



**House
Legislative
Analysis
Section**

House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

**RESTAURANTS MUST NOTIFY
CUSTOMERS OF GRATUITY**

House Bill 4254

Sponsor: Rep. Glenn S. Anderson

Committee: Commerce

Complete to 3-27-03

A SUMMARY OF HOUSE BILL 4254 AS INTRODUCED 3-19-03

The bill would create a new act under which a food service establishment that charged an automatic gratuity or imposed a service charge would be required to include a notice of the gratuity or service charge on each bill and either on the menu or on a conspicuous poster. The bill would also require a food service establishment to ensure that an automatic gratuity was distributed to the appropriate staff and would require that if only a portion of a service charge was given to staff then the required notices include the percentage that the staff would receive. The new act would take effect 90 days after enactment.

An “automatic gratuity” would be defined as a sum that is required by a food service establishment in addition to the charge for a meal, drink, or other product and is given to staff for recognition of service provided to customers. A “service charge” would be defined to mean a charge imposed by a food service establishment not related to a specific service or product. The bill would adopt the definition of “food service establishment” found in the Food Law of 2000.

The bill would not apply to a food service establishment or caterer when serving a banquet but would apply to that part of an establishment open to the general public and not serving the banquet. The term “banquet” would be defined to mean an event not generally open to the public and occurring in a food service establishment where the establishment was hired to serve food in honor or commemoration of a particular guest, group of individuals, or occasion.

The notice required by the bill would have to be printed in a size and format that is conspicuous and easily readable, and would have to include at least the amount of the automatic gratuity or service charge, expressed either as a fixed dollar amount or as a percentage of the total bill.

A violation by a food service establishment would be a state civil infraction and the establishment could be ordered to pay a civil fine of not more than \$50 for a first violation and not more than \$500 for a second or subsequent violation occurring within a 24-month period.

Analyst: C. Couch

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