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HOUSE BILL 1935

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Hurst, Conway, Wood, McDermott, Cooper, Keiser and Santos

Read first time 02/08/2001. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to requiring the distribution of tips to employees;  
2 adding a new section to chapter 49.46 RCW; adding a new section to  
3 chapter 82.04 RCW; and adding a new section to chapter 82.08 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 49.46 RCW  
6 to read as follows:

7 (1)(a) For the purposes of this section, "tip" means:

8 (i) A sum presented voluntarily by a customer to an employee as a  
9 gift or gratuity in recognition of service performed for the customer;  
10 or

11 (ii) A sum paid by a customer to a seller that is a mandatory  
12 addition to the selling price, whether labeled a service charge, a tip,  
13 a gratuity, or otherwise, for service performed for the customer.

14 (b) "Tip" includes:

15 (i) A sum presented or paid in legal tender of the United States or  
16 by check on a bank convertible into cash on demand at full face value;  
17 or

1 (ii) A sum transferred by the seller to an employee at the  
2 direction of credit customers who designate amounts to be added to  
3 their bills as tips.

4 (2) When a customer pays a tip to a seller, the seller must  
5 distribute the tip to employees as follows:

6 (a) Through a tip pooling arrangement mutually agreed upon by the  
7 employees;

8 (b) If a tip pooling arrangement does not exist, then to the  
9 employee or employees who performed the service; or

10 (c) If the employee or employees who performed the service are not  
11 readily identifiable, then to the employees who worked on the day the  
12 customer paid the tip.

13 (3) A tip may not be used, in whole or in part, to satisfy the  
14 monetary requirements of RCW 49.46.020.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW  
16 to read as follows:

17 This chapter does not apply to amounts paid or received as tips as  
18 defined in section 1 of this act.

19 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08 RCW  
20 to read as follows:

21 The tax levied by RCW 82.08.020 does not apply to amounts paid or  
22 received as tips as defined in section 1 of this act.

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