

Wage & Hour

LAW UPDATE

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NY Acting Commissioner of Labor Issues Wage Board Order Reducing New York Tip Credit to \$1.50

By Noel P. Tripp on February 24, 2015

In New York, the cash wage due to tipped workers will increase to \$7.50 at the end of the year, following an Order from acting Commissioner of Labor Mario Musolino. Commissioner Musolino accepted this recommendation from the Wage Board convened by his predecessor. This order will reduce the tip credit to \$1.50/hour off the minimum wage of \$9.00/hour effective December 31, 2015.

The Commissioner also accepted the Board's recommendations that a single tip credit apply to all service employees in hospitality, and that an additional \$1/hour be added to the tip credit in New York City if New York City passes minimum wage legislation requiring a higher minimum wage than under state law. The Commissioner rejected the Board's proposal that the tip credit increase a dollar (from \$1.50 to \$2.50) for all NYS employers where certain conditions were met. This latter compromise would have made a larger tip credit available where total compensation reached certain levels, but also had the potential for ambiguity in implementation, a breeding ground for litigation.

The Order is available [here](#). New York hospitality industry employers must begin to plan for the economic impact of these changes.