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Commissioner

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## Press Release

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### **Court Ruling Clarifies Rules for Tipped Employees**

ANCHORAGE, Alaska—In a recent [decision](#) by the 9<sup>th</sup> U.S. Circuit Court of Appeals, employers may not mandate that tipped employees share tips with employees who do not customarily receive tips. The court decision does not prohibit “tip pooling” where only tipped employees share in the pool, however, tipped employees may not be required to share their tips with employees such as cooks who work in a kitchen removed from direct contact with the customer, dishwashers, managers and janitors.

The court decision will likely increase the total amount of tips retained by Alaska servers, bartenders, and other tipped workers. The practice of assigning a portion of tip income toward meeting the current hourly minimum wage of \$9.75, commonly referred to as taking a “tip credit,” is not allowed under Alaska law.

“This court decision could have significant impacts on how Alaska servers, bartenders, and other workers get paid, and I encourage employers to review their compensation policies to ensure they comply with the law,” said Labor Commissioner Heidi Drygas.

Employers or workers who have questions about complying with this court decision should contact the Wage and Hour administration at 907-269-4909.

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