

February 25, 2014 www.mcvpr.com

LABOR & EMPLOYMENT LAW ALERT

Recent Legislation Affecting the Labor & Employment Law Area

Proposed Legislation Affecting Employers with Tipped Employees

House Bill 1626 (HB 1626), introduced on January 21, 2014, would require employers with tipped employees to keep records of all tips received by each employee per shift. Upon calculating wages owed, the employer must take into account the tips reported by each employee to ascertain whether he or she has earned enough to reach the Federal minimum wage per hour of work on each day. If not, the employer must pay the difference. The amounts in tips earned reported by each employee should be in writing and kept as part of each employee's payroll records. Similar requirements on tip reporting and record keeping already exist for employers covered by the Fair Labor Standards Act. This bill would impose additional requirements under local law.

HB 1626 bans the use of tips earned to pay the salaries of other employees and/or to cover any administrative costs; therefore, "tip pools" in the workplace will become regulated by both federal and local law. The Puerto Rico Department of Labor, which has been entrusted with ensuring compliance with the provisions of HB 1626, will have the right to access work sites and perform record inspections. Any violations to HB 1626 will subject employers to criminal liability and fines of up to \$5,000.

Also, on February 6, 2014, the Puerto Rico Senate approved Senate Resolution 478 to investigate the handling of service charges, as opposed to tips, of employers in the hotel and convention industries, as well as their use of employment agencies.

President Barack Obama Signed Executive Order Raising Minimum Wage to \$10.10 for Federal Contract Workers

On February 12, 2014, President Barack Obama signed an Executive Order officially raising the minimum wage for Federal contractors and subcontractors to \$10.10 beginning January 1, 2015. This minimum wage will be adjusted annually to an amount determined by the Secretary of Labor. The Secretary of Labor shall issue regulations for the implementation of this change by October 1, 2014. For further information, please refer to our Labor Alert of [January 29, 2014](#).

If you have any questions or comments, or wish additional information regarding the above matters, please contact any of the following attorneys:

Alfredo Hopgood	787.250.5689	ah@mcvpr.com
Miguel A. Rivera-Arce	787-250-5634	mar@mcvpr.com
Jorge A. Antongiorgi	787.250.5659	jab@mcvpr.com
María Antongiorgi	787.250.2624	maj@mcvpr.com
Anita Montaner	787.250.5652	ams@mcvpr.com
James D. Noël	787.250.5673	jd@mcvpr.com
Miguel Palou	787.250.5686	mpl@mcvpr.com
Radamés (Rudy) A. Torruella	787.250.5679	rat@mcvpr.com

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