ENROLLED ORIGINAL

D.C. ACT 24-700

NOVEMBER 30, 2022

INITIATIVE MEASURE

NO. 82

SHORT TITLE

District of Columbia Tip Credit Elimination Act of 2022

SUMMARY STATEMENT

Under current law, employers of employees classified as "tipped workers" may take a credit against tipped wages received by workers to satisfy the minimum wage guaranteed to all workers by law. If enacted, the Initiative would gradually eliminate the credit, such that the mandatory base wage (currently $5.05 per hour, indexed to inflation) paid by employers shall increase until 2027, when the mandatory base wage matches the minimum wage established by District of Columbia law (currently $15.20 per hour, indexed to inflation). Tips continue as property of employees and will be in addition to the statutory minimum hourly wage.

LEGISLATIVE TEXT

BE IT ENACTED BY THE ELECTORS OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "District of Columbia Tip Credit Elimination Act of 2022".

Sec. 2. Section 4 of the Minimum Wage Act Revision Act of 1992, effective March 25, 1993 (D.C. Law 9-248; D.C. Official Code § 32-1003), is amended as follows:

(a) Subsection (f) is amended to read as follows:

"(f)(l) For purposes of this subsection, the term "tipped minimum wage" shall mean the minimum hourly wage required to be paid by an employer to an employee who receives tips.

"(2) As of July 1, 2021, the "tipped minimum wage" shall be $5.05 an hour with tips on top; provided, that the employee actually receives tips in an amount at least equal

to the difference between the hourly wage paid and the minimum wage as set by subsection (a) of this section. This tipped minimum wage will increase on July 1, 2022 in proportion to the annual average increase, if any, in the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical Area published by the Bureau of Labor Statistics of the United States Department of Labor for the previous calendar year. Any increase under this paragraph shall be adjusted to the nearest multiple of $.05.

"(3) Except as provided in subsections (h) and (i) of this section, as of January 1, 2023, the tipped minimum wage shall be not less than $6.00 an hour with tips on top; provided, that the employee actually receives tips in an amount at least equal to the difference between the hourly wage paid and the minimum wage as set by subsection (a) of this section.

"(4) Except as provided in subsections (h) and (i) of this section, as of July 1, 2023, the tipped minimum wage shall be not less than $8.00 an hour, with tips on top; provided, that the employee actually receives tips in an amount at least equal to the difference between the hourly wage paid and the minimum wage as set by subsection (a) of this section.

"(5) Except as provided in subsections (h) and (i) of this section, as of July 1, 2024, the tipped minimum wage shall be not less than $10.00 an hour, with tips on top; provided, that the employee actually receives tips in an amount at least equal to the difference between the hourly wage paid and the minimum wage as set by subsection (a) of this section.

"(6) Except as provided in subsections (h) and (i) of this section, as of July 1, 2025, the tipped minimum wage shall be not less than $12.00 an hour, with tips on top; provided, that the employee actually receives tips in an amount at least equal to the difference between the hourly wage paid and the minimum wage as set by subsection (a) of this section.

"(7) Except as provided in subsections (h) and (i) of this section, as of July 1, 2026, the tipped minimum wage shall be not less than $14.00 an hour, with tips on top; provided, that the employee actually receives tips in an amount at least equal to the difference between the hourly wage paid and the minimum wage as set by subsection (a) of this section.

"(8) Except as provided in subsections (h) and (i) of this section, as of July 1, 2027, the tipped minimum wage shall be not less than the minimum wage as set by subsection (a) of this section, with tips on top."

(b) A new subsection (i) is added to read as follows:

"(i) The provisions of subsection (f)(2), (3), (4), (5), (6), and (7) of this section shall not apply to employees of the District of Columbia, or to employees employed to perform services provided under contracts with the District of Columbia. Those employees shall

continue to be subject to the minimum wage requirements of the Minimum Wage Act Revision Act of 1992, effective March 25, 1993 (D.C. Law 9-248; D.C. Official Code § 32-1001 *et seq*.), as amended by the Enhanced Professional Security Amendment Act of 2008, effective March 20, 2008 (D.C. Law 17-114; 55 DCR 1276), as amended by the Minimum Wage Amendment Act of 2013, effective March 11, 2014 (D.C. Law 20-91; 61 DCR 778), as amended by the Fair Shot Minimum Wage Act of 2016 (D.C. Law 21-144; 63 DCR 9275) as they existed before the effective date of the District of Columbia Full Minimum Wage for Tipped Workers Amendment Act of 2022, and to the requirements of all other applicable laws, regulations, or policies relating to wages or benefits, including the Living Wage Act of 2006, effective June 8, 2006 (D.C. Law 16-118; D.C. Official Code § 2-220.01 *et seq*.).".

Sec. 3. Nothing in this act shall be construed as preventing the Council of the District of Columbia from increasing minimum wages or benefits to levels in excess of those provided for in this act for any category of employees.

Sec. 4. Nothing in this act shall be construed as preventing employers, during any period in which subsection (f)(7) of this section is in effect, from implementing a mandatory tip sharing policy among all employees, regardless of whether such employees normally receive tips

Sec. 5. If any section of this act or its application to any persons or circumstances is held invalid, the remainder of this measure, or the application of its provisions to other persons or circumstances, shall not be affected. To this end, the provisions of this act are severable.

Sec. 6. This act shall take effect after a 30-day period of congressional review as provided in section 16(r)(1) of the District of Columbia Election Code of 1955, effective June 7, 1979 (D.C. Law 3-1; D.C. Official Code § 1-1001.16(r)(1)).