

SENATE RESOLUTION
1992-8747

By Senators Matson and Williams

WHEREAS, Federal and state law recognizes that employee tips are income, subject to federal income taxes and used for computing state employee benefits; and

WHEREAS, Federal law obligates employers to pay employee benefits estimated at one dollar and forty cents for every ten dollars of employee tip income, and an equal amount for their wage and salary income; and

WHEREAS, Nontipped employees receive employer-paid benefits on wages and salary only; and

WHEREAS, Current law allows no opportunity for employers to fairly address this situation since they are precluded in this state from crediting a portion of tip income for minimum wage purposes as can be done in the overwhelming majority of other states in this nation; and

WHEREAS, Many employers of tipped employees in this state are unable to monetarily recognize the contribution of nontipped employees to a successful business operation due to low profit margins, substantial regulatory costs, and the highly competitive nature of their businesses; and

WHEREAS, Employers of tipped employees are continuing to seek legislative approval of statutes that will authorize such employers to credit tip income in a fair and equitable manner for minimum wage purposes and which will end the incongruity in application of the minimum wage law in this state; and

WHEREAS, There is a lack of objective information available to the legislature on this issue;

NOW, THEREFORE, BE IT RESOLVED, By the Senate that the Senate Commerce and Labor Committee review the issues relating to recognizing tip income for state minimum wage requirements; and

BE IT FURTHER RESOLVED, That the Committee solicit such assistance from governmental agencies that can provide relevant information on the issues presented herein, and seek to utilize the staff and students in the Hotel and Restaurant program at Washington State University in research and compilation of statistical and factual matters on the matter under study; and

BE IT FURTHER RESOLVED, That the Committee issue a report of its findings prior to the beginning of the regular session held in 1993.