By: Delegate Glenn
Introduced and read first time: February 18, 2010
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

Business Regulation – Restaurants – Prohibition on Automatic Gratuity

FOR the purpose of prohibiting a restaurant from including an automatic gratuity on a restaurant invoice; establishing certain penalties for a violation of this Act; establishing that each invoice that includes an automatic gratuity in violation of this Act is a separate offense; requiring the Division of Consumer Protection of the Office of the Attorney General to enforce this Act; providing a certain exception for large parties; clarifying a certain scope provision; defining a certain term; and generally relating to the prohibition against including an automatic gratuity on a restaurant invoice.

BY repealing and reenacting, with amendments,

Article – Business Regulation
Section 17–1602
Annotated Code of Maryland
(2004 Replacement Volume and 2009 Supplement)

BY adding to

Article – Business Regulation
Section 17–1605
Annotated Code of Maryland
(2004 Replacement Volume and 2009 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Business Regulation

17–1602.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. [Brackets] indicate matter deleted from existing law.
[This] The provisions of §§ 17–1603 and 17–1604 of this subtitle do not apply in Montgomery County.

17–1605.

(A) In this section, “automatic gratuity” means a monetary sum that is included on an invoice by a restaurant in addition to the charge for a meal, drink, or other product provided by the restaurant and is given to the food service staff in recognition of services performed.

(B) A restaurant may not include an automatic gratuity on a restaurant invoice for parties of fewer than 10 individuals.

(C) A restaurant that violates subsection (b) of this section is subject to the following:

(1) For a first offense, a warning;

(2) For a second offense, a civil penalty not to exceed $500; and

(3) For a third or subsequent offense, a civil penalty not to exceed $5,000.

(D) Each invoice on which an automatic gratuity is included in violation of this section is a separate offense.

(E) The Division of Consumer Protection of the Office of the Attorney General shall enforce this section.

Section 2. And be it further enacted, That this Act shall take effect October 1, 2010.