

JAN 19 2024

---

---

# A BILL FOR AN ACT

RELATING TO TIP APPORTIONMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that more and more food  
2 and beverage and service-providing establishments are requesting  
3 or presenting the option of tipping employees. The public has  
4 expressed confusion regarding the details of their tipping in  
5 these establishments, resulting in decreased incentives for  
6 patrons to tip restaurant workers.

7           The legislature notes that according to some reporting,  
8 eighty to eighty-five per cent of transactions in local  
9 restaurants are paid through a credit card or other electronic  
10 payment, including tipping. When making payments by a credit  
11 card, many Hawaii residents experience "guilt tipping" at the  
12 end of a transaction when the cashier prompts the customer with  
13 a screen that lets the customer choose the percentage of a tip  
14 they would like to leave or no tip at all. This technology is  
15 shifting the cultural norms of tipping employees of food service  
16 establishments, with the result that information about the  
17 function of tip payments has become further shrouded in



1 restaurant patrons. Given these evolving conditions, it is more  
2 important than ever for food service establishments to fully  
3 inform customers about the process and allocation of their tip  
4 spending.

5 The legislature notes that many Hawaii residents are  
6 concerned that the tips they contribute to restaurant workers at  
7 service establishments are not being allocated clearly. This  
8 has, in some cases, resulted in public complaints that prompt  
9 investigations by the United States Department of Labor. Hawaii  
10 News Now reported that a 2022 United States Department of Labor  
11 investigation recovered \$117,710 in back wages and liquidated  
12 damages for seventy workers.

13 The legislature further finds that without accessible  
14 information relating to tip apportionment, it is increasingly  
15 difficult to ensure consumer protection and workers' rights amid  
16 the rising costs of living and increased business expenses  
17 following the COVID-19 pandemic.

18 Accordingly, the purpose of this Act is to establish a  
19 requirement for clear and accessible notice of tip apportionment  
20 in food service establishments so that management may be held  
21 accountable to employees and restaurant patrons.



1 SECTION 2. Chapter 387, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§387- Tip allocation disclosure. Each food  
5 establishment that accepts tips shall post, in a publicly  
6 visible location in which patrons are likely to see, a detailed  
7 explanation of the allocation of tips, including the employment  
8 positions for employees who receive a portion of any tip and  
9 that percentage or amount."

10 SECTION 3. New statutory material is underscored.

11 SECTION 4. This Act shall take effect on January 1, 2025.

12

INTRODUCED BY:

 \_\_\_\_\_



# S.B. NO. 2699

**Report Title:**

Department of Health; Tips; Allocation; Disclosure; Food Establishments; Restaurants

**Description:**

Requires food establishments to publicly disclose how tips are allocated among employees. Effective 1/1/25.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

