

Vermont Legislative Joint Fiscal Office

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ISSUE BRIEF

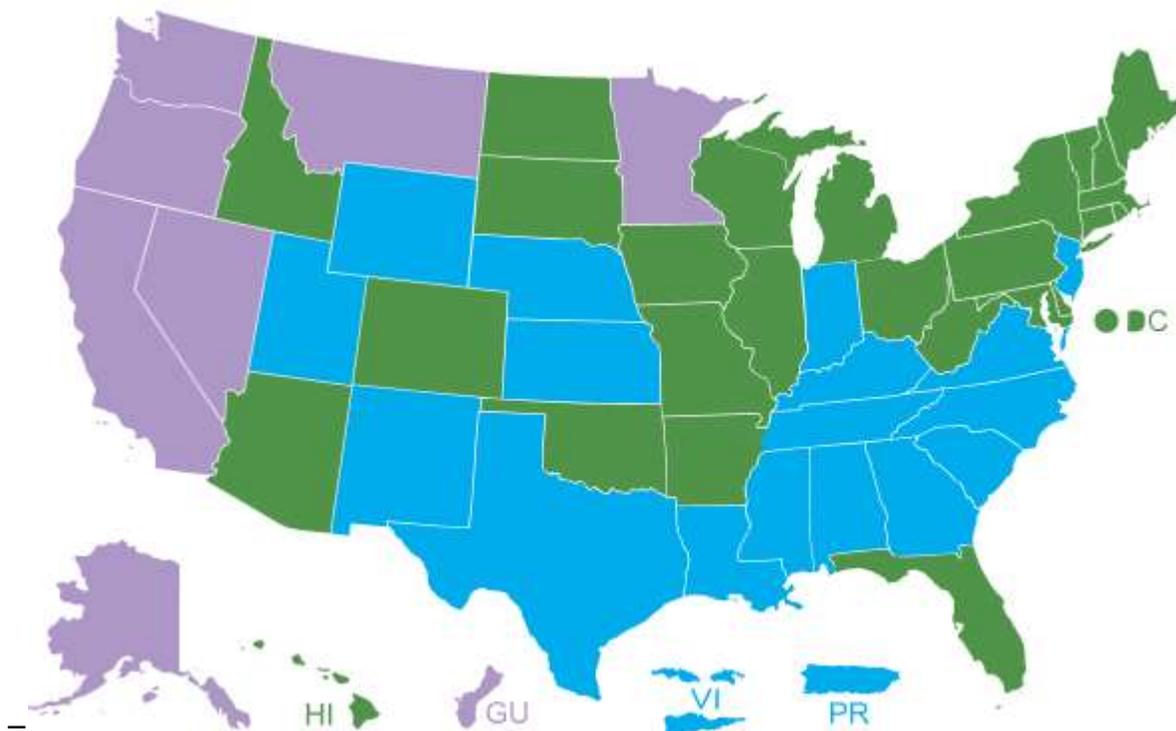
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The Relationship between Minimum Wages and Tipped Wages

The following information shows the relationship between minimum wages that apply to most workers in a state and the minimum wage that employers must pay employees who get at least a specified portion of their wages from tips.

Minimum Wages for Tipped Employees as of January 1, 2017



-  State requires employers to pay tipped employees full state minimum wage before tips.
-  State requires employers to pay tipped employees a minimum cash wage above the minimum cash wage required under the federal Fair Labor Standards Act (\$2.13/hour).
-  State minimum cash wage payment is the same as that required under the federal Fair Labor Standards Act (\$2.13/hour).

Source: U.S. Department of Labor, Wage and Hour Division (WHD); January 1, 2017; see <https://www.dol.gov/whd/state/tipped.htm#Vermont>

Table of Minimum Hourly Wages for Tipped Employees, by State, as of January 1, 2017

Jurisdiction	Basic Combined Cash & Tip Minimum Wage Rate	Maximum Tip Credit Against Minimum Wage	Minimum Cash Wage <u>1</u>	Definition of Tipped Employee by Minimum Tips received (monthly unless otherwise specified)
FEDERAL: Fair Labor Standards Act (FLSA)	\$7.25	\$5.12	\$2.13	More than \$30
State requires employers to pay tipped employees full state minimum wage before tips				
Alaska			\$9.80	
California				
Applicable to employers with 25 employees or less			\$10.00	
Applicable to employers with 26 employees or more			\$10.50	
Guam			\$8.25	
Minnesota:				
Large employer <u>2</u>			\$9.50, effective August 1, 2016	
Small employer <u>2</u>			\$7.75, effective August 1, 2016	
Montana:				
Business with gross annual sales over \$110,000			\$8.15	
A business not covered by the Fair Labor Standards Act whose gross annual sales are \$110,000 or less			\$4.00	

may pay \$4.00 per hour. However, if an individual employee is producing or moving goods between states or otherwise covered by the federal Fair Labor Standards Act, that employee must be paid the greater of either the federal minimum wage or Montana's minimum wage.				
Nevada ¹⁰			\$8.25	
With no health insurance benefits provided by employer and received by employee				
With health insurance benefits provided by employer and received by employee			\$7.25	
Oregon			\$9.75	
Washington			\$11.00	
State requires employers to pay tipped employees a minimum cash wage above the minimum cash wage required under the federal Fair Labor Standards Act (\$2.13/hour)				
Arizona	\$10.00	\$3.00	\$7.00	Not specified
Arkansas	\$8.50	\$5.87	\$2.63	More than \$20
Colorado	\$9.30	\$3.02	\$6.28	More than \$30
Connecticut	\$10.10			At least \$10 weekly for full-time employees or \$2.00 daily for part-time in hotels and restaurants. Not specified for other industries.
<i>Hotel, restaurant</i>		36.8% (\$3.72)	\$6.38	
<i>Bartenders who customarily receive tips</i>		18.5% (\$1.87)	\$8.23	
Delaware	\$8.25	\$6.02	\$2.23	More than \$30
District of Columbia*	\$11.50	\$8.73	\$2.77	Not specified

Florida	\$8.10	\$3.02	\$5.08	
Hawaii	\$9.25	\$0.75	\$8.50	More than \$20
<p>*Hawaii: Tip Credit in Hawaii is permissible if the combined amount the employee receives from the employer and in tips is at least \$7.00 more than the applicable minimum wage.</p> <p>*District of Columbia: As a result of the "Fair Shot Minimum Wage Amendment Act of 2016," the District of Columbia will increase the minimum cash tip in proportions beginning July 1, 2017.</p>				
Idaho	\$7.25	\$3.90	\$3.35	More than \$30
Illinois	\$8.25	40% of the applicable minimum wage	\$4.95	\$20
Iowa	\$7.25	\$2.90	\$4.35	\$30 or more
Maine	\$9.00, effective 01/07/2017	\$4.00	\$5.00	More than \$30
Maryland	\$8.75	\$5.12	\$3.63	More than \$30
Massachusetts	\$11.00	\$7.25	\$3.75	More than \$20
Michigan	\$8.90	\$5.52	\$3.38	Not specified
Missouri	\$7.70	50% (\$3.85)	\$3.85	Not specified
New Hampshire	\$7.25	55% of the applicable minimum wage	45% of the applicable minimum wage	More than \$30
New York				
<p>Information on New York requirements for the payment of tipped employees is available at https://labor.ny.gov/formsdocs/factsheets/pdfs/p717.pdf; see table below.</p>				
North Dakota	\$7.25	33% of the applicable minimum wage	\$4.86	More than \$30
Ohio 5 Employers with annual gross receipts of \$299,000 or more	\$8.15	\$4.07	\$4.08	More than \$30
Oklahoma 6	\$7.25	\$5.12	\$2.13	Not specified
Pennsylvania	\$7.25	\$4.42	\$2.83	More than \$30

Rhode Island	\$9.60	\$5.71	\$3.39, effective 01/01/17	Not specified
South Dakota	\$8.65	50% (\$4.325) 3	\$4.325	More than \$35
Vermont <i>An employee of a hotel, motel, tourist place, or restaurant who customarily and regularly receives more than \$120.00 per month in tips for direct and personal customer service.</i>	\$10.00	\$5.00	\$5.00	More than \$120
Virgin Islands	\$8.35	\$5.01	40% (\$3.34)	Not specified
Wisconsin 8	\$7.25	\$4.92	\$2.33	Not specified
West Virginia 7	\$8.75	70% (\$6.13)	\$2.62	Not specified
State minimum cash wage payment is the same as that required under the federal Fair Labor Standards Act (\$2.13/hr.)				
Alabama 9			\$2.13	
Georgia 9			\$2.13	
Indiana	\$7.25	\$5.12	\$2.13	Not specified
Kansas	\$7.25	\$5.12	\$2.13	More than \$20
Kentucky	\$7.25	\$5.12	\$2.13	More than \$20
Louisiana 9			\$2.13	
Mississippi 9			\$2.13	
North Carolina 4	\$7.25	\$5.12	\$2.13	More than \$20
Nebraska	\$9.00	\$6.87	\$2.13	Not specified
New Jersey	\$8.44	\$6.31	\$2.13	Not specified
New Mexico	\$7.50	\$5.37	\$2.13	More than \$30
Puerto Rico	\$7.25	\$5.12	\$2.13	More than \$30
South Carolina 9			\$2.13	
Tennessee 9			\$2.13	
Texas	\$7.25	\$5.12	\$2.13	More than \$20

Utah	\$7.25	\$5.12	\$2.13	More than \$30
Virginia	\$7.25	\$5.12	\$2.13	Not specified
Wyoming	\$5.15	\$3.02	\$2.13	More than \$30

Some states set subminimum rates for minors and/or students or exempt them from coverage, or have a training wage for new hires. Such differential provisions are not displayed in this table.

FOOTNOTES

1 Other additional deductions are permitted, for example for meals and lodging, except as noted in footnote [8](#).

2 **Minnesota.** Effective August 1, 2014, a large employer means an enterprise whose gross volume of sales made or business done is not less than \$500,000. A small employer means an enterprise whose gross volume of sales made or business done is less than \$500,000.

3 In **New Jersey** and **South Dakota**, the listed maximum credit is the total amount allowable for tips, food and lodging combined, not for tips alone as in other states.

In **New Jersey**, in specific situations where the employer can prove to the satisfaction of the Department of Labor and Workforce Development that the tips actually received exceed the creditable amount, a higher tip credit may be taken.

4 **North Carolina.** Tip credit is not permitted unless the employer obtains from each employee, either monthly or each pay period, a signed certification of the amount of tips received.

5 **Ohio.** For employees of employers with gross annual sales of less than \$299,000, the state minimum wage is \$7.25 per hour. For these employees, the state wage is tied to the federal minimum wage of \$7.25 per hour which requires an act of Congress and the President's signature to change.

6 **Oklahoma.** For employers with fewer than 10 full-time employees at any one location who have gross annual sales of \$100,000 or less, the basic minimum rate is \$2.00 per hour.

7 **West Virginia.** The state minimum wage law applies only to employers with six or more employees and to state agencies.

8 **Wisconsin.** \$2.13 per hour may be paid to employees who are not yet 20 years old and who have been in employment status with a particular employer for 90 or fewer consecutive calendar days from the date of initial employment.

9 The following states do not have state minimum wage laws: Alabama, Louisiana, Mississippi, South Carolina, and Tennessee. Georgia has a state minimum wage law, but it does not apply to tipped employees.

10 **Nevada.** The state minimum wage rates may be increased annually based upon changes in the cost of living index, which would in turn increase the minimum cash wage for tipped employees.

Prepared by Division of Communications, Wage and Hour Division, U.S. Department of Labor

The information above was last revised January 1, 2017.

The Wage and Hour Division tries to ensure that the information on this page is accurate, but individuals should consult the relevant state labor office for official information.

New York State Minimum Wage for Tipped Workers

December 31, 2016 through December 30, 2017

<https://labor.ny.gov/formsdocs/factsheets/pdfs/p717.pdf>

Hospitality Industry				
	New York City		Long Island and Westchester County	Remainder of New York State
	Large Employers (11 or more employees)	Small Employers (10 or fewer employees)		
Service Employees	\$9.15 Cash Wage \$1.85 Tip Credit	\$8.75 Cash Wage \$1.75 Tip Credit	\$8.35 Cash Wage \$1.65 Tip Credit	\$8.10 Cash Wage \$1.60 Tip Credit
Food Service Workers	\$7.50 Cash Wage \$3.50 Tip Credit	\$7.50 Cash Wage \$3.00 Tip Credit	\$7.50 Cash Wage \$2.50 Tip Credit	\$7.50 Cash Wage \$2.20 Tip Credit
Other Industries				
All Other Industries Except Building Service	\$8.30 Cash Wage When tips are at least \$2.70 per hour	\$7.95 Cash Wage When tips are at least \$2.55 per hour	\$7.55 Cash Wage When tips are at least \$2.45 per hour	\$7.35 Cash Wage When tips are at least \$2.35 per hour
	\$9.35 Cash Wage When tips are at least \$1.65 per hour, but less than \$2.70 per hour	\$8.90 Cash Wage When tips are at least \$1.60 per hour, but less than \$2.55 per hour	\$8.50 Cash Wage When tips are at least \$1.50 per hour, but less than \$2.45 per hour	\$8.25 Cash Wage When tips are at least \$1.45 per hour, but less than \$2.35 per hour
Building Service	No tip credit is available in this industry			

Overtime:

For tipped workers, employers must pay overtime hours worked at time-and-one-half the minimum wage rate, less the applicable tip credit.