

First D.C. Tip Credit Elimination Act Measures Soon to Become Effective

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Beginning May 1, 2023, the hourly minimum wage for tipped employees in the District of Columbia will increase from \$5.35 to \$6.00. This increase is the first step in the eventual elimination of the tip credit altogether in the District.

The next phase will occur on July 1, 2023, when the base hourly minimum wage for tipped employees will increase from \$6.00 to \$8.00. That increase will coincide with an increase in the District's full hourly minimum wage, from \$16.10 to \$17.00, for all workers regardless of the size of the employer. If, averaged weekly, a tipped employee's combination of tips and their base minimum wage do not equal the District's full minimum wage, the employer must pay the difference.

During the November 2022 elections, the D.C. Council passed the Tip Credit Elimination Act. Under previous District law, employers of tipped workers were permitted to take a credit against tipped wages received by workers to satisfy the minimum wage guaranteed to all workers under the law. The Tip Credit Elimination Act gradually will reduce the tip credit until, in 2027, the tip credit is eliminated altogether and the base wage for tipped workers will match the District's full minimum wage.

The first step in the reduction of the tip credit originally was scheduled to take effect on January 1, 2023, but was delayed due to the lengthy voting process to elect Representative Kevin McCarthy (R-Cal.) as speaker of the U.S. House of Representatives and its impact on the timeframe Congress is given to review approved D.C. voter initiatives or Council legislation.

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