum wage to \$8.25 per hour on October 15, 2015, with additional increases taking place on a yearly basis - \$9.00 on January 1, 2016, \$10.00 in 2017, and \$11.00 on January 1, 2018. In 2019 the ordinance provided for increases to the minimum wage based on the rate of inflation. The ordinance states its purpose was “for the preservation of public peace, health and safety.” It expressly identified the intent to address local concerns for the health, safety, and welfare of the citizens of the City of St. Louis.

However, a coalition of business groups including the Missouri Chamber of Commerce, Missouri Restaurant Association, and The Missouri Retailers Association, filed a lawsuit on September 14, 2015 in St. Louis City seeking a permanent injunction against enforcement and a declaratory judgment that Ordinance 70078 is void. A bench trial was held on October 6, 2015. A day before the Ordinance was set to go into effect Judge Steven Ohmer issued an order granting Plaintiffs’ action for declaratory judgment and injunctive relief and declaring Ordinance 70078 void.

The business groups that filed the lawsuits alleged, in their five count petition, that Ordinance 70078 was preempted by State law, it was an unauthorized delegation of legislative powers, and the City of St. Louis lacked the authority to enact the Ordinance. Judge Ohmer agreed with the Plaintiffs on two of their counts finding the Ordinance 70078 in conflict with two State laws – Section 71.010 and Missouri’s Minimum Wage Law, Section 290.500. The Court determined the City’s authority to enact Ordinance 70078 is denied by Section 71.010 which prohibits a municipal corporation from passing an ordinance that conflicts with state law. The Judge rationalized that Ordinance 70078 conflicts with State law because it prohibited activities permitted under Missouri’s Minimum Wage Law.

For example, Section 5(C) of the Ordinance provided an employer in violation “shall be punishable by a sentence of not more than 90 days in jail, or by a fine of not more than \$500.00 per violation or both or by any combination of sentence and fine up to and including the maximum sentence and maximum fine.”

Additionally, an employer “may be subject to conditions which will serve to compensate the victim, including that the employer pay restitution to any employee in the form of unpaid back wages plus interest from the date of non-payment or underpayment.” Finally, repeated or intentional violations of the Ordinance would subject an employer’s business license to revocation by the License Collector’s Office. In comparison with the state’s current minimum wage law, Judge Ohmer found the Ordinance provided for penalties for violating the law that are separate and distinct from the penalties for violation as stated in Missouri’s Minimum Wage Law.

Mayor Francis Slay, a strong supporter of the Ordinance, has already stated the City plans to appeal the ruling.