AN ACT Relating to establishing an adjusted minimum tipped wage rate; amending RCW 49.46.020; and adding a new section to chapter 49.46 RCW.

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

Sec. 1. RCW 49.46.020 and 1999 c 1 s 1 are each amended to read as follows:

(1) Until January 1, 1999, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than four dollars and ninety cents per hour.

(2) Beginning January 1, 1999, and until January 1, 2000, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than five dollars and seventy cents per hour.

(3) Beginning January 1, 2000, and until January 1, 2001, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than six dollars and fifty cents per hour.

(4)(a) Except as provided under (c) of this subsection, beginning on January 1, 2001, and each following January 1st as set forth under
(b) of this subsection, every employer shall pay to each of his or her employees who has reached the age of eighteen years wages at a rate of not less than the amount established under (b) of this subsection.

(b) On September 30, 2000, and on each following September 30th, the department of labor and industries shall calculate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year’s minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1st as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection (4)(b) takes effect on the following January 1st.

(c) On September 30, 2001, and on each following September 30th, the department of labor and industries shall establish an adjusted minimum tipped wage rate that is equal to seventy-five percent of the adjusted minimum wage rate calculated under (b) of this subsection, but no less than six dollars and seventy-two cents per hour. Each adjusted minimum tipped wage rate established under this subsection (4)(c) takes effect on the following January 1st. Employers certified under section 2 of this act shall pay to each of his or her directly tipped employees wages at a rate of not less than the amount established under this subsection (4)(c).

(5) The director shall by regulation establish the minimum wage for employees under the age of eighteen years.

NEW SECTION. Sec. 2. A new section is added to chapter 49.46 RCW to read as follows:

The department of labor and industries shall establish a process for certifying employers of directly tipped employees as eligible to pay the adjusted minimum tipped wage rate established under RCW 49.46.020(4)(c). To apply for certification, employers shall submit a fifty dollar annual fee and report the total tips of directly tipped employees reported to the internal revenue service for the previous year and the total hours worked by directly tipped employees during the previous year. If the total tips of directly tipped employees divided by the total hours worked by directly tipped employees is more than the current adjusted minimum wage rate calculated under RCW
49.46.020(4)(b), the department shall certify the employer as eligible
to pay the adjusted minimum tipped wage rate.
As used in this section, "directly tipped employee" means an
employee who customarily and regularly receives gratuities directly
from the customer in recognition of a service performed and who is
employed by an employer with a standard industry code of 58, 70, or 79
or a North American industry code of 713, 721, or 722.

--- END ---