

General Assembly credit card bill threatens tips of hourly workers



The Colorado General Assembly is weighing legislation to regulate credit card payments that will ultimately hurt workers who rely on tips, as well as make transactions more difficult for businesses.

House Bill 1282 requires different treatment for taxes and tips than for the underlying purchase. This means businesses – such as restaurants, food delivery apps or service-based companies – could prohibit customers from paying taxes and

tips on the same bill as their main purchases.

When that happens, tipped workers would lose the tips they would typically receive when customers tap, swipe or insert their credit card to pay. Because the business would have to separate the gratuities from the underlying bill, it would make it harder to tip – especially given that many consumers no longer carry cash.

That is effectively a pay cut for hourly workers who rely on tips for their income, including:



Waiters and baristas



Those working at fast casual restaurants



Food and grocery delivery workers



Taxi and ride sharing drivers

In addition to hurting Colorado workers, House Bill 1282 will also saddle small and medium sized businesses with new costs ranging from having to buy new equipment and invest in compliance, to adjusting wage structures and retraining employees – all of which will cut into profits and employee wages.

A **federal court recently ruled** that a similar bill that passed in Illinois was illegal and could only be enforced on businesses based in that state – discriminating against local businesses by forcing burdensome regulations on them while businesses based outside the state were exempt.

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Electronic transactions help small businesses thrive by giving them the tools they need to make a sale, manage their operations, and compete against larger companies.

They also save businesses time and money – at least \$2.35 trillion since 2006 – compared to the equivalent in all-cash transactions.

The industry, represented by the Electronic Transactions Association, behind these payments has made significant investments that allow millions of transactions to happen effortlessly, and securely every second of every day.