



HOTEL • MOTEL • RESTAURANT • ASSOCIATION • INC.

TESTIMONY OFFERED ON BEHALF OF
THE OCEAN CITY HOTEL-MOTEL-RESTAURANT ASSOCIATION
Opposition of SB803 – Payment of Minimum Wage – Tipped Employees
Before the Senate Finance Committee March 2

On behalf of the Ocean City Hotel-Motel-Restaurant Association, I am writing in opposition to SB803 Payment of Minimum Wage Tipped Employees. Restaurant operators pay tipped employees a base hourly wage to which the tip amount the employee receives is added. If this combined wage is not equal to the required hourly minimum wage, the restaurant operator is required by law to make up the difference. Recent law required restaurant operators who include tip credit as part of wage to provide a written/electronic wage statement for each pay period that shows the effective hourly tip rate derived from employer-paid cash wages, plus all reported tips for tip credit hours worked each workweek of the pay period.

Tipped positions *reward hard work* and good service providing employees the ability to earn higher wages, while offering the safety net of minimum wage, controlling one's own destiny. Examples of tipped restaurant employees in Ocean City include food runners, bussers, servers, bartenders and with tips, their hourly range is from \$17-\$50/hour; no tipped employee ever makes less than the required minimum wage. If the tip credit is removed, many restaurants will eliminate tipping and move to an hourly wage system. Employees who were traditionally tipped would have far less earning potential, restaurants will be forced to reduce employee hours, raise prices and operate with fewer employees to manage the higher hourly wage costs.

Eliminating the tip credit and paying everyone the same rate also means that the experienced employee would make the exact same as the trainee one hour into their new job. In essence, this is a participation trophy wage, and such practices create a less than motivated workforce. Disruptions to the standard restaurant model have already begun to eliminate entry level positions. Many restaurants have been forced to implement equipment and technology to deal with the increased legislation, in turn pushing increased prices onto consumers. Couple that with fancy disposables, pre-cut produce and pre-made entrees and you are eliminating many entry positions, reducing employment opportunities for the young, less educated and those seeking flexible schedules. We respectfully ask for **opposition to SB 803**. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Susan L. Jones".

Susan L. Jones, Executive Director