

February 28, 2023

Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Committee on Ways and Means  
Thursday, March 2, 2023  
10:00 am  
Via Videoconference



RE: **SB270 SD1** Relating to Tip Penalty (**Comment + Amendment**)

Dear Chair Dela Cruz, Vice Chair Keith-Agaran & Members of the Committee,

Chamber of Sustainable Commerce offers a comment with suggested amendment on SB270 SD1, which in its current form, requires the Department of Labor and Industrial Relations to submit an annual report on the enforcement of the wage and hour law in the State to the Legislature, and requires the Director of Labor and Industrial Relations to establish: (1) investigation standards that protect the identity of an employee who files a complaint with the Wage Standards Division to report any wage and hour violations by their employer; and (2) an education program for employees and employers on federal and state wage and hour laws, including tip credit and prohibitions against employer retaliation.

As small business owners who believe we can strengthen our economy without hurting workers, consumers, or the environment, we urge this committee to **amend SB270 to its original form** because simply investigating, educating and reporting on unlivable wages harms our economy. Let's be clear: a tip is a gift from a customer; there is no agreement that the worker will be gifted a tip. Phasing out the tip penalty acknowledges this reality.

Zippy's has added a mandatory percentage increase to each diner's bill, called a "kitchen charge", that helps the owners "recruit and retain [their] highly trained back-of-house staff and supports a sustainable compensation policy." (See image below taken from a Zippy's receipt.) Other companies can follow Zippy's lead, add a mandatory percentage to maintain a "sustainable compensation policy" for tipped workers and helps the owners maintain their profitability as the tip penalty is reduced and removed.

**\*\* Kitchen Charge helps recruit and retain our highly trained back-of-house staff and supports a sustainable compensation policy**

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