



Senate

General Assembly

File No. 266

February Session, 2014

Substitute Senate Bill No. 60

Senate, April 2, 2014

The Committee on Labor and Public Employees reported through SEN. HOLDER-WINFIELD of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING EMPLOYEE GRATUITIES.

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

1 Section 1. Section 31-60 of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2014*):

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

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

14 part of the minimum fair wage, gratuities in an amount (1) equal to
15 twenty-nine and three-tenths per cent, and effective January 1, 2009,
16 equal to thirty-one per cent of the minimum fair wage per hour, and
17 effective January 1, 2014, equal to thirty-four and six-tenths per cent of
18 the minimum fair wage per hour, and effective January 1, 2015, equal
19 to thirty-six and eight-tenths per cent of the minimum fair wage per
20 hour, and effective January 1, 2016, equal to thirty-three per cent of the
21 minimum fair wage per hour, and effective January 1, 2017, equal to
22 thirty per cent of the minimum fair wage per hour for persons, other
23 than bartenders, who are employed in the hotel and restaurant
24 industry, including a hotel restaurant, who customarily and regularly
25 receive gratuities, (2) equal to eight and two-tenths per cent, and
26 effective January 1, 2009, equal to eleven per cent of the minimum fair
27 wage per hour, and effective January 1, 2014, equal to fifteen and six-
28 tenths per cent of the minimum fair wage per hour, and effective
29 January 1, 2015, equal to eighteen and one-half per cent of the
30 minimum wage per hour for persons employed as bartenders who
31 customarily and regularly receive gratuities, and (3) not to exceed
32 thirty-five cents per hour in any other industry, [and] except that if an
33 employer imposes a surcharge on or reduces the gratuity paid to any
34 employee through a credit card transaction, such gratuity shall not be
35 recognized as part of the minimum fair wage. The commissioner shall
36 also recognize deductions and allowances for the value of board, in the
37 amount of eighty-five cents for a full meal and forty-five cents for a
38 light meal, lodging, apparel or other items or services supplied by the
39 employer; and other special conditions or circumstances which may be
40 usual in a particular employer-employee relationship. The
41 commissioner may provide, in such regulations, modifications of the
42 minimum fair wage herein established for learners and apprentices;
43 persons under the age of eighteen years; and for such special cases or
44 classes of cases as the commissioner finds appropriate to prevent
45 curtailment of employment opportunities, avoid undue hardship and
46 safeguard the minimum fair wage herein established. Regulations in
47 effect on July 1, 1973, providing for a board deduction and allowance
48 in an amount differing from that provided in this section shall be

49 construed to be amended consistent with this section.

50 (c) Regulations adopted by the commissioner pursuant to
51 subsection (b) of this section which define executive, administrative
52 and professional employees shall be updated not later than October 1,
53 2000, and every four years thereafter, to specify that such persons shall
54 be compensated on a salary basis at a rate determined by the Labor
55 Commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</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, which decreases the minimum wage "tip credit" for hotel and restaurant service employees and prohibits certain surcharges on employees' tips paid through a credit card transaction, does not result in any fiscal impact to the state or municipalities.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sSB 60****AN ACT CONCERNING EMPLOYEE GRATUITIES.****SUMMARY:**

This bill decreases the minimum wage “tip credit” for hotel and restaurant service employees (e.g., waiters and waitresses, but not bartenders) from 36.8% to 33% on January 1, 2016, and to 30% on January 1, 2017. The tip credit allows hotels and restaurants to pay service employees, who customarily and regularly receive tips, less than minimum wage, as long as tips make up the difference. In effect, the bill requires hotels and restaurants to pay their service employees at least 67% of the minimum wage in 2016 (\$6.43) and 70% of the minimum wage in 2017 (\$7.07). (By law, the tip credit will increase from its current 34.6% to 36.8% on January 1, 2015. Under PA 14-1, the minimum wage will increase from \$8.70 to \$9.15 in 2015, to \$9.60 in 2016, and to \$10.10 in 2017.)

The bill also prohibits the employers of any tipped employees from applying the tip credit if they reduce or impose a surcharge on an employee’s tips paid through a credit card transaction.

EFFECTIVE DATE: October 1, 2014

SERVICE EMPLOYEE TIP CREDIT

Table 1 shows how the bill’s decreases to the service employees’ tip credit increase the restaurant’s or hotel’s share of the service employee’s minimum wage, as long as the employee’s tips make up the difference.

Table 1: The Service Employee’s Tip Credit

<i>Year</i>	<i>Minimum Wage</i>	<i>Tip Credit</i>	<i>Employer’s Share</i>
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2014 (current law)	\$8.70	34.6% (\$8.70 x .346 = \$3.01)	\$5.69 (\$8.70 - \$3.01)
2015 (PA 14-1)	\$9.15	36.8% (\$9.15 x .368 = \$3.37)	\$5.78 (\$9.15 - \$3.37)
2016 (PA 14-1and the bill)	\$9.60	33% (\$9.60 x .33 = \$3.17)	\$6.43 (\$9.60 - \$3.17)
2017 (PA 14-1and the bill)	\$10.10	30% (\$10.10 x .30 = \$3.03)	\$7.07 (\$10.10 - \$3.03)

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 7 Nay 3 (03/18/2014)