



**MARYLAND STATE
LICENSED BEVERAGE ASSOCIATION**

150 E Main Street, Suite 104, Westminster, MD 21157

TO: The Honorable Melony Griffith, Chair
Members, Senate Finance Committee
The Honorable Arthur Ellis

FROM: J. Steven Wise
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DATE: March 2, 2023

RE: **OPPOSE** – Senate Bill 803 – *Labor and Employment – Payment of Minimum Wage – Tipped Workers*

The Maryland State Licensed Beverage Association (MSLBA), which consists of approximately 800 Maryland businesses holding alcoholic beverage licenses (restaurants, bars, taverns and package stores), **opposes** Senate Bill 803.

Senate Bill 803 would eliminate in 2027 the so-called “tip credit” that allows tips to be included in the calculation of an employee’s wages. Currently, an employer must still pay an hourly wage of at least \$3.63 per hour but is also allowed to factor in tips that the employee receives when computing total wages. The total of the two must still equate to the minimum wage or higher.

MSLBA does not believe that eliminating the tip credit is appropriate or in the best interests of employees who are paid in this manner. Such a change would ultimately have the effect of converting these employees to strict hourly wage earners with greatly reduced ability to earn more than the minimum wage, as many do currently. Why? Because employers would face higher wage costs, and to meet those costs would raise menu prices. Consumers, faced with those higher fixed costs for dining out, would trim or eliminate their tipping practices. The effect is that any upside to an employee who provides excellent customer service will go unrewarded by the consumer.

Further, our members do not hear from their tipped employees asking for this change to be made. We, therefore, do not think the legislation is needed.

For these reasons, MSLBA kindly asks that the Committee give this legislation an unfavorable report.