

SF4709 - 0 - Gratuities via Credit or Debit Card

Chief Author: **Judy Seeberger**
 Committee: **Labor**
 Date Completed: **3/13/2024 10:14:12 PM**
 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/13/2024 10:14:12 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Current Minnesota rule (Minn. R. 5200.0080, subp. 7) requires that tips received by a direct service employee through charge or credit cards are to be credited to the employee in the pay period in which the tips were received. This rule also allows a percentage to be deducted from these tips in the same ratio as the percentage deducted from the total bill by the service company.

This bill would repeal and replace that rule with statutory language at Minn. Stat. § 177.24, subd. 3a that includes several differences. Instead of covering direct service employees, this bill would cover all employees as defined in Chapter 177. It would also explicitly cover “debit” and “electronic payment” in addition to charge and credit card tips. Finally, unlike the current rule, this bill would not allow a percentage to be deducted from tips provided through debit, charge, credit card, or electronic payment.

Assumptions

Minn. R. 5200.0080, subp. 7 already establishes that tips received through charge or credit cards are to be credited in the pay period in which the tips were received; this bill would establish the same. The most significant change between the current rule and this bill is that the bill would not allow a percentage to be deducted from tips provided through debit, charge, credit card, or electronic payment. DLI does not anticipate this change would increase the number of complaints it receives because it currently very rarely receives complaints solely regarding deductions from employees’ tips to cover fees from credit card companies. While this change could require DLI to conduct some additional calculations in tips cases where employers continue to deduct a percentage from tips, DLI does not anticipate these calculations would have a measurable impact on the time it takes to complete an investigation related to tips violations.

DLI anticipates it would add or revise information regarding tips requirements to already existing outreach materials, including website and presentation materials, if this bill passed; DLI could absorb these costs.

Expenditure and/or Revenue Formula

NA

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

NA

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