

IMPROVED WORKFORCE OPPORTUNITY WAGE ACT (EXCERPT)
Act 337 of 2018

***** 408.934d.new THIS NEW SECTION IS EFFECTIVE 91 DAYS AFTER ADJOURNMENT OF THE 2018 REGULAR SESSION SINE DIE *****

***** 408.934d.new THIS SECTION IS AMENDED EFFECTIVE 91 DAYS AFTER ADJOURNMENT OF THE 2018 REGULAR SESSION SINE DIE: See 408.934d.amended *****

408.934d.new Minimum hourly wage; establishment; conditions; percentages; gratuities; notice of plan to distribute service charges; records.

Sec. 4d. (1) The minimum hourly wage rate of an employee shall be as established under subsection (2) if all of the following occur:

- (a) The employee receives gratuities in the course of his or her employment.
- (b) The gratuities described in subdivision (a) equal or exceed the difference between the minimum hourly wage rate established under subsection (2) and the minimum hourly wage established under section 4.
- (c) The gratuities are proven gratuities as indicated by the employee's declaration for purposes of the federal insurance contribution act, 26 USC 3101 to 3128.
- (d) The entirety of the gratuities are retained by the employee who receives them, except as voluntarily shared with other employees who are directly or indirectly part of the chain of service and whose duties are not primarily managerial or supervisory.
- (e) The employee was informed by the employer of the provisions of this section in writing, at or before the time of hire, and gave written consent.

(2) For purposes of subsection (1) the minimum hourly wage rate of an employee shall be 48% of the minimum hourly wage rate established under section 4 effective January 1, 2019; beginning January 1, 2020, it shall be 60% of the minimum hourly wage rate established under section 4; beginning January 1, 2021, it shall be 70% of the minimum hourly wage rate established under section 4; beginning January 1, 2022, it shall be 80% of the minimum hourly wage rate established under section 4; beginning January 1, 2023, it shall be 90% of the minimum hourly wage rate established under section 4; and beginning January 1, 2024 and thereafter, it shall be 100% of the minimum hourly wage rate established under section 4.

(3) As used in this section, "gratuities" means tips or voluntary monetary contributions received by an employee from a guest, patron, or customer for services rendered to that guest, patron, or customer and that the employee reports to the employer for purposes of the federal insurance contributions act, 26 USC 3101 to 3128.

(4) Gratuities will remain property of the employee who receives them, except pursuant to a valid and voluntary tip sharing agreement outlined in subsection (1)(d) above, regardless of whether the employer pays the lower tipped hourly wage described in subsection (2) or the full minimum hourly rate established under section 4. Gratuities and service charges paid to an employee are in addition to, and may not count towards, wages due to the employee.

(5) Employers must provide employees and consumers written notice of their plan to distribute service charges.

(6) Employer shall keep records showing compliance with provisions of Section 4d for no less than 3 years from the date of employee's last pay period.

History: 2018, Act 337, Eff. (sine die).

Compiler's note: Public Act 337 was proposed by initiative petition pursuant to Const. 1963, art 2, section 9. On September 5, 2018, the initiative petition was approved by an affirmative vote of the majority of the members of the Senate and an affirmative vote of the majority of the members of the House of Representatives, and filed with the Secretary of State on September 5, 2018.