

## **BILL ANALYSIS**

Senate Research Center  
85R8720 LED-D

S.B. 1162  
By: Garcia  
Natural Resources & Economic Development  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently businesses can deduct credit/debit card transaction fees from the credit/debit card gratuities of tipped employees. The only restriction on employers is that the deduction not exceed the total fees charged nor that the deduction reduces the worker's pay to a rate below minimum wage.

Tipped employees are already subject to tip credit, which allows businesses to pay them less than standard minimum wage so long as they comply with certain requirements. There has been much debate around who should be responsible to pay for a credit/debit card transaction fees. The business owner is who goes into contract with the credit/debit card businesses, not the tipped employee.

This bill prohibits businesses from deducting credit/debit card transaction fees from tipped employees' credit/debit card gratuities. It does not impose any extra fees on employers. It simply requires them to find another way to pay for the credit/debit card transaction fees that does not affect the already deducted wage of the tipped employee.

Likely support includes employee groups. Likely opposition includes business associations whose members rely on tipped labor.

As proposed, S.B. 1162 amends current law relating to the payment of gratuities to certain employees.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 61, Labor Code, by adding Section 61.021, as follows:

Sec. 61.021. GRATUITIES PAID TO TIPPED EMPLOYEES. (a) Defines "tipped employee."

(b) Provides that a gratuity paid to or left for a tipped employee is the property of the tipped employee. Prohibits an employer from collecting or receiving any portion of the gratuity for the purpose of compensating a credit or debit card issuer for any financial services rendered on account of the gratuity.

SECTION 2. Provides that Section 61.021, Labor Code, as added by this Act, applies only to a gratuity paid to or left for an employee on or after the effective date of this Act.

SECTION 3. Effective date: September 1, 2017.