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NOTICE OF INCLUDED GRATUITY OR SERVICE CHARGE

House Bill 4208

Sponsor: Rep. Raymond Basham

Committee: Criminal Law and Corrections

Complete to 2-24-99

A SUMMARY OF HOUSE BILL 4208 AS INTRODUCED 2-9-99

House Bill 4208 would create an act to require that patrons of food service establishments be given notice of any automatic gratuity or service charge that would be added to their bills. Specifically, a food service establishment that charged an automatic gratuity or service charge, or both, would have to include, at least, a notice indicating the amount charged, either as a fixed amount or as a percentage of the customer's bill. The notice would have to be printed on each customer's bill and on each menu or on a poster placed conspicuously in the customer service area of the establishment. The notice would have to be printed in a size and format that was conspicuous and easily readable. If the establishment charged an automatic gratuity, it would be required to ensure that all of the automatic gratuity was distributed to the appropriate staff. If the establishment imposed a service charge where only a portion of the money would be distributed to the staff, the notice provided by the establishment would also have to include the percentage of the service charge that would be retained by the establishment.

Failure to provide the required notice would subject the establishment to a civil fine of not more than \$500. However, a second or subsequent offense within a two-year period would be subject to a fine of not more than \$1,000. A violation would be enforceable as a state civil infraction.

An automatic gratuity would defined as money required in addition to the price of a meal, drinks or other products that was given to the staff in recognition for service provided to a customer or group of customers. A service charge would defined as a charge that was imposed by a food service establishment and was not related to a specific service or product.

MCL 333.12917

Analyst: W. Flory

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.