

## **FINANCIAL IMPACT OF THE PREVENT EMPLOYERS FROM SEIZING TIPS INITIATIVE**

### **FINANCIAL IMPACT – YES**

#### **OVERVIEW**

The Prevent Employers from Seizing Tips Initiative (Initiative) proposes to amend Nevada Revised Statutes (NRS) 608.160, which governs the division of tips and gratuities among employees, to clarify that all gratuities or tips given to an employee are the sole property of that employee. The Initiative makes it lawful for an employer to require eligible employees to enter into a tip-pooling agreement, but prohibits an employer from determining which employees are eligible to receive an allocation from a shared pool of tips and gratuities. Eligible employees are defined by the Initiative as those employees who are the actual and direct recipients of the tips or gratuities.

The Initiative allows employees who are the actual and direct recipient of the tips or gratuities who establish tip pooling agreements to solely decide amongst themselves who may be included in the tip pool; however, no eligible employee may be excluded from the pool. The provisions of the Initiative do not apply to those employees covered by a collective bargaining agreement.

The Initiative also allows an employee or group of employees to bring civil action in a court of competent jurisdiction in this state to enforce the provisions of the Initiative and specifies remedies that may be awarded by the court for violations of the provisions of the Initiative.

#### **FINANCIAL IMPACT OF THE INITIATIVE**

The provisions contained within Chapter 608 of NRS are currently enforced by the Office of the Labor Commissioner of the Nevada Department of Business and Industry. The Office of the Labor Commissioner has provided a fiscal note indicating that enforcement of the provisions of the Initiative would require one additional audit/compliance auditor and one administrative assistant to facilitate investigation of any complaints brought forth pursuant to the Initiative. These costs were estimated by the Labor Commissioner at approximately \$176,000 per fiscal year, beginning in the first fiscal year that the provisions of the Initiative would become effective.

The provisions of the Initiative granting employees or groups of employees the right to bring appropriate civil action in a court of competent jurisdiction may, if passed, increase the caseload within the state and local court system and may increase the workload of the Office of the Attorney General. The Fiscal Analysis Division, however, cannot predict the number of actions that may be taken within the court system, or the resulting state and local financial effect, with any reasonable degree of certainty.

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