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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

A N A C T

RELATING TO LABOR AND LABOR RELATIONS - MINIMUM WAGE--GRATUITIES

Introduced By: Representatives Walsh, Ajello, Lombardi, Hull, and Fogarty

Date Introduced: February 06, 2020

Referred To: House Labor

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 28-12-5 of the General Laws in Chapter 28-12 entitled "Minimum
2 Wages" is hereby amended to read as follows:

3 **28-12-5. Employees receiving gratuities.**

4 (a) Every employer shall pay to each of his or her employees who are engaged in any
5 work or employment in which gratuities have customarily and usually constituted a part of his or
6 her weekly income, the rate as provided by §§ 28-12-3 and 28-12-3.1.

7 (b) Allowance for gratuities as part of the hourly wage rate for restaurants, hotels, and
8 other industries, except taxicabs and limited public motor vehicles, shall be an amount equal to
9 the applicable minimum rates as provided by §§ 28-12-3 and 28-12-3.1 less two dollars and
10 eighty-nine cents (\$2.89) per hour. "Gratuities" means voluntary monetary compensation received
11 directly or indirectly by the employee for services rendered.

12 (c) Each employer desiring to deduct for gratuities as part of the minimum rates as
13 provided in §§ 28-12-3 and 28-12-3.1 wages paid to an employee shall provide substantial
14 evidence that the amount shall be set out in the formula in subsection (b) of this section; however,
15 the cash wage shall not be less than two dollars and eighty-nine cents (\$2.89) per hour; provided,
16 however, that commencing January 1, 2016, the cash wage shall increase by fifty cents (\$.50) to
17 an amount not less than three dollars and thirty-nine cents (\$3.39) per hour; provided further, that
18 commencing January 1, 2017, the cash wage shall increase by fifty cents (\$.50) to an amount not
19 less than three dollars and eighty-nine cents (\$3.89); provided, further, that commencing on

1 January 1, 2021, and year to year thereafter, the cash wage shall increase by fifty cents (\$.50) per
2 year until the cash wage is not less than two-thirds (2/3) of the minimum wage provided under §
3 28-12-3, and shall thereafter increase two-thirds (2/3) proportionally with any increase in the
4 minimum wage provided under § 28-12-3 per hour.

5 (d) The director of labor and training shall notify employers concerning what type of
6 proof shall be accepted as substantial evidence for the purpose of this subsection. Employees
7 involved shall be entitled to a hearing on the question of the amount of deduction if they so
8 desire.

9 (e) In cases where wages are figured by the employer on an incentive basis in such a
10 manner that an employee of reasonable average ability earns at least the minimum wage
11 established by §§ 28-12-3 and 28-12-3.1, it shall be taken that the employer has complied with
12 this statute. It shall be of no concern to the director of labor and training how the employer arrives
13 at its wage scale so long as it is not unreasonable in its demands on the employee.

14 (f) Where, in the case of the employment of a full-time student who has not attained his
15 or her nineteenth (19th) birthday engaged in the activities of a nonprofit association or
16 corporation, whose aims and objectives are religious, educational, librarial, or community service
17 in nature, the employer-employee relationship does exist, the employer shall pay to each such
18 employee wages at a rate of not less than ninety percent (90%) of the minimum wage as specified
19 in § 28-12-3. In case of any conflict between provisions of this section and those of § 28-12-3.1,
20 the provisions of § 28-12-3.1 shall govern.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would raise the minimum wage for tipped workers by fifty cents (\$.50) per year
2 commencing on January 1, 2021 until the tipped minimum wage is not less than two-thirds (2/3)
3 of the regular minimum wage.

4 This act would take effect upon passage.

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