
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1427 Session of
2023

INTRODUCED BY KIM, JUNE 20, 2023

REFERRED TO COMMITTEE ON LABOR AND INDUSTRY, JUNE 20, 2023

AN ACT

1 Amending the act of January 17, 1968 (P.L.11, No.5), entitled
2 "An act establishing a fixed minimum wage and overtime rates
3 for employes, with certain exceptions; providing for minimum
4 rates for learners and apprentices; creating a Minimum Wage
5 Advisory Board and defining its powers and duties; conferring
6 powers and imposing duties upon the Department of Labor and
7 Industry; imposing duties on employers; and providing
8 penalties," further providing for definitions, for minimum
9 wages and for preemption.

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

12 Section 1. Sections 3(d) and (i) and 4(a) of the act of
13 January 17, 1968 (P.L.11, No.5), known as The Minimum Wage Act
14 of 1968, are amended and the sections are amended by adding
15 subsections to read:

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

17 * * *

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

1 under section 9.

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

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

1 with respect to any tipped employe unless:

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

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

13 * * *

14 (i) "Gratuities" or "tips" means a voluntary, monetary
15 [contributions] contribution received by an employe from a
16 guest, patron or customer for services rendered.

17 (j) "Tipped employe" means an employe who customarily and
18 regularly receives a gratuity during the course of the employe's
19 employment.

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

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

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

27 (2) Two dollars ninety cents (\$2.90) an hour during the year
28 beginning January 1, 1979.

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

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

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

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

7 (7) Six dollars twenty-five cents (\$6.25) an hour beginning
8 January 1, 2007.

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

11 (9) Fifteen dollars (\$15) an hour beginning January 1, 2024.

12 * * *

13 (a.2) A municipality may enact an ordinance which requires
14 an employer to pay each of his or her employes wages for all
15 hours worked at a rate higher than the rate imposed under
16 subsection (a). A copy of an ordinance adopted by a municipality
17 under this subsection shall be submitted to the department.

18 (a.3) Beginning January 1, 2025, and each year thereafter,
19 the minimum wage shall be increased by an annual cost-of-living
20 adjustment calculated by the secretary using the percentage
21 change in the Consumer Price Index for all Urban Consumers for
22 the Pennsylvania, New Jersey, Delaware and Maryland area. In
23 calculating the adjustment, the secretary shall use the most
24 recent twelve-month period for which figures have been
25 officially reported by the United States Department of Labor,
26 Bureau of Labor Statistics. At least sixty days prior to the
27 date the adjustment is due to take effect, the percentage
28 increase and the minimum wage amount, rounded to the nearest
29 multiple of five cents (5¢), shall be determined by the
30 secretary. The secretary shall, within ten days following the

1 determination, forward a notice to the Legislative Reference
2 Bureau for publication in the next available issue of the
3 Pennsylvania Bulletin.

4 (a.4) The following shall apply to tipped employes:

5 (1) Each tipped employe shall be informed in writing by the
6 employer, no later than twenty days after the effective date of
7 this subsection, that the tipped employe shall be paid not less
8 than the appropriate minimum wage under subsection (a).

9 (2) Each gratuity received by the employe shall be retained
10 by the employe and shall not be surrendered or paid to the
11 employer. This paragraph shall not be deemed to prohibit the
12 pooling of gratuities among tipped employes.

13 (3) If a gratuity is added, either by the employer or the
14 manager of the establishment or by the guest, patron or
15 customer, to the charge to the guest, patron or customer, the
16 gratuity shall become the property of the tipped employe and
17 shall not be used by the employer to satisfy the requirement to
18 pay the wage then in effect.

19 * * *

20 Section 2. Section 14.1 of the act is amended to read:

21 Section 14.1. Preemption.--[(a) Except as set forth in
22 subsection (b), this] This act shall preempt and supersede any
23 local ordinance or rule concerning the subject matter of this
24 act.

25 [(b) This section does not prohibit local regulation
26 pursuant to an ordinance which was adopted by a municipality
27 prior to January 1, 2006, and which remained in effect on
28 January 1, 2006.]

29 Section 3. The addition of section 4(a.2) of the act shall
30 apply to contracts entered into or renewed on or after the

1 effective date of this section.

2 Section 4. This act shall take effect as follows:

3 (1) The amendment of the definition of "wage" under
4 section 3(d) of the act shall take effect in six months.

5 (2) The remainder of this act shall take effect
6 immediately.