



# House of Representatives

General Assembly

**File No. 270**

*January Session, 2001*

Substitute House Bill No. 6557

*House of Representatives, April 12, 2001*

The Committee on Labor and Public Employees reported through REP. DONOVAN of the 84th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT MAKING TECHNICAL REVISIONS TO CERTAIN LABOR STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (5) of subsection (b) of section 31-3h of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof:

4 (5) Implementing the federal Workforce Investment Act of 1998, P.L.  
5 105-220, as from time to time amended. Such implementation shall  
6 include (A) developing, in consultation with the regional workforce  
7 development boards, a single Connecticut workforce development  
8 plan that (i) complies with the provisions of said act and section 31-  
9 11p, and (ii) includes comprehensive state performance measures for  
10 workforce development activities specified in Title I of the federal  
11 Workforce Investment Act of 1998, P.L. 105-220, as from time to time  
12 amended, which performance measures comply with the requirements

13 of CFR Part 666.10, (B) preparing and submitting a report on the state's  
14 progress in achieving such performance measures to the Governor and  
15 the General Assembly [on or before said date and annually thereafter]  
16 annually on January thirty-first, (C) making recommendations to the  
17 General Assembly concerning the allocation of funds received by the  
18 state under said act and making recommendations to the regional  
19 workforce development boards concerning the use of formulas in  
20 allocating such funds to adult employment and job training activities  
21 and youth activities, as specified in said act, (D) providing oversight  
22 and coordination of the state-wide employment statistics system  
23 required by said act, (E) as appropriate, recommending to the  
24 Governor that the Governor apply for workforce flexibility plans and  
25 waiver authority under said act, after consultation with the regional  
26 workforce development boards, (F) developing performance criteria  
27 for regional workforce development boards to utilize in creating a list  
28 of eligible providers, and (G) on or before December 31, 1999,  
29 developing a uniform individual training accounts voucher system  
30 that shall be used by the regional workforce development boards to  
31 pay for training of eligible workers by eligible providers, as required  
32 under said act.

33 Sec. 2. Subsection (b) of section 31-60 of the general statutes is  
34 repealed and the following is substituted in lieu thereof:

35 (b) The Labor Commissioner shall adopt such regulations, in  
36 accordance with the provisions of chapter 54, as may be appropriate to  
37 carry out the purposes of this part. Such regulations may include, but  
38 are not limited to, regulations defining and governing an executive,  
39 administrative or professional employee and outside salesperson;  
40 learners and apprentices, their number, proportion and length of  
41 service; piece rates in relation to time rates; and shall recognize, as part  
42 of the minimum fair wage, gratuities in an amount equal to  
43 twenty-three per cent of the minimum fair wage per hour for persons  
44 employed in the hotel and restaurant industry, including a hotel

45 restaurant, and not to exceed thirty-five cents per hour in any other  
46 industry, and shall also recognize deductions and allowances for the  
47 value of board, in the amount of eighty-five cents for a full meal and  
48 forty-five cents for a light meal, lodging, apparel or other items or  
49 services supplied by the employer; and other special conditions or  
50 circumstances which may be usual in a particular employer-employee  
51 relationship. [Notwithstanding the provisions of this subsection, such  
52 regulations shall provide that during the period commencing January  
53 1, 2001, and ending December 31, 2002, the minimum wage for persons  
54 employed in the hotel and restaurant industry, including a hotel  
55 restaurant, who customarily and regularly receive gratuities shall be  
56 four dollars and seventy-four cents per hour, except during said period  
57 the minimum wage for bartenders who customarily and regularly  
58 receive gratuities shall be six dollars and fifteen cents per hour.]  
59 Notwithstanding the provisions of this subsection: (1) For the period  
60 commencing January 1, 2001, and ending December 31, 2001, such  
61 regulations shall recognize, as part of the minimum fair wage,  
62 gratuities in an amount equal to (A) twenty-six per cent of the  
63 minimum fair wage per hour for persons employed in the hotel and  
64 restaurant industry, including a hotel restaurant, and (B) three and  
65 nine-tenths per cent of the minimum fair wage per hour for persons  
66 employed as bartenders who customarily and regularly receive  
67 gratuities; and (2) for the period commencing January 1, 2002, and  
68 ending December 31, 2002, such regulations shall recognize, as part of  
69 the minimum fair wage, gratuities in an amount equal to (A) twenty-  
70 nine and three-tenths per cent of the minimum fair wage per hour for  
71 persons employed in the hotel and restaurant industry, including a  
72 hotel restaurant, and (B) eight and two-tenths per cent of the minimum  
73 fair wage per hour for persons employed as bartenders who  
74 customarily and regularly receive gratuities. The commissioner may  
75 provide, in such regulations, modifications of the minimum fair wage  
76 herein established for learners and apprentices; persons under the age  
77 of eighteen years; and for such special cases or classes of cases as the

78 commissioner finds appropriate to prevent curtailment of employment  
79 opportunities, avoid undue hardship and safeguard the minimum fair  
80 wage herein established. Regulations in effect on July 1, 1973,  
81 providing for a board deduction and allowance in an amount differing  
82 from that provided in this section shall be construed to be amended  
83 consistent [herewith] with this section without the necessity of  
84 convening a wage board or amending said regulations.

85       Sec. 3. This act shall take effect from its passage.

**LAB       JOINT FAVORABLE SUBST.**

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Affected Agencies:** Department of Labor

**Municipal Impact:** None

**Explanation**

**State Impact:**

The bill eliminates the requirement that the Department of Labor issue regulations freezing the minimum hourly wage for tipped employees working in the hotel and restaurant industry until January 1, 2003, at \$2.74 and for bartenders at \$6.15. It increases the tip credit amount that may be deducted from the minimum wage of such employees so that the hourly wage employers must pay those employees is \$4.74 and \$6.15 respectively until January 1, 2003.

The bill also sets a specific date (January 31) by which the Connecticut Employment and Training Commission must submit its annual report to the Governor and the legislature concerning the state's progress in achieving performance measure concerning Workforce Investment Act programs.

There is a workload decrease for the Department of Labor associated with not being required to develop regulations freezing the minimum hourly wage for tipped employees.

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**OLR Bill Analysis**

sHB 6557

**AN ACT MAKING TECHNICAL REVISIONS TO CERTAIN LABOR STATUTES.**

**SUMMARY:**

This bill eliminates the requirement that the Labor Department issue regulations freezing until January 1, 2003, the minimum hourly wage for tipped hotel and restaurant industry employees, other than bartenders, at \$4.74 and for bartenders at \$6.15. But it increases the tip credit amount that may be deducted from the minimum wage of such employees so that the minimum hourly wage employers must pay these employees is \$4.74 and \$6.15, respectively until January 1, 2003.

The bill also sets a January 31 deadline for the Connecticut Employment and Training Commission (CETC) to submit its annual report to the governor and the legislature concerning the state's progress in achieving the performance measures developed in response to the Workforce Investment Act of 1998.

EFFECTIVE DATE: Upon passage

**TIP CREDIT**

Connecticut law requires employers to pay at least a minimum hourly wage to employees. However, under certain condition, some employers may take a credit toward the minimum wage for employees performing service duties and receiving tips.

Currently, the law requires the Labor Department regulations to grant restaurant and hotel employers a 23% credit against the minimum wage for certain tipped employees. This bill raises the credit from 23% to 26% during 2001, and to 29.3% during 2002, except for bartenders. It establishes a tip credit for bartenders of 3.9% during 2001 and 8.2% during 2002. As a result of the increase, tipped employees in the

restaurant and hotel industry (except bartenders) receive \$4.74 per hour (plus tips) in 2001 and 2002. Bartenders receive \$6.15 per hour (plus tips) in 2001 and 2002.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 12      Nay 0