



Senate

General Assembly

File No. 116

January Session, 2009

Substitute Senate Bill No. 222

Senate, March 19, 2009

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE TIP CREDIT.

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

1 Section 1. Section 31-60 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2010*):

3 (a) Any employer who pays or agrees to pay to an employee less
4 than the minimum fair wage or overtime wage shall be deemed in
5 violation of the provisions of this part.

6 (b) The Labor Commissioner shall adopt such regulations, in
7 accordance with the provisions of chapter 54, as may be appropriate to
8 carry out the purposes of this part. Such regulations may include, but
9 are not limited to, regulations defining and governing an executive,
10 administrative or professional employee and outside salesperson;
11 learners and apprentices, their number, proportion and length of
12 service; and piece rates in relation to time rates; and shall recognize, as
13 part of the minimum fair wage, gratuities in an amount (1) equal to

14 twenty-nine and three-tenths per cent, and effective January 1, 2009,
15 equal to thirty-one per cent, and effective January 1, 2010, equal to
16 thirty-three and one-tenth per cent of the minimum fair wage per hour
17 for persons, other than bartenders, who are employed in the hotel and
18 restaurant industry, including a hotel restaurant, who customarily and
19 regularly receive gratuities, (2) equal to eight and two-tenths per cent,
20 and effective January 1, 2009, equal to eleven per cent, and effective
21 January 1, 2010, equal to thirteen and seventy-five hundredths per cent
22 of the minimum fair wage per hour for persons employed as
23 bartenders who customarily and regularly receive gratuities, and (3)
24 not to exceed thirty-five cents per hour in any other industry, and shall
25 also recognize deductions and allowances for the value of board, in the
26 amount of eighty-five cents for a full meal and forty-five cents for a
27 light meal, lodging, apparel or other items or services supplied by the
28 employer; and other special conditions or circumstances which may be
29 usual in a particular employer-employee relationship. The
30 commissioner may provide, in such regulations, modifications of the
31 minimum fair wage herein established for learners and apprentices;
32 persons under the age of eighteen years; and for such special cases or
33 classes of cases as the commissioner finds appropriate to prevent
34 curtailment of employment opportunities, avoid undue hardship and
35 safeguard the minimum fair wage herein established. Regulations in
36 effect on July 1, 1973, providing for a board deduction and allowance
37 in an amount differing from that provided in this section shall be
38 construed to be amended consistent with this section without the
39 necessity of convening a wage board or amending such regulations.

40 (c) Regulations adopted by the commissioner pursuant to
41 subsection (b) of this section which define executive, administrative
42 and professional employees shall be updated not later than October 1,
43 2000, and every four years thereafter, to specify that such persons shall
44 be compensated on a salary basis at a rate determined by the Labor
45 Commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2010</i>	31-60

LAB *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill increases the tip credit for employers in the hotel and restaurant industries, and for employers of bartenders. This will not result in a fiscal impact to the state.

OLR Bill Analysis**sSB 222*****AN ACT CONCERNING THE TIP CREDIT.*****SUMMARY:**

By law, what is known as the employer tip credit allows hotels and restaurants to pay service employees and bartenders, who customarily and regularly receive tips, less than minimum wage as long as the tips make up the difference. The bill increases, (1) from 31% to 33.1%, the tip credit for hotel and restaurant service employees (other than bartenders), and (2) from 11% to 13.75%, the tip credit for bartenders. Under the bill, an employer could pay a service employee 33.1% less than the minimum wage and a bartender 13.75% less than minimum as long as the employee's tips bring the wage up to at least the minimum. The bill's change to the tip credit leaves the hourly wage the same for these workers after the minimum wage rate increases to \$8.25 an hour on January 1, 2010.

EFFECTIVE DATE: January 1, 2010

HOTEL AND RESTAURANT TIP CREDIT

The state minimum wage is set by law to increase from \$8.00 an hour to \$8.25 an hour on January 1, 2010. Table 1 shows how the bill will change the tip credit on the same date the minimum wage increases. Under current law with the \$8.00 an hour minimum wage, the hourly minimum wage with the tip credit is \$7.12 for bartenders and \$5.52 for service employees. Thus the minimum wage with the tip credit adjustment will remain the same after the increase to \$8.25.

Table 1: Tip Credit Impact on Minimum Wage

	<i>Minimum Hourly Wage as of 1/1/10</i>	<i>Hourly Wage with Tip Credit</i>

		<i>Current Law</i>	<i>The Bill</i>
Bartenders	\$8.25	\$7.34	\$7.12
Waiters, waitresses, and other tipped service employees	\$8.25	\$5.69	\$5.52

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 9 Nay 1 (03/05/2009)