

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL DRS35218-LR-65 (03/03)

Short Title: Service Worker Tax Reduction Action. (Public)

Sponsors: Senators Smith-Ingram, Ford, and Lowe (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LABOR LAWS OF NORTH CAROLINA TO REDUCE THE AMOUNT OF TIPS THAT MAY BE COUNTED AS WAGES OF TIPPED SERVICE WORKERS THROUGH DECEMBER 31, 2019, AND REQUIRING SUBSEQUENTLY THAT NO TIPS MAY BE COUNTED AS WAGES BEGINNING JANUARY 1, 2020.

The General Assembly of North Carolina enacts:

SECTION 1. Effective January 1, 2018, until December 31, 2018, G.S. 95-25.3(f) reads as rewritten:

"(f) Tips earned by a tipped ~~employee-service worker~~ may be counted as ~~wages only up to the amount permitted in section 3(m) of the Fair Labor Standards Act, 29 U.S.C. 203(m), if the tipped employee is notified in advance, is permitted to retain all tips and the employer maintains accurate and complete records of tips received by each employee as such tips are certified by the employee monthly or for each pay period. Even if the employee refuses to certify tips accurately, tips may still be counted as wages when the employer complies with the other requirements of this section and can demonstrate by monitoring tips that the employee regularly receives tips in the amount for which the credit is taken.~~ wages only up to the amount of four dollars and twelve cents (\$4.12) per hour. Tip pooling ~~shall also be~~ is permissible among ~~employees-service workers~~ who customarily and regularly receive tips; however, no ~~employee's-service worker's~~ tips may be reduced by more than fifteen percent (15%) under a tip pooling arrangement."

SECTION 2. Effective January 1, 2019, until December 31, 2019, G.S. 95-25.3(f) as amended by Section 1 of this act, reads as rewritten:

"(f) Tips earned by a tipped service worker may be counted as wages only up to the amount of ~~four dollars and twelve cents (\$4.12)~~ two dollars and twelve cents (\$2.12) per hour. Tip pooling is permissible among service workers who customarily and regularly receive tips; however, no service worker's tips may be reduced by more than fifteen percent (15%) under a tip pooling arrangement."

SECTION 3. Effective January 1, 2020, G.S. 95-25.3(f), as amended by Section 2 of this act, reads as rewritten:

"(f) Tips earned by a tipped service worker may not be counted as ~~wages only up to the amount of two dollars and twelve cents (\$2.12) per hour.~~ wages. Tip pooling is permissible among service workers who customarily and regularly receive tips; however, no service worker's tips may be reduced by more than fifteen percent (15%) under a tip pooling arrangement."

SECTION 4. This act is effective when it becomes law.



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