

# ECONOMIC DEVELOPMENT

## MOTION

Under California law, a mandatory service charge is treated differently than a discretionary tip. Unlike a discretionary tip, which, by statute, is the property of the employee to whom it is intended, a mandatory service charge falls within the control of the employer who may, at the employer's discretion, keep it or distribute some or all of it to the employees.

This policy is inconsistent with wage actions the City has taken on behalf of hotel workers, and could create confusion with customers who believe they are paying service charges to reward and thank servers for their service, but are instead having that money taken by their employer.

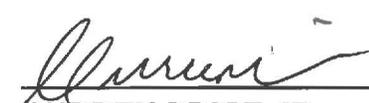
**I THEREFORE MOVE** that City Attorney prepare and present an ordinance that mandates that an employer distribute service charges to its employees and prohibit the employer from deducting the amount of service charge paid to an employee from the minimum wage received by the employee.

### PRESENTED BY:



**MIKE BONIN**

*Councilmember, 11th District*



**CURREN PRICE JR.**

*Councilmember, 9th District*



**NURY MARTINEZ**

*Councilmember, 6th District*

### SECONDED BY:



ORIGINAL

MAY 19 2015