

YES ON PROP 138



HERE'S A TIP FOR YOU,

VOTE YES ON PROP. 138, SUPPORT YOUR NEIGHBORHOOD RESTAURANTS AND YOUR FAVORITE SERVER

- ✓ GUARANTEES TIPPED WORKERS \$2 MORE PER HOUR WITHOUT INCREASING COSTS TO CONSUMERS
- ✓ SAFEGUARDS THE CURRENT TIPPING SYSTEM
- ✓ PROTECTS CONSUMERS AGAINST ADDED SERVICE CHARGES
- ✓ KEEPS RESTAURANTS AFFORDABLE
- ✓ PROTECTS SMALL BUSINESSES FROM GOVERNMENT MANDATED COSTS

   @YESONPROPI38



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WHAT DOES PROP. 138 DO?

Prop. 138 is supported by both restaurant owners and tipped employees because it protects the current tipping system in full-service restaurants and other traditional full-service industries. It does this by changing the stagnant and outdated \$3 tip credit to a percentage pegged to the minimum wage. It also increases the guaranteed base wage for servers by \$2 per hour.

If Prop. 138 were in place today, the guaranteed base wage for servers would be \$16.35 per hour instead of \$14.35 per hour.



WHY SHOULD I CARE ABOUT PROTECTING THE TIP CREDIT?

Prop. 138 maintains the status quo by protecting the tip credit and increasing the guaranteed wage for workers. The tip credit is crucial for Arizona's tipped workers, restaurants, and customers. This system blends the stability of a guaranteed base wage with the potential for significant earnings through tips for employees. This structure rewards exceptional service while saving customers from paying sales tax on the service they receive at restaurants and preventing mandatory service charges.

In fact, **90% of tipped workers support the current model, and 87% fear that their earnings would drop if the tip credit was eliminated.**



WHY IS PROP. 138 NECESSARY?

Outside special interest groups with no ties to Arizona's hospitality workers have been attempting to eliminate the tip credit and upend the current tipping model. Prop. 138 prevents this from happening by giving tipped workers and the tip credit constitutional protections. Without Prop. 138, Arizona could see the tip credit eliminated. To maintain a comparable out-of-pocket price point for customers, restaurants in cities with no tip credit are using "service included" models and instituting mandatory service charges on the bill. With these models, guests are told that the traditional tip is no longer necessary because the higher wage is included in the price of the food or included in the charge at the bottom of the bill.

Under these models, that money is the property of the owner, not the server, thus decreasing the income of tipped workers dramatically. Tipped workers understand this. If a guest is paying a 10-15% mandatory service charge, they will reduce or skip their tip all together.