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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1225

03/04/2013 Authored by Gunther

The bill was read for the first time and referred to the Committee on Labor, Workplace and Regulated Industries

1.1 A bill for an act
1.2 relating to employment; modifying the minimum wage for certain employees
1.3 receiving gratuities; amending Minnesota Statutes 2012, section 177.24,
1.4 subdivision 1.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 177.24, subdivision 1, is amended to read:

1.7 Subdivision 1. **Amount.** (a) For purposes of this subdivision, the terms defined in
1.8 this paragraph have the meanings given them.

1.9 (1) "Large employer" means an enterprise whose annual gross volume of sales
1.10 made or business done is not less than \$625,000 (exclusive of excise taxes at the retail
1.11 level that are separately stated) and covered by the Minnesota Fair Labor Standards Act,
1.12 sections 177.21 to 177.35.

1.13 (2) "Small employer" means an enterprise whose annual gross volume of sales made
1.14 or business done is less than \$625,000 (exclusive of excise taxes at the retail level that
1.15 are separately stated) and covered by the Minnesota Fair Labor Standards Act, sections
1.16 177.21 to 177.35.

1.17 (b) Except as otherwise provided in sections 177.21 to 177.35, every large employer
1.18 must pay each employee wages at a rate of at least \$5.15 an hour beginning September
1.19 1, 1997, and at a rate of at least \$6.15 an hour beginning August 1, 2005. Every small
1.20 employer must pay each employee at a rate of at least \$4.90 an hour beginning January 1,
1.21 1998, and at a rate of at least \$5.25 an hour beginning August 1, 2005.

1.22 (c) Notwithstanding paragraph (b), during the first 90 consecutive days of
1.23 employment, an employer may pay an employee under the age of 20 years a wage of \$4.90
1.24 an hour. No employer may take any action to displace any employee, including a partial

2.1 displacement through a reduction in hours, wages, or employment benefits, in order to
2.2 hire an employee at the wage authorized in this paragraph.

2.3 (d) Notwithstanding paragraph (b) and subdivision 2, every employer must pay
2.4 an employee receiving gratuities at a rate equal to: (1) at least \$7.25 per hour if the
2.5 employee earns sufficient gratuities during the pay period so that the sum of \$7.25 per
2.6 hour and gratuities received averages at least \$12 per hour for the pay period; or (2) at
2.7 least the greater of the wage rate under this section or United States Code, title 29, section
2.8 206(a)(1), if the employee does not earn sufficient gratuities during the pay period so that
2.9 the sum of \$7.25 per hour and gratuities received averages at least \$12 per hour for the
2.10 pay period. For the purposes of this section, an "employee receiving gratuities" means an
2.11 employee who customarily and regularly receives more than \$30 per month in gratuities
2.12 and "gratuity" means a voluntary payment received by an employee from a customer, the
2.13 amount of which is determined by the customer. The amount of the gratuity must not be
2.14 dictated by employer policy or subject to negotiation with the employer.

2.15 **EFFECTIVE DATE.** This section is effective the day following the effective date
2.16 of any increase in the state or federal minimum wage rate.