

MISINFORMATION ON HOUSE BILL 31

Unfortunately, some well-connected business interests are falsely claiming that eliminating the state's lower minimum wage for tipped workers would take tips away from people.

TRUST THE FACTS

HB 31 would eliminate the subminimum wage of \$2.13/hr, so all minimum wage earners would earn the same, fair wage (\$10/hr in 2019, \$11/hr in 2020, \$12 in 2021, and indexed to inflation in 2022) plus tips if the employee is a tipped worker.

FACT HB 31 DOES NOT TAKE TIPS AWAY FROM WORKERS. EMPLOYERS TAKING EMPLOYEES' TIPS IS ILLEGAL.

Federal law prohibits that.¹ If an employer takes an employee's tips, the employee can sue the employer for twice the amount that was taken.² In addition, the U.S. Department of Labor can fine the employer \$1,100 per violation.³

FACT UNDER ANY CIRCUMSTANCE, STEALING TIPS FROM WORKERS IS BAD FOR BUSINESS.

As the National Restaurant Association has explained, "Even if permitted under state law, a decision by a restaurant to retain some or all of the customer tips ... would be unpopular with employees and guests alike, and it could severely damage the public's perception of the restaurant."⁴

In other states that have eliminated the subminimum wage for tipped workers, tips function as they should—as supplemental income over and above wages in recognition of good service.

¹ "An employer may not keep tips received by its employees for any purposes, including allowing managers or supervisors to keep any portion of employees' tips, regardless of whether or not the employer takes a tip credit." 29 U.S.C. § 203(m)(2)(B).

² 29 U.S.C. § 216(b).

³ 29 U.S.C. § 216(e)(2).

⁴ Comment on Tip Regulations Under the Fair Labor Standards Act (FLSA), 82 Fed. Reg. 57,395 (proposed Dec. 5, 2017) (to be codified at 29 C.F.R. pt. 531) at 7, available at <https://www.regulations.gov/document?D=WHD-2017-0003-216429>.