

2020 -- H 7467

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO LABOR AND LABOR RELATIONS -- TIP PROTECTION

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. 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.**

6 Whenever used in this chapter:

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

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

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

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

16 **28-14.1-2. Restrictions on tip pooling.**

17 (a) A tip is the sole property of the tipped employee. Any arrangement between the
18 employer and the tipped employee whereby any part of the tip received becomes the property of
19 the employer is prohibited.

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

3 (1) An employer must notify its employees of any required tip pool contribution amount,
4 may only take a tip credit for the amount of tips each employee ultimately receives, and may not
5 retain any of the employees' tips for any other purpose, except as provided in § 28-14.1-4.

6 **28-14.1-3. Service charges.**

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

13 **28-14.1-4. Credit cards.**

14 Where tips are charged on a credit card and the employer must pay the credit card
15 company a percentage on each sale, the employer may deduct that percentage from the
16 employee's tips, provided that the employer notifies the employee of the deduction. This charge
17 on the tip may not reduce the employee's wage below the required minimum wage. The amount
18 due the employee must be paid no later than the regular pay day and may not be held while the
19 employer is awaiting reimbursement from the credit card company.

20 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, with limited exceptions for credit card service charges.
- 3 This act would take effect upon passage.

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