

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 14-1—SB 32**

*Labor and Public Employees Committee  
Appropriations Committee*

**AN ACT CONCERNING WORKING FAMILIES’ WAGES**

**SUMMARY:** This act increases the state’s minimum hourly wage from \$8.70 to (1) \$9.15 on January 1, 2015, (2) \$9.60 on January 1, 2016, and (3) \$10.10 on January 1, 2017. Prior law increased it to \$9.00 on January 1, 2015.

The act does not change the “tip credit” allowed by law. Thus, it will automatically increase the employer’s share of minimum wages for (1) hotel and wait staff from \$5.69 to \$5.78 in 2015, \$6.07 in 2016, and \$6.38 in 2017 and (2) bartenders from \$7.34 to \$7.46 in 2015, \$7.82 in 2016, and \$8.23 in 2017.

The law also allows employers to pay learners, beginners, and people younger than age 18 at a rate equal to 85% of the minimum wage for their first 200 hours of employment. The act effectively increases the learner’s wage from \$7.40 to \$7.78 in 2015, \$8.16 in 2016, and \$8.59 in 2017.

EFFECTIVE DATE: July 1, 2014

**TIP CREDIT**

The law provides a “tip credit” to employers of hotel and restaurant staff and bartenders who customarily receive tips. This credit allows employers to count these employees’ tips as a percentage of their minimum wage requirement, thus reducing the employer’s share of the minimum wage, as long as the tips make up the difference. Because the act does not change the tip credit percentage (which, by law, will increase in 2015), its increases in the minimum wage will raise the amount that employers must pay towards their tipped employees’ minimum wage requirements as shown in Tables 1 and 2.

**Table 1: Hotel and Restaurant Employees’ Tip Credit**

<b>Year</b>	<b>Minimum Wage</b>	<b>Tip Credit</b>	<b>Employer’s Share</b>
<b>2014</b>	\$8.70	34.6% (\$8.70 x .346 = \$3.01)	\$5.69 (\$8.70 – \$3.01)
<b>2015</b> (prior law)	\$9.00	36.8% (\$9.00 x .368 = \$3.31)	\$5.69 (\$9.00 - \$3.31)
<b>2015</b> (the act)	\$9.15	36.8% (\$9.15 x .368 = \$3.37)	\$5.78 (\$9.15 – \$3.37)
<b>2016</b> (the act)	\$9.60	36.8% (\$9.60 x .368 = \$3.53)	\$6.07 (\$9.60-\$3.53)
<b>2017</b> (the act)	\$10.10	36.8% (\$10.10 x .368 = \$3.72)	\$6.38 (\$10.10 - \$3.72)

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Table 2: Bartenders' Tip Credit

<b>Year</b>	<b>Minimum Wage</b>	<b>Tip Credit</b>	<b>Employer's Share</b>
<b>2014</b>	\$8.70	15.6% ( $\$8.70 \times .156 = \$1.36$ )	\$7.34 ( $\$8.70 - \$1.36$ )
<b>2015</b> (prior law)	\$9.00	18.5% ( $\$9.00 \times .185 = \$1.66$ )	\$7.34 ( $\$9.00 - \$1.66$ )
<b>2015</b> (the act)	\$9.15	18.5% ( $\$9.15 \times .185 = \$1.69$ )	\$7.46 ( $\$9.15 - \$1.69$ )
<b>2016</b> (the act)	\$9.60	18.5% ( $\$9.60 \times .185 = \$1.78$ )	\$7.82 ( $\$9.60 - \$1.78$ )
<b>2017</b> (the act)	\$10.10	18.5% ( $\$10.10 \times .185 = \$1.87$ )	\$8.23 ( $\$10.10 - \$1.87$ )

OLR Tracking: LRH:KM:JKL:ro