

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 553

(Senator Getty)

Finance

Economic Matters

Tipped Employees - Payments or Deduction from Wages - Prohibition

This bill prohibits an employer from deducting from a tipped employee's wages, requiring reimbursement from a tipped employee, or requiring payment from a tipped employee for an amount equivalent to a customer's charge for food or beverages if the customer leaves the employer's business without paying the charge. A tipped employee is an employee who customarily and regularly receives more than \$30 each month in tips or gratuities. An employer must post a printed notice of the prohibition in a conspicuous place where a tipped employee is employed.

Fiscal Summary

State Effect: None. Although the bill pertains exclusively to private-sector employees, State enforcement is not materially affected.

Local Effect: None. The bill pertains exclusively to private-sector employees.

Small Business Effect: Potential minimal. To the extent that employees of small businesses no longer must pay for food or beverages when the customer leaves without paying, those businesses' expenditures increase.

Analysis

Current Law: Under the State Wage Payment and Collection Law, an employer may not make unauthorized deductions from an employee's paycheck. The only allowable deductions are those ordered by a court of competent jurisdiction; authorized in writing by an employee; allowed by the Commissioner of Labor and Industry because the employee has already received due compensation; or otherwise made in accordance with any law, rule, or regulation issued by a governmental unit.

Background: The federal Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in federal, State, and local governments. FLSA authorizes, under specified circumstances, deductions for meals or lodging, tip credits, voluntary wage assignments, wage or vacation pay advancements, uniforms or uniform cleaning costs, employee-owed payroll taxes, union dues, court-ordered garnishments or statutorily required wage attachments, or cash shortages due to misappropriation. An employer may not reduce an employee's wages below the minimum wage when making deductions for walk-outs, breakage, or cash register shortages.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): U.S. Department of Labor; Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2013
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