



## Massachusetts Reduces Premium Pay for Sunday/Holiday Retail Work

### Background

The “Grand Bargain” legislation, signed into Massachusetts law on June 28, 2018, is gradually eliminating the time-and-a-half pay requirement for Sundays and some holidays in certain retail establishments. This phaseout began on January 1, 2019, adding extra challenges when calculating overtime under the federal Fair Labor Standards Act (FLSA) and Massachusetts overtime law.

### What employers need to know

The “premium rate” (i.e., extra compensation) for Sundays and holidays for certain retail businesses was previously set at 1.5 times their regular rate of pay. This “premium” rate decreased to 1.4 times the regular rate on January 1, 2019 and will continue to decrease to 1.3 times the regular rate on January 1, 2020, and so on until it is eliminated completely on January 1, 2023 (see chart below). Only certain holidays are affected by this phaseout, including Memorial Day, Labor Day, and Independence Day. The new law does not eliminate premium pay for New Year’s Day, Veterans Day, and Columbus Day.

Effective	Sundays and Memorial Day, Labor Day, Independence Day
January 1, 2019	1.4x regular rate
January 1, 2020	1.3x regular rate
January 1, 2021	1.2x regular rate
January 1, 2022	1.1x regular rate
January 1, 2023	eliminated

### Employer next steps

- All Massachusetts retail employers should review their payroll practices to ensure that their overtime calculations comply with state and federal overtime laws.
- Covered retail employers with eight (8) or more employees should update their policies and handbooks with the updated required language, if they have not already done so.

*This content is provided with the understanding that HR Knowledge is not rendering legal advice. While every effort is made to provide current information, the law changes regularly and laws may vary depending on the state or municipality. The material is made available for informational purposes only and is not a substitute for legal advice or your professional judgment. You should review applicable laws in your jurisdiction and consult experienced counsel for legal advice. If you have any questions regarding this content, please contact HR Knowledge at 508.339.1300 or [email us](#).*