



January 16, 2026

SENATE BILL No. 245

DIGEST OF SB 245 (Updated January 14, 2026 10:35 am - DI 140)

Citations Affected: IC 22-2.

Synopsis: Tip pooling. Specifically authorizes the use of tip pooling arrangements under certain circumstances.

Effective: June 27, 2024 (retroactive).

Freeman, Rogers

January 8, 2026, read first time and referred to Committee on Pensions and Labor.
January 15, 2026, reported favorably — Do Pass.

SB 245—LS 7111/DI 106



January 16, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

SENATE BILL No. 245

A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 22-2-2-14.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JUNE
3 27, 2024 (RETROACTIVE)]: **Sec. 14.1. (a) The following definitions**
4 **apply throughout this section:**

5 (1) "Manager or supervisor" means any employee:

6 (A) whose primary duty is managing the enterprise or a
7 customarily recognized department or subdivision of the
8 enterprise;

9 (B) who customarily and regularly directs the work of two
10 (2) or more other full-time employees or their equivalent;
11 and

12 (C) who has the authority to hire or fire other employees,
13 or whose suggestions and recommendations as to the hiring
14 or firing are given particular weight.

15 The term includes a business owner who owns at least a bona
16 fide twenty percent (20%) equity interest in the enterprise in
17 which the owner is employed and who is actively engaged in

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1 its management.

2 (2) "Nontipped employee" means a person employed in an
3 occupation in which the person does not customarily and
4 regularly receive tips, such as a dishwasher, cook, or janitor.
5 The term does not include a manager or supervisor, even if
6 the manager or supervisor would otherwise be considered a
7 tipped or nontipped employee.

8 (3) "Tip" means a sum presented to an employee by a
9 customer as a gift or gratuity in recognition of some service
10 performed, directly or indirectly, for the customer. The term
11 does not include a mandatory service charge.

12 (4) "Tipped employee" means a person employed in an
13 occupation in which the person customarily and regularly
14 receives tips, such as a waiter, bellhop, counter server (who
15 serves customers), busser, barback, food runner, hostess,
16 bartender, or a service bartender. The term does not include
17 a manager or supervisor, even if the manager or supervisor
18 would otherwise be considered a tipped or nontipped
19 employee.

20 (5) "Tip pooling arrangement" means a system in which tips
21 received by an employee are shared with other eligible
22 employees.

23 (b) An employer may require a tip pooling arrangement under
24 the following circumstances:

25 (1) An employer may require a tipped employee to participate
26 in a tip pooling arrangement if the tips are shared only with
27 other tipped employees, and with no nontipped employees. An
28 employer that implements a tip pooling arrangement must
29 notify tipped employees of any required tip pool contribution
30 amount, may only take a tip credit for tips each employee
31 ultimately receives, and may not retain any of the employees'
32 tips for any other purpose.

33 (2) If the employer pays its employees at least the minimum
34 wage, the employer may require a tipped employee to
35 participate in a tip pooling arrangement where the tips are
36 shared with other tipped and nontipped employees. An
37 employer that implements a tip pooling arrangement must
38 notify employees of any required tip pool contribution amount
39 and may not retain any of the employees' tips for any other
40 purpose.

41 Under no circumstances may an employer receive tips from a tip
42 pooling arrangement or permit a manager or supervisor to receive



1 tips from a tip pooling arrangement.

2 (c) For purposes of determining whether a person is employed
3 in an occupation in which the person customarily and regularly
4 receives tips (as used in the definition of "tipped employee" under
5 subsection (a)), the trier of fact shall consider the effect a person's
6 job duties, efficiency, and service have on a customer's willingness
7 and tendency to tip. A customer's willingness and tendency to tip
8 may be affected by a person's work that directly supports or is
9 itself the service function for which a customer would tip,
10 regardless of whether the person personally performs the service
11 function. Direct customer interaction is not a requisite or a
12 determinative factor.

13 (d) The general assembly intends for this section to apply
14 retroactively to remedy a legal issue that arose following *Loper*
15 *Bright Enterprises v. Raimondo*, 603 U.S. 369 (2024), handed down
16 on June 28, 2024.

17 SECTION 2. An emergency is declared for this act.



COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 245, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 245 as introduced.)

ROGERS, Chairperson

Committee Vote: Yeas 10, Nays 0

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