



Office of City Clerk

City Council Document Tracking Sheet

City Hall
121 North LaSalle Street
Room 107
Chicago, IL 60602
www.chicityclerk.com

Matter ID: O2023-0004205

Meeting Date: 9/13/2023

Sponsor(s): Lawson (44) *
Conway (34) (C)
Knudsen (43) (C)
Silverstein (50) (C)
Lee (11) (C)
Hopkins (02) (C)
Nugent (39) (C)

Type: Ordinance

Title: Amendment of Municipal Code Chapter 6-105 by adding new Sections 6-105-030 and 6-105-040 regarding increased minimum wage for employees who receive gratuities employed by employers with \$3 Million in annual revenue

Committee Assignment: Committee on Workforce Development

ORDINANCE

WHEREAS, the City of Chicago is a home rule unit of government pursuant to the 1970 Illinois Constitution, Article VII, Section 6(a); and

WHEREAS, pursuant to its home rule power, the City of Chicago may exercise and power and perform any function relating to its government and affairs including the power to regulate for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the federal minimum wage for regular, non-tipped employees is \$7.25 an hour and \$2.13 an hour for tipped employees; and

WHEREAS, under the current tipped wage system, no tipped worker in Chicago makes less than the prevailing \$15.80 minimum wage for any hour they work; and

WHEREAS, in Illinois, the median full-service restaurant tipped worker makes over \$28 per hour; and

WHEREAS, in a recent survey of over 300 Chicago restaurant operators, respondents overwhelmingly said that eliminating the tipped minimum wage will have a very negative impact on their operations, leading to a reduction in staff, and an increase in costs. 92% of those operators believe that menu prices will increase and 76% will have to reduce the number of tipped workers they employ; and

WHEREAS, family-owned restaurants who are currently operating with a profit margin of 3-5%, could see their gains fall even further to 1.6% if tipped wages are eliminated.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated herein and made part hereof as though fully set forth herein.

SECTION 2. Chapter 6-105 of the Municipal Code of Chicago is hereby amended by adding the following underlined text to sections 6-105-030 and 6-105-040:

6-105-030 Minimum hourly wage in occupations receiving gratuities.

(a) Every Employer of a Covered Employee engaged in an Occupation in which Gratuities have customarily constituted part of the remuneration is entitled to an allowance for gratuities as part of the hourly wage rate provided in Section 6-105-020(b) in an amount not to exceed 40% of the applicable minimum wage rate. However, starting on January 1, 2025, the Gratuities and Wage due to a Covered Employee who works for an Employer with \$3 million or more in annual revenue shall be no less than 130% of the minimum hourly Wage set forth in Section 6-105-020(b)(1)(C), with the allowance for Gratuities not to exceed 40% of the hourly Wage set forth in Section 6-105-020(b)(1)(C).

(b) Every Employer that pays a Covered Employee the Wage described in subsection (a) shall transmit to the Commissioner, in a manner provided by rule, substantial evidence establishing: (1) the amount the Covered Employee received as Gratuities during the relevant pay period; and (2) that no part of that amount was returned to the Employer. If an Employer is required by the Minimum Wage Law to provide substantially similar data to the Illinois Department of Labor, the Commissioner may allow the Employer to comply with this subsection (b) by filing a copy of the state documentation.

(c) The Commissioner shall make available to Employers a bulletin announcing the City's minimum hourly Wage for the upcoming year for workers who receive Gratuities.

6-105-040 Overtime compensation.

The Wages set out in Sections 6-105-020 and 6-105-030 are subject to the overtime compensation provisions in the Minimum Wage Law, with the exception that the definitions of "Employer" and "Employee" in this chapter shall apply.

6-105-100 Violation Penalty.

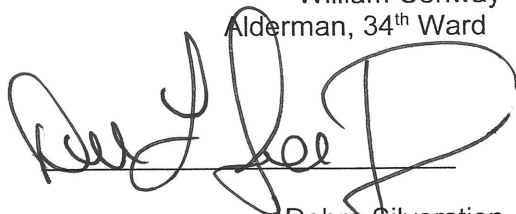
Any Employer who violates this chapter or any rule promulgated thereunder shall be subject to a fine of not less than ~~\$500.00~~ \$1,500.00 nor more than ~~\$1,000.00~~ \$3,000.00 for each offense. Each day that a violation continues shall constitute a separate and distinct offense to which separate time shall apply

SECTION 3. Effective Date

This ordinance shall take effect on January 1, 2025.



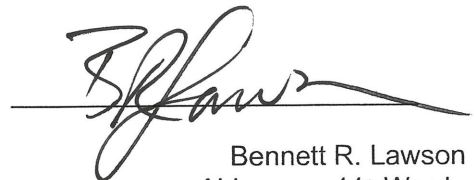
William Conway
Alderman, 34th Ward



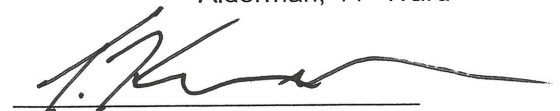
Debra Silverstien
Alderman, 50th Ward

Ben Hoken 2

AB Myers 39



Bennett R. Lawson
Alderman, 44th Ward



Timmy Knudsen
Alderman, 43rd Ward



Nicole Lee
Alderman, 11th Ward

