Legislative Analysis

Phone: (517) 373-8080
http://www.house.mi.gov/hfa

Analysis available at
http://www.legislature.mi.gov

ALLOW REQUIRED TIP SHARING

House Bill 4492 as introduced
Sponsor: Rep. Mike Mueller
Committee: Economic Competitiveness
Complete to 11-5-25

SUMMARY:

House Bill 4492 would amend the Improved Workforce Opportunity Work Act to make changes related to employees who receive gratuities (tips) in the course of their work.

The act provides for Michigan's minimum wage, and it allows a lower minimum wage to be paid to employees (such as restaurant wait staff) who receive tips in the course of their employment, as long as the employer makes up any shortfall between the general minimum wage and the amount of the employee's tipped wages plus tips. Currently, the general minimum hourly wage in Michigan is $12.48, and the "tipped wage" is $5.99 (48% of the general minimum wage).

Currently, the following conditions must be met for an employee to be paid the tipped wage:

- The employee receives tips in the course of their employment.
- Those tips equal or exceed the difference between the general minimum wage and the tipped wage.
- Those tips are proven gratuities as indicated by the employee's declaration for purposes of the federal Insurance Contribution Act, 26 USC 3101 to 3128.[1]
- *The employee retains all of the tips they receive. However, an employee may voluntarily share their tips with another employee who is directly or indirectly part of the chain of service in a role that is not primarily managerial or supervisory.*
- The employer informed the employee of the provisions of the act related to the tipped minimum wage*, in writing, at or before the time of hire, and the employee gave their written consent*.

The bill would remove the provisions *italicized* above: the requirements that an employee retain all their tips, that the information an employer provides must be in writing, and that the employee must consent.

The bill also would add that the act's tipped wage provisions do not prohibit an employer from requiring an employee who receives tips to share them with other employees as long as the employee receives an amount of the tips that makes up the difference between the tipped wage and the general minimum wage. A current provision stating that tips remain the property of the employee who receives them would be made subject to this new language.

Finally, the bill would remove language providing that tips and service charges paid to an employee are in addition to, and do not count toward, wages due the employee.

MCL 408.934d

[1] Subchapters A, B, and C here: https://www.law.cornell.edu/uscode/text/26/subtitle-C/chapter-21

FISCAL IMPACT:

House Bill 4492 would not be expected to have any fiscal impact on the Department of Labor and Economic Opportunity or any other unit of state or local government.

Legislative Analyst: Rick Yuille
Fiscal Analyst: Marcus Coffin