

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.J. RES. 142
OFFERED BY MR. HORSFORD OF NEVADA

Strike all after the resolved clause and insert the following:

1 SECTION 1. TIPPED INCOME PROTECTION AND SUPPORT
2 ACT.

3 (a) SHORT TITLE.—This section may be cited as the
4 “Tipped Income Protection and Support Act” or “TIPS
5 Act”.

6 (b) REPEAL OF SEPARATE MINIMUM WAGE FOR
7 TIPPED EMPLOYEES.—

8 (1) MINIMUM WAGE FOR TIPPED EMPLOY-
9 EES.—Section 3(m)(2)(A) of the Fair Labor Stand-
10 ards Act of 1938 (29 U.S.C. 203(m)(2)(A)) is
11 amended to read as follows:

12 “(A) The wage required to be paid to a tipped em-
13 ployee shall be the wage set forth in section 6(a)(1). All
14 tips received by such employee shall be retained by the
15 employee, except that this subsection shall not be con-
16 strued to prohibit the pooling of tips among employees
17 who customarily and regularly receive tips.”.

1 (2) PENALTIES.—Section 16 of the Fair Labor
2 Standards Act of 1938 (29 U.S.C. 216), as amended
3 by this Act, is further amended—

4 (A) in subsection (b), by striking “the sum
5 of any tip credit taken by the employer and all
6 such tips unlawfully kept by the employer” and
7 inserting “the sum of all such tips unlawfully
8 used or kept by the employer”; and

9 (B) in subsection (c), by striking “the sum
10 of any tip credit taken by the employer and all
11 such tips unlawfully kept by the employer” and
12 inserting “the sum of all such tips unlawfully
13 used or kept by the employer”.

14 (c) DEDUCTION FOR CASH TIPS.—

15 (1) IN GENERAL.—

16 (A) DEDUCTION ALLOWED.—Part VII of
17 subchapter B of chapter 1 of the Internal Rev-
18 enue Code of 1986 is amended by redesignating
19 section 224 as section 225 and by inserting
20 after section 223 the following new section:

21 **“SEC. 224. CASH TIPS.**

22 “(a) IN GENERAL.—There shall be allowed as a de-
23 duction an amount equal to the amount of qualified tips
24 received during the taxable year that are included on

1 statements furnished to the employer pursuant to section
2 6053(a).

3 “(b) LIMITATION.—No deduction shall be allowed
4 under subsection (a) to any individual for any taxable year
5 if the adjusted gross income of such individual for such
6 taxable year exceeds \$112,500.

7 “(c) QUALIFIED TIPS.—For purposes of this section,
8 the term ‘qualified tips’ means a tip received by an indi-
9 vidual—

10 “(1) from an unrelated party,

11 “(2) who does not have an ownership stake in
12 the business which employs them in the job in for
13 which such individual is receiving a tip, and

14 “(3) in the course of such individual’s employ-
15 ment in an occupation which traditionally and cus-
16 tomarily received tips, including—

17 “(A) cosmetology,

18 “(B) hospitality,

19 “(C) food and beverage service,

20 “(D) parking attendants, and

21 “(E) custodial service.”.

22 (B) CONFORMING AMENDMENT.—The
23 table of sections for part VII of subchapter B
24 of chapter 1 of such Code is amended by redes-
25 ignating the item relating to section 224 as re-

1 lating to section 225 and by inserting after the
2 item relating to section 223 the following new
3 item:

“Sec. 224. Cash tips.”.

4 (2) DEDUCTION ALLOWED TO NON-
5 ITEMIZERS.—Section 63(b) of the Internal Revenue
6 Code of 1986 is amended by striking “and” at the
7 end of paragraph (3), by striking the period at the
8 end of paragraph (4) and inserting “and”, and by
9 adding at the end the following new paragraph:

10 “(5) the deduction provided in section 224.”.

11 (3) NON-APPLICATION OF CERTAIN LIMITA-
12 TIONS FOR ITEMIZERS.—

13 (A) DEDUCTION NOT TREATED AS A MIS-
14 CELLANEOUS ITEMIZED DEDUCTION.—Section
15 67(b) of the Internal Revenue Code of 1986 is
16 amended by striking “and” at the end of para-
17 graph (11), by striking the period at the end of
18 paragraph (12) and inserting “, and”, and by
19 adding at the end the following new paragraph:

20 “(13) the deduction under section 224 (relating
21 to cash tips).”.

22 (B) DEDUCTION NOT TAKEN INTO AC-
23 COUNT UNDER OVERALL LIMITATION.—Section
24 68(c) of the Internal Revenue Code of 1986 is
25 amended by striking “and” at the end of para-

1 graph (2), by striking the period at the end of
2 paragraph (3) and inserting “, and”, and by
3 adding at the end the following new paragraph:
4 “(4) the deduction under section 224 (relating
5 to cash tips).”.

6 (4) WITHHOLDING.—The Secretary of the
7 Treasury (or the Secretary’s delegate) shall modify
8 the tables and procedures prescribed under section
9 3402(a) of the Internal Revenue Code of 1986 to
10 take into account the deduction allowed under sec-
11 tion 224 of such Code (as added by this Act).

12 (5) EFFECTIVE DATE.—The amendments made
13 by this section shall apply to taxable years beginning
14 after December 31, 2025.

