

# DON'T DELAY THE PAY!

## Voters and Consumers Can Take Action to Ensure Proper Implementation of Initiative 82

### BACKGROUND

With the passage of Initiative 82, Washington D.C. has made a historic move away from a business model built on the legacy of slavery, that has allowed a workforce that is overwhelmingly women and disproportionately women of color to continue to receive a subminimum wage 150 years since Emancipation.<sup>1</sup> DC Bill 25-0280 proposes to modify both Initiative 82 implementation and the rules surrounding service charges, which impact Initiative 82's successful implementation in Washington, DC.



**I-82 requires restaurants to raise wages for tipped workers from a subminimum wage to a full minimum wage with tips on top.** Following the passage of I-82, the Restaurant Association of Metropolitan Washington (RAMW) counseled restaurants to transition from tips to service charges and then use a significant portion of the service charge to pay for I-82 wage increases.<sup>2</sup> To be clear, in the 7 states that passed One Fair Wage, an overwhelming majority of restaurants still have tips, not

service charges, and most restaurants that have service charges pass on a majority of the service charge to workers as gratuities.<sup>3</sup>

If they are passed on to workers as gratuities or tips – on top of a wage – service charges can be an important way to eliminate the implicit racial bias of tipping. Our data shows that Black women tipped workers always earn less in tips than white men because of implicit racial bias of customers.<sup>4</sup> To this end, One Fair Wage has helped hundreds of restaurants around the country transition to service charges responsibly; these restaurants are passing on the overwhelming majority to workers on top of wages as gratuities.<sup>5</sup>



### PROPOSED MODIFICATIONS TO DC BILL 25-0280:

- 1. Eliminate Section 3(A)(nn),** which exempts restaurants from current DC consumer protection laws that require employers to disclose how they are using service charges on the menu or other prominent, visible location, and then actually use those service charges as disclosed.
- 2. Modify Section 4** to limit sales tax exemption to any portion of a restaurant service charge that is passed on to workers like gratuities/tips (which are not taxed). Any portion of the service charge used by an employer as revenue, to pay for wages, should be taxed.
- 3. Eliminate Sections 6a and 6b,** which postpone implementation of I-82 wage increases to 2025. The portion of Section 6b that proposes a consumer education campaign is welcome as long as the worker organizations that initiated and led I-82 are included in the design of the campaign.



DC Councilmember MacDuffie has introduced a bill that would postpone the implementation of Initiative 82, eliminate consumer protections requiring employers to disclose how they are using service charges, and provide sales tax to all restaurants using a service charge, regardless of whether those service charges are passed on to workers as gratuities or not.

## DC Consumers Can Take Action

**In order to support the ‘Don’t Delay the Pay’ campaign, consumers should:**

- › Tell your Councilmember to vote for modifications to DC Bill 25-0820 as outlined above.
- › Report any restaurants using a service charge that do not disclose how the service charge is being used, and whether the service charge is being passed on to workers as gratuities (instead of, for example, being used to pay for wages), by the [One Fair Wage](#) hotline at (786) 233-9344 and/or contacting the DC Office of the Attorney General, at [oag.dc.gov/consumer-protection/submit-consumer-complaint](https://oag.dc.gov/consumer-protection/submit-consumer-complaint).
- › Let DC restaurant owners know that you want your service charge passed on to workers as gratuities, on top of tips, by leaving behind the ‘Don’t Delay the Pay’ cards on your bill every time you eat out. The leave-behind cards are accessible at [onefairwage.site/washington-dc](https://onefairwage.site/washington-dc).



- 1 One Fair Wage. (February, 2021). Ending A Legacy of Slavery. [https://onefairwage.site/wp-content/uploads/2021/02/OFW\\_EndingLegacyOfSlavery-2.pdf](https://onefairwage.site/wp-content/uploads/2021/02/OFW_EndingLegacyOfSlavery-2.pdf).
- 2 One Fair Wage. (May, 2023). The Washington, DC Consumers’ Guide to I-82 And Service Charges. <https://onefairwage.site/dc-guide-i-82-and-service-charges>.
- 3 One Fair Wage. (October, 2022). Making History [https://onefairwage.site/wp-content/uploads/2022/10/OFW\\_MakingHistory\\_DC.pdf](https://onefairwage.site/wp-content/uploads/2022/10/OFW_MakingHistory_DC.pdf).
- 4 One Fair Wage. (September, 2022). Intentional Inequality. [https://onefairwage.site/wp-content/uploads/2022/09/OFW\\_BW-EqualPayDay\\_1.pdf](https://onefairwage.site/wp-content/uploads/2022/09/OFW_BW-EqualPayDay_1.pdf).
- 5 One Fair Wage. (May, 2022). Dine Back Better. [https://onefairwage.site/wp-content/uploads/2022/05/OFW\\_DineBackBetter.pdf](https://onefairwage.site/wp-content/uploads/2022/05/OFW_DineBackBetter.pdf).