

118TH CONGRESS  
2D SESSION

# H. R. 9624

To amend the Fair Labor Standards Act of 1938 to eliminate the separate minimum wage for tipped employees, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 17, 2024

Mr. HORSFORD (for himself and Mr. NORCROSS) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Fair Labor Standards Act of 1938 to eliminate the separate minimum wage for tipped employees, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Tipped Income Protec-  
5       tion and Support Act” or “TIPS Act”.

1 **SEC. 2. REPEAL OF SEPARATE MINIMUM WAGE FOR TIPPED**  
 2 **EMPLOYEES.**

3 (a) MINIMUM WAGE FOR TIPPED EMPLOYEES.—Sec-  
 4 tion 3(m)(2)(A) of the Fair Labor Standards Act of 1938  
 5 (29 U.S.C. 203(m)(2)(A)) is amended to read as follows:

6 “(A) The wage required to be paid to a tipped em-  
 7 ployee shall be the wage set forth in section 6(a)(1). All  
 8 tips received by such employee shall be retained by the  
 9 employee, except that this subsection shall not be con-  
 10 strued to prohibit the pooling of tips among employees  
 11 who customarily and regularly receive tips.”.

12 (b) PENALTIES.—Section 16 of the Fair Labor  
 13 Standards Act of 1938 (29 U.S.C. 216), as amended by  
 14 this Act, is further amended—

15 (1) in subsection (b), by striking “the sum of  
 16 any tip credit taken by the employer and all such  
 17 tips unlawfully kept by the employer” and inserting  
 18 “the sum of all such tips unlawfully used or kept by  
 19 the employer”; and

20 (2) in subsection (c), by striking “the sum of  
 21 any tip credit taken by the employer and all such  
 22 tips unlawfully kept by the employer” and inserting  
 23 “the sum of all such tips unlawfully used or kept by  
 24 the employer”.

25 **SEC. 3. DEDUCTION FOR CASH TIPS.**

26 (a) IN GENERAL.—

1           (1) DEDUCTION ALLOWED.—Part VII of sub-  
2       chapter B of chapter 1 of the Internal Revenue Code  
3       of 1986 is amended by redesignating section 224 as  
4       section 225 and by inserting after section 223 the  
5       following new section:

6   **“SEC. 224. CASH TIPS.**

7       “(a) IN GENERAL.—There shall be allowed as a de-  
8       duction an amount equal to the amount of qualified tips  
9       received during the taxable year that are included on  
10      statements furnished to the employer pursuant to section  
11      6053(a).

12      “(b) LIMITATION.—No deduction shall be allowed  
13      under subsection (a) to any individual for any taxable year  
14      if the adjusted gross income of such individual for such  
15      taxable year exceeds \$112,500.

16      “(c) QUALIFIED TIPS.—For purposes of this section,  
17      the term ‘qualified tips’ means a tip received by an indi-  
18      vidual—

19           “(1) from an unrelated party,

20           “(2) who does not have an ownership stake in  
21      the business which employs them in the job in for  
22      which such individual is receiving a tip, and

23           “(3) in the course of such individual’s employ-  
24      ment in an occupation which traditionally and cus-  
25      tomarily received tips, including—

1 “(A) cosmetology,  
 2 “(B) hospitality,  
 3 “(C) food and beverage service,  
 4 “(D) parking attendants, and  
 5 “(E) custodial service.”.

6 (2) CONFORMING AMENDMENT.—The table of  
 7 sections for part VII of subchapter B of chapter 1  
 8 of such Code is amended by redesignating the item  
 9 relating to section 224 as relating to section 225  
 10 and by inserting after the item relating to section  
 11 223 the following new item:

“Sec. 224. Cash tips.”.

12 (b) DEDUCTION ALLOWED TO NON-ITEMIZERS.—  
 13 Section 63(b) of the Internal Revenue Code of 1986 is  
 14 amended by striking “and” at the end of paragraph (3),  
 15 by striking the period at the end of paragraph (4) and  
 16 inserting “and”, and by adding at the end the following  
 17 new paragraph:

18 “(5) the deduction provided in section 224.”.

19 (c) NON-APPLICATION OF CERTAIN LIMITATIONS  
 20 FOR ITEMIZERS.—

21 (1) DEDUCTION NOT TREATED AS A MISCELLA-  
 22 NEOUS ITEMIZED DEDUCTION.—Section 67(b) of the  
 23 Internal Revenue Code of 1986 is amended by strik-  
 24 ing “and” at the end of paragraph (11), by striking  
 25 the period at the end of paragraph (12) and insert-

1 ing “, and”, and by adding at the end the following  
2 new paragraph:

3 “(13) the deduction under section 224 (relating  
4 to cash tips).”.

5 (2) DEDUCTION NOT TAKEN INTO ACCOUNT  
6 UNDER OVERALL LIMITATION.—Section 68(c) of the  
7 Internal Revenue Code of 1986 is amended by strik-  
8 ing “and” at the end of paragraph (2), by striking  
9 the period at the end of paragraph (3) and inserting  
10 “, and”, and by adding at the end the following new  
11 paragraph:

12 “(4) the deduction under section 224 (relating  
13 to cash tips).”.

14 (d) WITHHOLDING.—The Secretary of the Treasury  
15 (or the Secretary’s delegate) shall modify the tables and  
16 procedures prescribed under section 3402(a) of the Inter-  
17 nal Revenue Code of 1986 to take into account the deduc-  
18 tion allowed under section 224 of such Code (as added  
19 by this Act).

20 (e) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years beginning after  
22 December 31, 2024.

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