



## The Tipped Worker Protection Act of 2025

Millions of American workers receive a subminimum wage of just \$2.13 per hour. The tipped minimum wage has remained static since 1991, even though the federal minimum wage has risen five times in the past thirty years. The tipped workforce doesn't just include restaurant employees like servers, bussers, hosts, and bartenders, but also workers in hair and nail salons, car washes, airports, and parking lots.

The tipped workforce is disproportionately made up of people of color, and more than *two-thirds* of the workforce are women. Tipped workers struggle with a poverty rate three times higher than the rest of our country's workforce and report the highest rates of sexual harassment of any industry—which they are forced to tolerate to receive full tips to support themselves and their families.

To support millions of hardworking Americans, the **Tipped Worker Protection Act** will ensure these workers receive the pay they deserve and ensure that they receive their full tips on top of a living wage. Specifically, this legislation will:

- **Increase the tipped minimum wage** beginning one year after its enactment, beginning at \$3.60 an hour and increasing by \$1.50 per year until it matches the minimum wage, creating a transition period for tipped employees and their employers.
- **Ensure that all tips are retained by employees**, whether they come directly from a customer, or via a service charge imposed by the employer. Employees will have the right to retain their tips, regardless of if they were received from the customer or distributed via a tip pool.
- **Empower employees in tip pools**, prohibiting employers, managers and supervisors from participating in tip pools, and giving employees the power to establish and modify any system to pool tips in their workplace. Employers would be required to pay a full minimum wage to all employees before establishing a tip pooling system.
- **Increase transparency for service charges**, by requiring employers to disclose to customers when any additional charge is added to the cost of a product or service. Employers would disclose the reason for this charge and the portion of the charge, if any, that will be paid directly to employees. Any portion of a service charge that is given to employees shall be treated as tips for purposes of Employer Credit for Social Security taxes.