

Legislative Document

BILL TITLE: The Fair Work and Pay Act (FWPA)

FINAL VERSION (Passed by Committee)

Section 1: Minimum Wage Reform

1. The federal minimum wage shall be increased to \$15.00 per hour beginning July 1, 2026.
2. States may set higher minimum wages but not lower.
3. Tipped workers shall receive a base pay of \$7.25 per hour plus tips.
4. Employers with fewer than 10 employees are exempt until 2028.

Section 2: Worker Classification Transparency and AI Auditing

1. Employers must clearly classify all workers as employees or independent contractors.
2. Misclassification penalties include a fine of up to \$10,000 per affected worker.
3. Employers must provide classification justification and retain a signed copy.
4. Firms using algorithmic tools for hiring must submit bias audit reports annually.

Section 3: Small Business Relief and Automation Credit

1. Businesses with fewer than 50 employees are eligible for federal tax credits to offset wage increases.
2. The tax credit will cover 20% of the increase in payroll costs due to the new minimum wage.
3. This credit shall expire on December 31, 2029.
4. Businesses investing in automation tools may apply for an additional credit capped at \$10,000 annually.