



House of Representatives

General Assembly

File No. 91

January Session, 2017

House Bill No. 7085

House of Representatives, March 20, 2017

The Committee on Labor and Public Employees reported through REP. PORTER of the 94th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING CREDIT CARD TRANSACTIONS AND GRATUITIES.

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 Section 31-60 of the general statutes is repealed and the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 October 1, 2017*):

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

46 (c) Regulations adopted by the commissioner pursuant to
47 subsection (b) of this section which define executive, administrative
48 and professional employees shall be updated not later than October 1,

49 2000, and every four years thereafter, to specify that such persons shall
50 be compensated on a salary basis at a rate determined by the Labor
51 Commissioner.

52 Sec. 2. (NEW) (*Effective from passage*) Any employer, who imposes a
53 surcharge on or reduces the gratuity paid to any employee through a
54 credit card transaction, shall post notice of such surcharge or reduction
55 in a prominent place on the premises of such employer notifying the
56 patrons of such employer of such surcharge or reduction.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	31-60
Sec. 2	<i>from passage</i>	New section

LAB *Joint Favorable*

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 excludes tips that have been adjusted based on credit card transaction fees from an employer's "tip credit" calculation towards minimum wage, does not result in a fiscal impact to the state or municipalities.

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

OLR Bill Analysis**HB 7085*****AN ACT CONCERNING CREDIT CARD TRANSACTIONS AND GRATUITIES.*****SUMMARY**

This bill prohibits employers from applying the “tip credit” to a tip paid to an employee through a credit card if the employer reduces the tip or imposes a surcharge on it. It also requires employers who reduce or impose a surcharge on credit card tips to post a notice notifying patrons about the practice in a prominent place on their premises.

By law, the tip credit allows employers to count their employees' tips as a portion of their minimum wage requirement. This reduces the employer's share of the minimum wage, as long as the tips make up the difference between the hourly wage paid and minimum wage.

EFFECTIVE DATE: the notice requirement is effective upon passage and the credit card tip credit provision is effective October 1, 2017.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 8 Nay 5 (03/02/2017)