

119TH CONGRESS
1ST SESSION

H. R. 1314

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

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2025

Mr. HORSFORD (for himself, Mr. NORCROSS, Ms. TITUS, Ms. LEE of Nevada, Mr. CLEAVER, Mrs. RAMIREZ, Mrs. McIVER, Mr. THOMPSON of Mississippi, Ms. VELÁZQUEZ, Mr. BOYLE of Pennsylvania, and Mr. CARTER of Louisiana) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and 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

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, 2025.

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