

JAN 23 2026

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# 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 many employees at  
2 food, beverage, and service establishments increasingly rely on  
3 tips paid by customers to earn a reasonable wage.

4           The legislature finds, however, that a 2022 United States  
5 Department of Labor investigation discovered that employers in  
6 the State were illegally stealing tips that their employees had  
7 earned, resulting in the employers being required to pay  
8 \$117,710 in back wages and liquidated damages for seventy  
9 workers. Another illegal tip theft investigation at a local  
10 cafe resulted in fourteen workers recovering a combined \$72,000  
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 are  
14 likely undetected, depriving local workers of their earnings.  
15 Tip theft is often difficult to identify because tips are  
16 frequently split by employers among front and back of house



1 employees without disclosing to customers or employees how the  
2 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 388, Hawaii Revised Statutes, is  
12 amended by adding a new section to be appropriately designated  
13 and to read as follows:

14 **"§388- Tip allocation transparency; disclosure. (a) In**  
15 **addition to the notification requirements provided in section**  
16 **388-7, each food, beverage, and service establishment that**  
17 **accepts tips and employs an employee subject to title 29 Code of**  
18 **Federal Regulations section 531.50 et seq. or a tipped employee**  
19 **as defined in section 387-1, shall post:**

20 (1) A reasonably noticeable and easily readable sign with  
21 a simple and understandable explanation of how tips



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

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

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

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



- 1           (2) A reasonably noticeable and easily readable sign with:
- 2           (A) The same text in the sign posted pursuant to
- 3           paragraph (1); and
- 4           (B) The following statement or a substantially
- 5           similar statement:
- 6                   "Federal and State laws require ALL tips
- 7                   received by this establishment to be directly
- 8                   distributed to employees. For questions or to
- 9                   report violations, contact the Wage and Hour
- 10                  Division of the U.S. Department of Labor at
- 11                  1-866-487-9243, or the Wage Standards Division of
- 12                  the Hawaii Department of Labor and Industrial
- 13                  Relations at:
- 14                  (i) 808-586-8777 for the city and county of
- 15                  Honolulu;
- 16                  (ii) 808-274-3351 for the county of Kauai;
- 17                  (iii) 808-984-2076 or 808-984-2075 for the county
- 18                  of Maui; and
- 19                  (iv) 808-974-6464 or 808-322-4808 for the county
- 20                  of Hawaii."



1           in each physical location where other legally required  
2           notices for employees are posted.

3           (b) The department of labor and industrial relations may  
4           adopt rules pursuant to chapter 91 to establish fines for any  
5           food, beverage, and service establishment in violation of this  
6           section."

7           SECTION 3. This Act does not affect rights and duties that  
8           matured, penalties that were incurred, and proceedings that were  
9           began before its effective date.

10          SECTION 4. New statutory material is underscored.

11          SECTION 5. This Act shall take effect on July 1, 2026.

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INTRODUCED BY: 



# S.B. NO. 3020

**Report Title:**

DLIR; Food, Beverage, and Service Establishments; Transparency;  
Tips; Allocation; Disclosure; Penalties

**Description:**

Requires food, beverage, and service establishments that accept tips and employ tipped employees to 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. Allows DLIR to adopt rules to establish fines.

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

