



House of Representatives

General Assembly

File No. 62

February Session, 2004

House Bill No. 5394

House of Representatives, March 15, 2004

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING GRATUITIES IN THE HOTEL AND RESTAURANT INDUSTRY.

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

1 Section 1. Subsection (b) of section 31-60 of the general statutes, as
2 amended by section 91 of public act 03-278, is repealed and the
3 following is substituted in lieu thereof (*Effective January 1, 2005*):

4 (b) The Labor Commissioner shall adopt such regulations, in
5 accordance with the provisions of chapter 54, as may be appropriate to
6 carry out the purposes of this part. Such regulations may include, but
7 are not limited to, regulations defining and governing an executive,
8 administrative or professional employee and outside salesperson;
9 learners and apprentices, their number, proportion and length of
10 service; and piece rates in relation to time rates; and shall recognize, as
11 part of the minimum fair wage, gratuities in an amount [equal to
12 twenty-three per cent of the minimum fair wage per hour for persons
13 employed in the hotel and restaurant industry, including a hotel

14 restaurant, and] (1) equal to twenty-nine and three-tenths per cent of
 15 the minimum fair wage per hour for persons, other than bartenders,
 16 who are employed in the hotel and restaurant industry, including a
 17 hotel restaurant, who customarily and regularly receive gratuities, (2)
 18 equal to eight and two-tenths per cent of the minimum fair wage per
 19 hour for persons employed as bartenders who customarily and
 20 regularly receive gratuities, and (3) not to exceed thirty-five cents per
 21 hour in any other industry, and shall also recognize deductions and
 22 allowances for the value of board, in the amount of eighty-five cents
 23 for a full meal and forty-five cents for a light meal, lodging, apparel or
 24 other items or services supplied by the employer; and other special
 25 conditions or circumstances which may be usual in a particular
 26 employer-employee relationship. [Notwithstanding the provisions of
 27 this subsection, for the period commencing January 1, 2002, and
 28 ending December 31, 2004, such regulations shall recognize, as part of
 29 the minimum fair wage, gratuities in an amount equal to (1) twenty-
 30 nine and three-tenths per cent of the minimum fair wage per hour for
 31 persons employed in the hotel and restaurant industry, including a
 32 hotel restaurant, who customarily and regularly receive gratuities, and
 33 (2) eight and two-tenths per cent of the minimum fair wage per hour
 34 for persons employed as bartenders who customarily and regularly
 35 receive gratuities.] The commissioner may provide, in such
 36 regulations, modifications of the minimum fair wage herein
 37 established for learners and apprentices; persons under the age of
 38 eighteen years; and for such special cases or classes of cases as the
 39 commissioner finds appropriate to prevent curtailment of employment
 40 opportunities, avoid undue hardship and safeguard the minimum fair
 41 wage herein established. Regulations in effect on July 1, 1973,
 42 providing for a board deduction and allowance in an amount differing
 43 from that provided in this section shall be construed to be amended
 44 consistent with this section without the necessity of convening a wage
 45 board or amending such regulations.

This act shall take effect as follows:	
Section 1	January 1, 2005

LAB *Joint Favorable*

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:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill will result in no additional cost to the Department of Labor as it makes permanent a temporary provision that increased the tip credit for hotel and restaurant employers.

OLR Bill Analysis

HB 5394

AN ACT CONCERNING GRATUITIES IN THE HOTEL AND RESTAURANT INDUSTRY**SUMMARY:**

This bill makes permanent the temporary tip credit for hotel and restaurant employers by removing the sunset clause enacted when the credit was changed three years ago. The credit allows hotels and restaurants to pay service employees and bartenders less than minimum wage as long as tips make up the difference.

Under the temporary provision, the tip credit is 29.3% for hotel and restaurant service employees, and 8.2% for bartenders, who regularly receive tips. By law, these provisions will expire on December 31, 2004, at which point the service employees' tip credit will revert to 23% and the bartenders' tip credit will expire.

EFFECTIVE DATE: January 1, 2005

BACKGROUND***Minimum Wage and the Tip Credit***

The current minimum wage is \$7.10 an hour. With the tip credit, the minimum is \$5.02 for service employees and \$6.52 for bartenders.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Report

Yea 10 Nay 4