

NYSCWA

TIP CREDIT TALKING POINTS

- Tipped employees earn income equal to or in excess of the minimum wage.
- The tip credit is available to car wash employees that are working the line involved in drying and interior cleaning. Other car wash employees that do not perform line duties receive the minimum wage but are not tipped; paying the minimum wage to the tipped workers creates a larger delta in compensation among the workforce.
- Car wash operations which were not paying appropriate wages were subject to successful enforcement actions under the current law by the Attorney General, which included significant penalties.
- Elimination of the tip credit negatively impacts car wash operators who have complied with the law. Continued vigorous enforcement is the best approach to achieving compliance through Department of Labor audits and attorney general investigations.
- The car wash industry is paying escalating wages based on the recent and continuing increases to the minimum wage, which increases are reflected in the tip credit amount. The increase mandated by elimination of the tip credit would significantly increase labor costs for car washes. These costs would be further exacerbated by the proposed scheduling regulations which are pending.
- Car wash operators would be forced to consider staff reductions including automating the operations with installation of high efficiency driers and other labor saving options.
- Car washes are subject to discretionary spending by consumers and as a consequence, prices are not elastic and would reach a point where the price would not support operational costs.
- Full service car washes offer significant employment opportunities for students and others for part time employment with significant flexibility. The elimination of the tip credit jeopardizes these jobs.
- Many employees of full service car washes that work in positions which receive tips are not supportive of the loss of the tip credit because of concerns as to the impact on their tipped income.

- Car wash operators have designed their business model based on the tip credit. To implement an elimination of the tip credit without time to adjust would not be equitable and could potentially result in closure of some facilities.