

FINANCIAL IMPACT OF THE PREVENT EMPLOYERS FROM SEIZING TIPS INITIATIVE

FINANCIAL IMPACT – CANNOT BE DETERMINED

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 prohibit an employer from determining which employees are eligible to receive an allocation from a shared pool of tips and gratuities or requiring that particular employees receive an allocation unless authorized by an applicable collective bargaining agreement. The Initiative allows employees who are the actual and direct recipient of the tips or gratuities to establish tip pooling agreements and solely decide amongst themselves who may be included in the tip pool. 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 provided 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 the number of complaints filed with the Labor Commissioner may increase as a result of enactment of the Initiative. However, an estimate of the number of complaints filed as a result of the provisions of this Initiative, or the additional workload incurred as a result of these additional complaints, could not be determined by the Office of the Labor Commissioner with any reasonable degree of certainty.

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. 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.

Prepared by the Fiscal Analysis Division of the Legislative Counsel Bureau – January 18, 2008