
OLR Bill Analysis

sHB 5291 (as amended by House "A")*

AN ACT CONCERNING THE MINIMUM WAGE.

SUMMARY:

This bill raises the hourly minimum wage from its current \$8.25 to \$8.50 on January 1, 2013, and from \$8.50 to \$8.75 on January 1, 2014.

It also adjusts the minimum wage "tip credit," which allows employers to use the tips certain employees receive to satisfy a portion of their minimum wage requirement. Together with the increases to the minimum wage, the adjustments increase the employer's share of the hotel and wait staff wage from its current \$5.69 to \$5.80 in 2013, keeps it at \$5.80 in 2014, then raises it to \$6.04 in 2015. The bill keeps the employer's share of a bartender's minimum wage at its current \$7.34 in 2013 and 2014, then raises it to \$7.79 in 2015.

The law, unchanged by the bill, allows learners, beginners, and people under age 18 to be paid 85% of the minimum wage for the first 200 hours of their employment. In effect, the bill's minimum wage increases raise this wage from its current \$7.01 to \$7.23 in 2013, and to \$7.44 in 2014.

*House Amendment "A" replaces the original bill (File 141), which (1) increased the minimum wage to \$8.75 in 2013, and \$9.25 in 2014, (2) required annual minimum wage adjustments based on the Consumer Price Index starting in 2015, (3) adjusted the tip credit, and (4) increased the amount that could be recovered from employers who violated minimum wage and overtime laws.

EFFECTIVE DATE: January 1, 2013

TIP CREDIT

The law allows the employers of hotel and restaurant staff and bartenders who customarily receive tips to count these employees' tips

as a portion of their minimum wage requirement. This “tip credit” lowers the employer’s share of the minimum wage, as long as the employee’s tips make up the difference. Current law allows tips to comprise 31% (\$2.56) of the minimum wage for hotel and restaurant employees, and 11% (\$0.91) of the minimum wage for bartenders, leaving their employers’ shares of the wage at \$5.69 and \$7.34, respectively.

The bill adjusts the hotel and restaurant employees tip credit to (1) 31.76% on January 1, 2013; (2) 33.71% on January 1, 2014; and (3) 31% on January 1, 2015. Together with the bill’s minimum wage increases, this makes the employer’s share of the hotel and restaurant employees’ minimum wage \$5.80 in 2013 and 2014, and \$6.04 in 2015. Table 1 shows how the bill’s changes to the tip credit affect the employer’s share of the hotel and restaurant employees’ minimum wage.

Table 1: The hotel and restaurant employees’ tip credit

Year	Min. Wage	Tip Credit (%)	Tip Credit (\$)	Employer’s Share of Wage
2012 (current law)	\$8.25	31%	(\$8.25 x .31) \$2.56	(\$8.25 - \$2.56) \$5.69
2013 (the bill)	\$8.50	31.76%	(\$8.50 x .3176) \$2.70	(\$8.50 - \$2.70) \$5.80
2014 (the bill)	\$8.75	33.71%	(\$8.75 x .3371) \$2.95	(\$8.75 - \$2.95) \$5.80
2015 (the bill)	\$8.75	31%	(\$8.75 x .31) \$2.71	(\$8.75 - \$2.71) \$6.04

The bill adjusts the bartenders’ tip credit to (1) 13.65% on January 1, 2013; (2) 16.11% on January 1, 2014; and (3) 11% on January 1, 2015. With the bill’s minimum wage increases, these changes keep the employer’s share of a bartender’s minimum wage at its current \$7.34 in 2013 and 2014, and increase it to \$7.79 in 2015. Table 2 shows how the bill’s changes to the tip credit affect the employer’s share of the bartenders’ minimum wage.

Table 2: The bartenders’ tip credit

Year	Min. Wage	Tip Credit (%)	Tip Credit (\$)	Employer’s Share of Wage
2012	\$8.25	11%	(\$8.25 x .11)	(\$8.25 - \$0.91)

(current law)			\$0.91	\$7.34
2013 (the bill)	\$8.50	13.65%	(\$8.50 x .1365) \$1.16	(\$8.50 - \$1.16) \$7.34
2014 (the bill)	\$8.75	16.11%	(\$8.75 x .1611) \$1.41	(\$8.75 - \$1.41) \$7.34
2015 (the bill)	\$8.75	11%	(\$8.75 x .11) \$0.96	(\$8.75 - \$0.96) \$7.79

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8 Nay 3 (03/15/2012)

Appropriations Committee

Joint Favorable

Yea 29 Nay 20 (04/13/2012)