Amending the act of January 17, 1968 (P.L.11, No.5), entitled "An act establishing a fixed minimum wage and overtime rates for employes, with certain exceptions; providing for minimum rates for learners and apprentices; creating a Minimum Wage Advisory Board and defining its powers and duties; conferring powers and imposing duties upon the Department of Labor and Industry; imposing duties on employers; and providing penalties," further providing for definitions and for minimum wages; providing for gratuities; further providing for enforcement and rules and regulations, for penalties and for civil actions; repealing provisions relating to preemption; and providing for taxpayer savings and reinvestment.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Sections 3(d) and 4(a) of the act of January 17, 1968 (P.L.11, No.5), known as The Minimum Wage Act of 1968, are amended to read:

Section 3. Definitions.--As used in this act:

* * *

(d) "Wages" mean compensation due to any employe by reason of his or her employment, payable in legal tender of the United States or checks on banks convertible into cash on demand at full face value, subject to such deductions, charges or
allowances as may be permitted by regulations of the secretary under section 9.

"Wage" paid to any employe includes the reasonable cost, as determined by the secretary, to the employer for furnishing such employe with board, lodging, or other facilities, if such board, lodging, or other facilities are customarily furnished by such employer to his or her employes: Provided, That the cost of board, lodging, or other facilities shall not be included as a part of the wage paid to any employe to the extent it is excluded therefrom under the terms of a bona fide collective-bargaining agreement applicable to the particular employe: Provided, further, That the secretary is authorized to determine the fair value of such board, lodging, or other facilities for defined classes of employes and in defined areas, based on average cost to the employer or to groups of employers similarly situated, or average value to groups of employes, or other appropriate measures of fair value. Such evaluations, where applicable and pertinent, shall be used in lieu of actual measure of cost in determining the wage paid to any employe.

[In determining the hourly wage an employer is required to pay a tipped employe, the amount paid such employe by his or her employer shall be an amount equal to: (i) the cash wage paid the employe which for the purposes of the determination shall be not less than the cash wage required to be paid the employe on the date immediately prior to the effective date of this subparagraph; and (ii) an additional amount on account of the tips received by the employe which is equal to the difference between the wage specified in subparagraph (i) and the wage in effect under section 4 of this act. The additional amount on account of tips may not exceed the value of tips actually
received by the employe. The previous sentence shall not apply
with respect to any tipped employe unless:

(1) Such employe has been informed by the employer of the
provisions of this subsection;

(2) All tips received by such employe have been retained by
the employe and shall not be surrendered to the employer to be
used as wages to satisfy the requirement to pay the current
hourly minimum rate in effect; where the gratuity is added to
the charge made by the establishment, either by the management,
or by the customer, the gratuity shall become the property of
the employe; except that this subsection shall not be construed
to prohibit the pooling of tips among employes who customarily
and regularly receive tips.)

* * *

Section 4. Minimum Wages.--Except as may otherwise be
provided under this act:

(a) Every employer shall pay to each of his or her employes
wages for all hours worked at a rate of not less than:

(1) Two dollars sixty-five cents ($2.65) an hour upon the
effective date of this amendment.

(2) Two dollars ninety cents ($2.90) an hour during the year

(3) Three dollars ten cents ($3.10) an hour during the year
beginning January 1, 1980.

(4) Three dollars thirty-five cents ($3.35) an hour after
December 31, 1980.

(5) Three dollars seventy cents ($3.70) an hour beginning
February 1, 1989.

(6) Five dollars fifteen cents ($5.15) an hour beginning
September 1, 1997.

(8) Seven dollars fifteen cents ($7.15) an hour beginning July 1, 2007.

(9) Twelve dollars ($12) an hour beginning July 1, 2021.

(10) Twelve dollars fifty cents ($12.50) an hour beginning July 1, 2022.

(11) Thirteen dollars ($13) an hour beginning July 1, 2023.

(12) Thirteen dollars fifty cents ($13.50) an hour beginning July 1, 2024.

(13) Fourteen dollars ($14) an hour beginning July 1, 2025.

(14) Fourteen dollars fifty cents ($14.50) an hour beginning July 1, 2026.

(15) Fifteen dollars ($15) an hour beginning July 1, 2027.

(16) Beginning July 1, 2028, and for each succeeding July 1 thereafter, the minimum wage shall be increased by an annual cost-of-living adjustment calculated by the secretary using the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the Pennsylvania, New Jersey, Delaware and Maryland area. In calculating the adjustment, the secretary shall use the most recent twelve-month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics. At least sixty days prior to the date the adjustment is due to take effect, the percentage increase and the minimum wage amount, rounded to the nearest multiple of five cents (5¢), shall be determined by the secretary. The secretary shall, within ten days following the determination, forward a notice of the determination to the Legislative Reference Bureau for publication in the next Pennsylvania Bulletin.
Section 2. The act is amended by adding a section to read:

Section 5.2. Gratuities.--(a) A gratuity shall be the sole property of the employe to whom the gratuity was paid, given or left. An employer may not take a gratuity or a part of a gratuity that was paid, given to or left for an employe by a guest, customer or patron or require an employe to credit the gratuity against the wages due to the employe from the employer.

(b) An employer that permits a guest, customer or patron to pay a gratuity by credit card shall pay the employe the full amount of the gratuity that the guest, customer or patron indicated on the credit card slip without a deduction for any credit card processing fees or costs that may be charged to the employer by the credit card company. The payment of a gratuity made by a guest, customer or patron using a credit card shall be made to the employe not later than the next regular payday after the date the guest, customer or patron authorized the credit card payment.

Section 3. Sections 9, 12 and 13 of the act are amended to read:

Section 9. Enforcement; Rules and Regulations.--[The secretary shall enforce this act.] (a) The secretary shall make and, from time to time, revise regulations, with the assistance of the board, when requested by the secretary, which shall be deemed appropriate to carry out the purposes of this act and to safeguard the minimum wage rates thereby established. Such regulations may include, but are not limited to, regulations defining and governing bona fide executive, administrative, or professional employes and outside salespersons, learners and apprentices, their number, proportion, length of learning
period, and other working conditions; handicapped workers with
disabilities; part-time pay; overtime standards; bonuses;
allowances for board, lodging, apparel, or other facilities or
services customarily furnished by employers to employes;
[allowances for gratuities;] or allowances for such other
special conditions or circumstances which may be incidental to a
particular employer-employe relationship.

(b) The secretary shall have the authority to investigate
possible violations of this act and to assess administrative
penalties under section 12 of this act.

Section 12. Penalties.--(a) Any employer and his or her
agent, or the officer or agent of any corporation, who
discharges or in any other manner discriminates against any
employe because such employe has testified or is about to
testify before the secretary or his or her representative in any
investigation or proceeding under or related to this act, or
because such employer believes that said employe may so testify
shall, upon conviction thereof in a summary proceeding, be
sentenced to pay a fine of not less than [five hundred dollars
($500)] one thousand five hundred dollars ($1,500) nor more than
one thousand dollars ($1,000) nor more than
three thousand dollars ($3,000), and in default of the payment of such fine and costs, shall be
sentenced to imprisonment for not less than ten days nor more
than ninety days.

(b) Any employer or the officer or agent of any corporation
who pays or agrees to pay any employe less than the rates
applicable to such employe under this act shall, upon conviction
thereof in a summary proceeding, be sentenced to pay a fine of
not less than [seventy-five dollars ($75)] two hundred twenty-
five dollars ($225) nor more than [three hundred dollars ($300)]
nine hundred dollars ($900) or to undergo imprisonment of not
less than ten nor more than sixty days, or both. Each week in
which such employe is paid less than the rate applicable to him
or her under this act and for each employe who is paid less than
the prescribed rate, a separate offense shall be deemed to
occur. Any agreement between the employer and the employe to
work for less than the applicable wage rate shall be no defense
to action by the Commonwealth under this section.

(c) Any employer or the officer or agent of any corporation
who violates any other provision of this act or of any
regulation issued thereunder shall, upon conviction thereof in a
summary proceeding, be sentenced to pay a fine of not less than
[one hundred dollars ($100)] three hundred dollars ($300) nor
more than [five hundred dollars ($500)] one thousand five
hundred dollars ($1,500), and each day of such failure to comply
with this act or regulation, shall constitute a separate
offense.

Section 13. Civil Actions.--(a) If any employe is paid by
his or her employer less than the minimum wages provided by
section 4 of this act or by any regulation issued thereunder,
such worker may recover in a civil action the full amount of
such minimum wage less any amount actually paid to the worker by
the employer, together with costs and such reasonable attorney's
fees as may be allowed by the court, and any agreement between
the employer and the worker to work for less than such minimum
wage shall be no defense to such action. [At the request of any
employe paid less than the minimum wage to which such employe
was entitled under this act and regulations issued thereunder,
the secretary may take an assignment of such wage claim, in
trust for the assigning worker and may bring any legal action
necessary to collect such claim,]
(b) The secretary may bring any legal action necessary to collect the wages of any employe who is paid by his or her employer less than the minimum wages provided by section 4 of this act or by any regulation issued thereunder and the employer shall be required to pay the cost and such reasonable attorney's fees as may be allowed by the court.
(c) In an action under this section, the secretary may recover liquidated damages in an amount equal to the wages owed to the employe unless the employer shows that the act or omission resulting in the nonpayment of wages was in good faith and the employer had reasonable grounds for believing that the act or omission was not in violation of this act.

Section 4. Section 14.1 of the act is repealed:

[Section 14.1. Preemption.--(a) Except as set forth in subsection (b), this act shall preempt and supersede any local ordinance or rule concerning the subject matter of this act.
(b) This section does not prohibit local regulation pursuant to an ordinance which was adopted by a municipality prior to January 1, 2006, and which remained in effect on January 1, 2006.]

Section 5. The act is amended by adding a section to read:

Section 14.2. Taxpayer Savings and Reinvestment.--(a) When section 4(a)(9), (10), (11), (12), (13), (14) and (15) of this act each take effect, the Secretary of Human Services shall determine the amount that will be saved by raising the wage of individuals that makes the individuals no longer eligible for programs. The Secretary of Human Services shall:
(1) publish the amount of savings, along with the appropriation in which an amount is to be saved, on the
Department of Human Services' publicly accessible Internet website; and

(2) forward a notice of the information under paragraph (1) to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

(b) Savings under subsection (a) shall be used to provide increases to childcare providers, direct-care workers and for home-based and community-based services. The Secretary of Human Services shall distribute the savings under subsection (a) in the same manner that the providers are paid. The programs that will receive the savings and the amounts being augmented to each appropriation shall be forwarded to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

Section 6. This act shall take effect immediately.