

OFFICIAL NOTICE

Santa Monica Service Charge Law

Effective Date: July 1, 2016

Starting **July 1, 2016**, employers using service charges must abide by regulations in the Minimum Wage Ordinance, Municipal Code Section 4.62.040. This means that employers must:

- Pay all revenue collected as a **service charge** to the workers who generally performed the services for which the charge was collected (can include back-of-house)
- Pay any revenue collected as a **health-care related surcharge** to the employee through (i) depositing into segregated accounts controlled by the employee or (ii) paying to the employee in wages
- Inform employees of service charge distribution
- Keep records of service charge distribution

Employers may pay service charge revenue to employees whose primary role is not supervisory or managerial. Employers must also provide clear and conspicuous notice to customers of any service charges and their use.

Employers will distribute amounts collected for hotel banquets or hotel-catered meetings, hotel room service, or hotel portage service to the employees directly providing the service. Employers that had an existing practice of pooling and distributing service charges prior to the Minimum Wage effective date may continue with this practice.

Under the Ordinance, employees who assert their rights to receive service charge revenue are protected from retaliation. Employees may file a civil lawsuit against their employers for any violation of the service charge provisions. The City can investigate possible violations, and can enforce the service charge requirements. Available remedies include but are not limited to reinstatement of employees, payment of service charges unlawfully withheld, and monetary penalties.

FOR MORE INFORMATION, PLEASE CONTACT THE CITY OF SANTA MONICA:

(310) 458-8281 • minimum.wage@santamonica.gov • santamonica.gov/minimum-wage



HONEST WORK. FAIR PAY.
Santa Monica's Minimum Wage