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SENATE BILL NO. 681

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on January 19, 2015)

(Patron Prior to Substitute—Senator Marsden)

A *BILL to amend and reenact §§ 40.1-28.9 and 40.1-28.10 of the Code of Virginia, relating to the minimum wage.*

Be it enacted by the General Assembly of Virginia:

**1. That §§ 40.1-28.9 and 40.1-28.10 of the Code of Virginia are amended and reenacted as follows:
§ 40.1-28.9. Definitions; determining wages of tipped employees.**

A. As used in this article:

~~A.~~ "Employer" includes any individual, partnership, association, corporation, business trust, or any person or groups of persons acting directly or indirectly in the interest of an employer in relation to an employee;

~~B.~~ "Employee" includes any individual employed by an employer, except the following:

1. Any person employed as a farm laborer or farm employee;
2. Any person employed in domestic service or in or about a private home or in an eleemosynary institution primarily supported by public funds;

3. Any person engaged in the activities of an educational, charitable, religious or nonprofit organization where the relationship of employer-employee does not, in fact, exist, or where the services rendered to such organizations are on a voluntary basis;

4. Newsboys, shoe-shine boys, caddies on golf courses, babysitters, ushers, doormen, concession attendants and cashiers in theaters;

5. Traveling salesmen or outside salesmen working on a commission basis; taxicab drivers and operators;

6. Any person under the age of 18 in the employ of his father, mother or legal guardian;

7. Any person confined in any penal or corrective institution of the State or any of its political subdivisions or admitted to a state hospital or training center operated by the Department of Behavioral Health and Developmental Services;

8. Any person employed by a boys' and/or girls' summer camp;

9. Any person under the age of 16, regardless of by whom employed;

10. Any person who normally works and is paid based on the amount of work done;

11. ~~[Repealed.]~~

~~12. Any person whose employment is covered by the Fair Labor Standards Act of 1938 as amended;~~
~~13. Any person whose earning capacity is impaired by physical deficiency, mental illness, or intellectual disability;~~

~~14. 12.~~ Students participating in a bona fide educational program;

~~15. 13.~~ Any person employed by an employer who does not have four or more persons employed at any one time; provided that husbands, wives, sons, daughters and parents of the employer shall not be counted in determining the number of persons employed;

~~16. 14.~~ Any person who is less than 18 years of age and who is currently enrolled on a full-time basis in any secondary school, institution of higher education or trade school, provided the person is not employed more than 20 hours per week;

~~16A. 15.~~ Any person of any age who is currently enrolled on a full-time basis in any secondary school, institution of higher education or trade school and is in a work-study program or its equivalent at the institution at which he or she is enrolled as a student;

~~17. 16.~~ Any person who is less than 18 years of age and who is under the jurisdiction and direction of a juvenile and domestic relations district court.

~~C.~~ "Tipped employee" means an employee engaged in an occupation in which he customarily and regularly receives more than \$30 a month in tips.

"Wages" means legal tender of the United States or checks or drafts on banks negotiable into cash on demand or upon acceptance at full value; provided, wages may include the reasonable cost to the employer of furnishing meals and for lodging to an employee, if such board or lodging is customarily furnished by the employer, and used by the employee.

~~D. B.~~ In determining the wage of a tipped employee, the amount paid such employee by his employer shall be deemed to be increased on account of tips by an amount determined by the employer, except in the case of an employee who establishes by clear and convincing evidence that the actual amount of tips received by him was less than the amount determined by the employer. In such case, the amount paid such employee by his employer shall be deemed to have been increased by such lesser

60 amount. Commencing July 1, 2015, the amount of the credit by which payments to a tipped employee
61 are deemed to be increased on account of tips shall not exceed the limit established pursuant to clause
62 (b) of subsections B, C, and D of § 40.1-28.10.

63 **§ 40.1-28.10. Minimum wages.**

64 ~~Every~~ A. Prior to July 1, 2015, every employer shall pay to each of his employees wages at a rate
65 not less than the federal minimum wage ~~and a~~ or, if applicable, the federal training wage as prescribed
66 by the U.S. Fair Labor Standards Act (29 U.S.C. § 201 et seq.).

67 B. From July 1, 2015, until July 1, 2016, every employer shall pay to each of his employees wages
68 at a rate not less than the greater of (i) \$8.00 per hour or (ii) the federal minimum wage as prescribed
69 by the U.S. Fair Labor Standards Act (29 U.S.C. § 201 et seq.). During this period, (a) the cash wage
70 paid to a tipped employee by his employer shall not be less than 50 percent of the minimum wage
71 established pursuant to the preceding sentence and (b) the credit used to determine the wage of a tipped
72 employee as provided under subsection B of § 40.1-28.9 shall equal the difference between the cash
73 wage established pursuant to clause (a) and the minimum wage established pursuant to the preceding
74 sentence.

75 C. From July 1 2016, until July 1, 2017, every employer shall pay to each of his employees wages at
76 a rate not less than the greater of (i) \$9.00 per hour or (ii) the federal minimum wage as prescribed by
77 the U.S. Fair Labor Standards Act (29 U.S.C. § 201 et seq.). During this period, (a) the cash wage paid
78 to a tipped employee by his employer shall not be less than 50 percent of the minimum wage established
79 pursuant to the preceding sentence and (b) the credit used to determine the wage of a tipped employee
80 as provided under subsection B of § 40.1-28.9 shall equal the difference between the cash wage
81 established pursuant to clause (a) and the minimum wage established pursuant to the preceding
82 sentence.

83 D. From and after July 1 2017, every employer shall pay to each of his employees wages at a rate
84 not less than the greater of (i) \$10.10 per hour or (ii) the federal minimum wage as prescribed by the
85 U.S. Fair Labor Standards Act (29 U.S.C. § 201 et seq.). From and after such date, (a) the cash wage
86 paid to a tipped employee by his employer shall not be less than 50 percent of the minimum wage
87 established pursuant to the preceding sentence and (b) the credit used to determine the wage of a tipped
88 employee as provided under subsection B of § 40.1-28.9 shall equal the difference between the cash
89 wage established pursuant to clause (a) and the minimum wage established pursuant to the preceding
90 sentence.