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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2859

03/14/2012 Authored by Loon, Sanders, Daudt, Gunther and Zellers
The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance

1.1 A bill for an act
1.2 relating to employment; providing for the application of gratuities in calculating
1.3 the minimum wage; amending Minnesota Statutes 2010, section 177.24,
1.4 subdivisions 1, 2.

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

1.6 Section 1. Minnesota Statutes 2010, 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), an employer must pay an employee receiving
2.4 gratuities at a rate that is equal to: (1) at least \$7.25 per hour; or (2) an hourly wage at
2.5 least equal to the applicable rate under this section, or United States Code, title 29, chapter
2.6 8, if the employee does not earn sufficient gratuities during the pay period so that the sum
2.7 of \$7.25 per hour and gratuities received is at least \$12 per hour for the pay period.

2.8 **EFFECTIVE DATE.** This section is effective July 1, 2012.

2.9 Sec. 2. Minnesota Statutes 2010, section 177.24, subdivision 2, is amended to read:

2.10 Subd. 2. **Gratuities not applied.** Except as provided in subdivision 1, paragraph
2.11 (d), no employer may directly or indirectly credit, apply, or utilize gratuities towards
2.12 payment of the minimum wage set by this section or federal law.

2.13 **EFFECTIVE DATE.** This section is effective July 1, 2012.