
By: Delegates Barve and Gordon

Introduced and read first time: January 31, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Tipped Employees - Computation of Wages**

3 FOR the purpose of altering the method of computation of certain wages for certain
4 employees who receive tips to be consistent with the Federal Fair Labor Standards
5 Act; and generally relating to compensation of employees who receive tips.

6 BY repealing and reenacting, without amendments,
7 Article - Labor and Employment
8 Section 3-401(d)
9 Annotated Code of Maryland
10 (1991 Volume and 1996 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article - Labor and Employment
13 Section 3-419
14 Annotated Code of Maryland
15 (1991 Volume and 1996 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Labor and Employment**

19 3-401.

20 (d) "Federal Act" means the federal Fair Labor Standards Act of 1938.

21 3-419.

22 (a) (1) This section applies to each employee who:

23 (i) is engaged in an occupation in which the employee customarily and
24 regularly receives more than \$30 each month in tips;

25 (ii) has been informed by the employer about the provisions of this
26 section; and

27 (iii) has kept all of the tips that the employee received.

2

1 (2) Notwithstanding paragraph (1)(iii) of this subsection, this section does
2 not prohibit the pooling of tips.

3 (b) Subject to the limitations in this section, an employer may include, as part of
4 the wage of an employee to whom this section applies:

5 (1) an amount that the employer sets to represent the tips of the employee;
6 or

7 (2) if the employee or representative of the employee satisfies the
8 Commissioner that the employee received a lesser amount in tips, the lesser amount.

9 (c) The amount included under this section in the wage of an employee may not
10 exceed [50% of the minimum wage under this subtitle]THE AMOUNT PERMITTED
11 UNDER THE FEDERAL ACT for the employee.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1997.