

HOUSE BILL NO. 4168

March 05, 2025, Introduced by Reps. Koleszar, Breen, McFall, Weiss and Young and referred to Committee on Economic Competitiveness.

A bill to amend 2018 PA 337, entitled
"Improved workforce opportunity wage act,"
by amending section 4d (MCL 408.934d), as amended by 2025 PA 1.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4d. (1) The minimum hourly wage rate of an employee must
2 be established as provided for under subsection (2) if all of the
3 following conditions are met:

4 (a) The employee receives gratuities in the course of the
5 employee's employment.

1 (b) ~~The~~ **After every shift the employee works, the employee's**
2 **employer determines if the** gratuities described in subdivision (a)
3 equal or exceed the difference between the minimum hourly wage rate
4 established under subsection (2) and the minimum hourly wage
5 established under section 4.

6 (c) The gratuities are proven gratuities as indicated by the
7 employee's declaration for purposes of the federal insurance
8 contribution act, 26 USC 3101 to 3128.

9 (d) Except as otherwise provided in this subdivision, the
10 entirety of the gratuities are retained by the employee who
11 receives them. This subdivision does not prohibit an employee from
12 voluntarily sharing the employee's gratuities with another employee
13 if the other employee is directly or indirectly part of the chain
14 of service and the other employee's duties are not primarily
15 managerial or supervisory.

16 (e) The employee's employer informed the employee of the
17 provisions of this section, in writing, at or before the time of
18 hire, and the employee gave written consent.

19 (2) The minimum hourly wage rate of an employee described in
20 subsection (1) is as follows:

21 (a) Beginning February 21, 2025, 38% of the minimum hourly
22 wage rate established under section 4.

23 (b) Beginning January 1, 2026, 40% of the minimum hourly wage
24 rate established under section 4.

25 (c) Beginning January 1, 2027, 42% of the minimum hourly wage
26 rate established under section 4.

27 (d) Beginning January 1, 2028, 44% of the minimum hourly wage
28 rate established under section 4.

29 (e) Beginning January 1, 2029, 46% of the minimum hourly wage

1 rate established under section 4.

2 (f) Beginning January 1, 2030, 48% of the minimum hourly wage
3 rate established under section 4.

4 (g) Beginning January 1, 2031, 50% of the minimum hourly wage
5 rate established under section 4.

6 (3) As used in this section, "gratuities" means tips or
7 voluntary monetary contributions received by an employee from a
8 guest, patron, or customer for services rendered to that guest,
9 patron, or customer and that the employee reports to the employer
10 for purposes of the federal insurance contributions act, 26 USC
11 3101 to 3128.

12 (4) Except as otherwise provided under subsection (1)(d),
13 gratuities remain the property of the employee who receives them,
14 regardless of whether the employee's employer pays the employee the
15 minimum hourly wage rate established under subsection (2) or the
16 minimum hourly wage rate established under section 4. Gratuities
17 and service charges paid to an employee are in addition to, and do
18 not count toward, wages due the employee.

19 (5) Employers shall provide employees and consumers written
20 notice of the employer's plan to distribute service charges.

21 (6) An employer shall keep records that show compliance with
22 this section for not less than 3 years after the date of an
23 employee's last pay period.

24 **(7) For each pay period of an employee described in subsection**
25 **(1), an employer shall not use gratuities that the employee**
26 **receives during a shift that exceed the difference between the**
27 **minimum hourly wage rate established under subsection (2) and the**
28 **minimum hourly wage established under section 4 to offset any wages**
29 **the employer owes the employee for a shift in which the gratuities**

1 the employee receives do not exceed the difference between the
2 minimum hourly wage rate established under subsection (2) and the
3 minimum hourly wage established under section 4.