

2016 -- H 7630

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO LABOR AND LABOR RELATIONS— TIP PROTECTION

Introduced By: Representatives Shekarchi, McEntee, Keable, Regunberg, and
Maldonado

Date Introduced: February 12, 2016

Referred To: House Labor

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 28 of the General Laws entitled "LABOR AND LABOR
2 RELATIONS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 14.1

4 TIP PROTECTION

5 **28-14.1-1. Definitions.** – Whenever used in this chapter:

6 (1) "Employer" means any individual, firm, partnership, association, joint stock
7 company, trust, corporation, receiver, or other like officer appointed by a court of this state, and
8 any agent or officer of any of the previously mentioned classes, employing any person in this
9 state.

10 (2) "Service charge" means a compulsory fee charged by an employer to a patron.

11 (3) "Tip" means voluntary monetary compensation received directly or indirectly by the
12 employee for services rendered.

13 (4) "Tipped employee" means any employee engaged in an occupation in which they
14 customarily and regularly receives more than thirty dollars (\$30.00) a month in tips.

15 **28-14.1-2. Restrictions on tip pooling.** – (a) A tip is the sole property of the tipped
16 employee. Any arrangement between the employer and the tipped employee whereby any part of
17 the tip received becomes the property of the employer is prohibited.

18 (b) The requirement that an employee must retain all tips does not preclude a valid tip
19 pooling or sharing arrangement among employees who customarily and regularly receive tips.

1 (1) An employer must notify its employees of any required tip pool contribution amount,
2 may only take a tip credit for the amount of tips each employee ultimately receives, and may not
3 retain any of the employees' tips for any other purpose.

4 **28-14.1-3. Service charges.** – Service charges are part of the employer's gross receipts.
5 Sums distributed to employees from service charges cannot be counted as tips received, but may
6 be used to satisfy the employer's minimum wage and overtime requirements pursuant to the
7 provisions of §§28-12-4.1 and 28-12-5. If an employee receives tips in addition to the compulsory
8 service charge, those tips may be considered in determining whether the employee is a tipped
9 employee and in the application of the tip credit.

10 **28-14.1-4. Credit cards.** – Where tips are charged on a credit card and the employer
11 must pay the credit card company a percentage on each sale, the employer may deduct that
12 percentage from the employee's tips, provided that the employer notifies the employee of the
13 deduction. This charge on the tip may not reduce the employee's wage below the required
14 minimum wage. The amount due the employee must be paid no later than the regular pay day and
15 may not be held while the employer is awaiting reimbursement from the credit card company.

16 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO LABOR AND LABOR RELATIONS— TIP PROTECTION

1 This act would prohibit employers from receiving any portion of the tips given by
2 customers to their tipped employees.

3 This act would take effect upon passage.

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