

PA Together

Senate Bill 162

Senate Bill 163

1. [SB 162](#), **Eliminating Credit Card Deductions from Tipped Wages** & [SB 163](#), **Raising the Tipped Wage**

2. **Descriptions:**

SB 162 - In Pennsylvania, minimum wage employees who make at least \$30 per month in tips are considered tipped workers. By law, they must be paid at least \$2.83 per hour, and the rest of their wages are earned from customer tips. Unfortunately, when a customer uses a credit card to pay gratuity at a bar or restaurant, employers often require their tipped employees to subtract from their gratuities the processing fees charged by credit card companies. This business practice is both costly and unfair to tipped workers, as it diminishes their take-home pay and penalizes them for a customer's decision to use an employer-sanctioned method of payment.

SB 163 - From 1966 through 1995, increases in the tipped wage corresponded with increases in the minimum wage. Beginning in 1996, however, the tipped wage was decoupled from the minimum wage for the first time in history. Since that time, Pennsylvania's tipped wage has remained stagnant at \$2.83 per hour. Today, the value of the tipped wage has depreciated to 39% of the minimum wage.

In Pennsylvania alone, there are 158,000 tipped workers, half of which earn less than \$10.00 per hour, including tips. Among its neighboring states, Pennsylvania's tipped wage rate is among the lowest. Even more daunting, consider that three-quarters of tipped workers are female, and 18% of those females live in poverty. Not only are these statistics startling, but also they are unacceptable in a society that claims to be economically developed.

In order to restore the buying power of the tipped wage and enable tipped employees to lift themselves out of poverty, the tipped wage must be raised and reattached to the minimum wage. This will allow some of our lowest paid, hardest working employees to earn a fair, decent living. I hope you will join me in these efforts to reinvigorate the tipped wage by increasing its value to its intended level--70% of the minimum wage.

3. **Status:**

- [SB 162](#) is in the [PA SENATE LABOR AND INDUSTRY COMMITTEE](#)
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If you are a constituent of a member of either of these committees, please make a concerted effort to call your legislator. Legislators are most apt to respond to their constituents.

4. **Suggested actions to take:**

- a. **Write a letter or an email to your legislator.** Click [here](#) for a sample.
- b. **Sign [this petition from the AFLCIO](#)**
- c. **Share [this image](#)** on social media to raise awareness about this issue
- d. **Call your legislator:** Call Script: Hello my name is [...] and I am calling from [insert your address]. I am calling to ask that the Senator co-sponsor SB 162 and SB 163 which would eliminate credit card deductions from tipped wages and raise the tipped wage to 70% of the minimum wage, its intended level. Tipped

employees should not be penalized for the customer's choice of payment method and this, in conjunction with raising the minimum wage, would not only help lessen income inequality in PA, but it would also benefit the economy as a whole.

5. Talking points:

- a. **Employers can aggregate credit card fees charged to tipped employees.** Because every credit card company has a slightly different fee, employers can aggregate the fees they collect. This means tipped employees probably aren't having the actual fees deducted and it could be questionable whether the fees being deducted are accurate. ([Labor & Employment on Bloomberg Law](#))
- b. **Raising the minimum wage would be a step closer eradicating gender inequality.** Women are nearly three-quarters of minimum wage workers in Pennsylvania—a higher share than all but two other states. Women are also nearly three-quarters of Pennsylvania's tipped workers. Raising the minimum wage would help single mothers support their families and live with dignity ([Raise the Wage PA](#))
- c. **Raising the minimum wage won't affect job creation.** It is a myth that job growth will be stifled by increasing the minimum wage. ([Center for Economic and Policy Research](#))
- d. **Raising the minimum wage can benefit communities and the broader economy,** as workers spend their higher earnings at local businesses. Research indicates that following a \$1 increase to the minimum wage, low-wage worker households spent an additional \$2,800 the following year. Higher wages can also benefit employers by reducing turnover and increasing worker effort. ([Raise the Wage PA](#))

6. Further reading

- a. Fact Sheet #15: Tipped Employees Under the Fair Labor Standards Act (FLSA) ([US Dept. of Labor](#))
- b. Should Restaurants Deduct Credit Card Fees From Tips? ([Labor & Employment on Bloomberg Law](#))
- c. 10 Facts on the Minimum Wage ([AFLCIO](#))
- d. Raising the minimum wage does not stop employment growth ([Raise The Wage PA](#))
- e. The Minimum Wage in PA ([Keystone Research Center](#))
- f. Why Does Raising the Minimum Wage Have No Discernable Effect on Employment ([Center for Economic and Policy Research](#))