
**Labor & Workforce Development
Committee**

HB 2497

Brief Description: Regulating the minimum hourly wage of tipped employees.

Sponsors: Representatives Condotta, Warnick, Shea, Taylor, Fagan, Ross and Alexander.

Brief Summary of Bill

- Permits employers to pay tipped employees \$7.25 per hour if the employee receives an additional amount in tips equal to the difference between the state minimum wage and \$7.25 per hour.

Hearing Date: 1/31/12

Staff: Alexa Silver (786-7190).

Background:

In general, employers covered under the federal Fair Labor Standards Act (FLSA) are required to pay their employees no less than the federal minimum wage rate, which is currently \$7.25 per hour. However, the FLSA allows employers to pay tipped employees a minimum of \$2.13 per hour so long as the total of \$2.13 and tips is not less than the federal minimum wage rate. If the total is less than the federal minimum wage rate, the employer must make up the difference.

Employers covered under the state Minimum Wage Act are required to pay their employees who are 18 years or older no less than the state minimum wage rate, which is currently \$9.04 per hour. Pursuant to Initiative 688, the Department of Labor and Industries (Department) adjusts the state minimum wage rate for inflation each year. The Department interprets the Minimum Wage Act as prohibiting tip credits.

Laws in other states vary as follows:

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.

- Seven states, including Washington, do not allow tip credits. (Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington.)
- Thirty-seven states and the District of Columbia allow tip credits. (Arizona, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, and Wyoming.)
- One state exempts tipped employees from coverage under the state minimum wage law. (Georgia.)
- Five states do not have minimum wage laws. (Alabama, Louisiana, Mississippi, South Carolina, and Tennessee.)

Summary of Bill:

Employers may pay tipped employees who are 18 years or older at a rate of \$7.25 per hour if the employee receives an additional amount in tips. The additional amount received in tips must be at least equal to the difference between the state minimum wage rate and \$7.25.

A "tipped employee" is an employee who regularly and customarily receives tips.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.