
A BILL FOR AN ACT

RELATING TO TRANSPARENCY.

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

1 SECTION 1. The legislature finds that food, beverage, and
2 service establishments increasingly rely on customers tipping
3 employees to earn a reasonable wage.

4 However, the legislature further finds that a 2022 United
5 States Department of Labor investigation discovered that
6 employers in the State were illegally stealing tips that their
7 employees had earned, resulting in the employers being required
8 to pay \$117,710 in back wages and liquid damages for seventy
9 workers. Another illegal tip theft investigation at a local
10 cafe resulted in fourteen workers recovering a combined \$79,000
11 in back wages and \$79,000 in damages.

12 The Hawaii Worker Rights Center estimates that for each
13 illegal case of tip theft discovered, countless others likely
14 continue, depriving local workers of their earnings. However,
15 tip theft is often difficult to identify because tips are
16 frequently split by employers between front and back of house



1 employees without disclosing to both customers and employees how
2 the tips are actually allocated.

3 The legislature also finds that a simple and effective
4 solution to prevent tip theft by employers is to inform tipping
5 customers and workers receiving tips that it is illegal for
6 employers to retain tips and clarify who to contact regarding
7 suspected violations.

8 Accordingly, the purpose of this Act is to require a clear
9 and accessible notice of tip allocation in food, beverage, and
10 service establishments.

11 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 **"§481B- Tip allocation transparency; disclosure. Each**
15 **food, beverage, and service establishment that accepts tips and**
16 **employs an employee subject to title 29 Code of Federal**
17 **Regulations section 531.50 et seq. or a tipped employee as**
18 **defined in section 387-1, shall post:**

19 (1) A reasonably noticeable and easily readable sign with
20 a simple and understandable explanation of how tips
21 are allocated, which employee positions receive tips,



1 and the percentages or proportions of tips allocated
2 to each position in physical locations, including
3 brick and mortar premises; mobile vehicle or other
4 temporary sites of business; at each point of customer
5 check-in, check-out, final transaction; or an
6 otherwise publicly visible location where customers
7 are reasonably expected to pay for their purchase or
8 service. The sign posted pursuant to this paragraph
9 shall include one of the following statements or a
10 substantially similar statement:

11 (A) "Tips are kept entirely by each employee to whom
12 they are left or given";

13 (B) "Tips are aggregated and divided equally among
14 all employees legally allowed to receive tips
15 from tip pools"; or

16 (C) "Tips are aggregated and allocated as follows:
17 one third is divided among all drivers; one third
18 is divided among all servers; and one third is
19 divided among all the kitchen staff"; and

20 (2) A reasonably noticeable and easily readable sign with:



1 (A) The same text in the sign posted pursuant to
2 paragraph (1); and

3 (B) The following statement or a substantially
4 similar statement:

5 "Federal and State laws require ALL tips
6 received by this establishment to be directly
7 distributed to employees. For questions or to
8 report violations, contact the Wage and Hour
9 Division of the U.S. Department of Labor at
10 1-866-487-9243, or the Wage Standards Division of
11 the Hawaii Department of Labor and Industrial
12 Relations at:

13 (i) 808-586-8777 for the city and county of
14 Honolulu;

15 (ii) 808-274-3351 for the county of Kauai;

16 (iii) 808-984-2076 or 808-984-2075 for the county
17 of Maui; and

18 (iv) 808-974-6464 for the county of Hawaii.",
19 in each physical location where other legally
20 required notices for employees are posted."



1 SECTION 3. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 4. New statutory material is underscored.

5 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Food, Beverage, and Service Establishments; Transparency; Tips; Allocation; Disclosure; Unfair and Deceptive Practices

Description:

Requires under the State's Unfair and Deceptive Practices Law, that food, beverage, and service establishments that accept tips and employ tipped employees post signs that include certain language explaining their tip allocation practices and the contact information for the Wage Standards Division of the Department of Labor and Industrial Relations and the Wage and Hours Division of the United States Department of Labor. Effective 7/1/2050. (SD1)

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

