

SENATE BILL REPORT

SHB 1583

As Reported By Senate Committee On:
Consumer Protection & Housing, March 27, 2007

Title: An act relating to disclosure of the percentage of automatic service charges paid to servers.

Brief Description: Requiring disclosure to customers of the percentage of automatic service charges paid to servers.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Moeller, Conway, Darneille, Wood, Green, Ormsby and Morrell).

Brief History: Passed House: 3/12/07, 91-7.

Committee Activity: Consumer Protection & Housing: 3/20/07, 3/27/07 [DP, DNP].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: Do pass.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Haugen, Jacobsen, Kilmer and Tom.

Minority Report: Do not pass.

Signed by Senator Delvin.

Staff: Vanessa Firnhaber-Baker (786-7471)

Background: Some businesses, such as restaurants and hotels, automatically charge customers a service fee that is paid directly to employees who have served the customer. Under current law, businesses are not required to disclose the percentage of the bill that is an automatic service charge.

Summary of Substitute Bill: Service-oriented businesses, such as restaurants, bars, convention centers, and hotels, must disclose to customers the percentage of the bill that is paid directly to employees serving the customer as a gratuity or service charge. The disclosure must be in an itemized receipt and in any menu that the business provides. The service charges or gratuities that must be disclosed are defined as a separately designated amount that is collected by the business for services provided by the employees, or that is described in such a way that customers might reasonably believe that the amounts are for such services. These service charges are amounts that are in addition to the hourly wages paid to the employee. Examples include charges designated as services charges, gratuities, delivery charges, and portage charges.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill requires that businesses disclose where so-called "service charges" go. Customers will then know whether their servers are actually receiving these fees. Customers often assume that a service charge goes directly to their server and that they do not need to leave an additional tip. However, some businesses do not pass these charges to the server.

Persons Testifying: PRO: Representative Moeller, prime sponsor; Peggy Whitlock, Unite Here.