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**By: Delegates Barve and Gordon**

Introduced and read first time: January 31, 1997

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 1997

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CHAPTER \_\_\_\_

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; providing for the effective date of this Act;~~ and generally relating to  
6 compensation of employees who receive tips.

7 ~~BY repealing and reenacting, without amendments,~~  
8 ~~Article - Labor and Employment~~  
9 ~~Section 3-401(d)~~  
10 ~~Annotated Code of Maryland~~  
11 ~~(1991 Volume and 1996 Supplement)~~

12 BY repealing and reenacting, with amendments,  
13 Article - Labor and Employment  
14 Section 3-419  
15 Annotated Code of Maryland  
16 (1991 Volume and 1996 Supplement)

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

19 **Article - Labor and Employment**

20 ~~3-401.~~

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

2

1 3-419.

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

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

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

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

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

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

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

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

16 (c) ~~The amount included under this section in the wage of an employee may not~~  
17 ~~exceed [50% of the minimum wage under this subtitle] THE AMOUNT PERMITTED~~  
18 ~~UNDER THE FEDERAL ACT for the employee~~ THE TIP CREDIT AMOUNT THAT THE  
19 EMPLOYER MAY INCLUDE UNDER SUBSECTION (B) OF THIS SECTION MAY NOT  
20 EXCEED \$2.77.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 ~~July~~ September 1, 1997.