

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1027  
**Version:** As introduced

**DATE:** February 19, 2015

**Authors:** Garofalo and others

**Subject:** Minimum wage

**Analyst:** Ben Weeks

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

---

### Overview

Creates a new minimum-wage category for certain tipped employees. The bill also repeals the subdivision prohibiting the counting of employee tips toward minimum wage (i.e., tip credits).

#### Section

- 1**      **Creation of minimum-wage category for certain tipped employees.** Provides that an employer must pay an employee, who regularly receive tips of at least \$30 per month, one of two alternative minimum wages, depending on the amount of tips the employee receives during a pay period. (1) During a pay period in which an employee's tips average at least \$4 per hour, the employer must pay a minimum wage of \$8 per hour, for total compensation to the employee of at least \$12 per hour including tips. (2) During a pay period in which an employee's tips average less than \$4 per hour, the employer must pay the higher of the Minnesota or federal minimum wage. Currently, Minnesota's minimum wage is higher.

Tips, or gratuities, are defined in section 177.23, subd. 9, as including both voluntary amounts given to an employee and mandatory service charges.

The proposed section does not apply to employees covered under a collective bargaining agreement.
- 2**      **Tip credit prohibition repealed.** Repeals the subdivision in section 177.24 prohibiting the counting of employee tips toward minimum wage (i.e., tip credits).