

MHILA
Maryland Hotel
Lodging Association

SB 803 – Labor and Employment - Payment of Minimum Wage - Tipped Employees
Senate Finance Committee
February 27, 2023
Position: Oppose

Dear Chair Griffith and Members of the Committee:

As the sole statewide trade association dedicated to advocacy for Maryland’s lodging industry, with more than 25,000 employees at 750 hotels, we urge an unfavorable report on SB 803.

Per the fiscal note for SB 803, this bill reduces the tip credit for tipped employees in increments from its current level beginning January 1, 2024, before prohibiting the tip credit entirely beginning July 1, 2027, and instead requiring an employer to directly pay an employee at least the State minimum wage.

Certain hotel employees, such as banquet servers, waitstaff, bartenders, doormen and bellman, may benefit from the existing tip credit. While they are guaranteed to make at least minimum wage, employees in a tipped position typically bring home significantly more. If this legislation passes, by July 1, 2027, all waitstaff will have to be paid minimum wage of \$15 per hour, and we believe the era of tips will disappear—making it much more difficult to find adequate staff and much more difficult to make a career out of a tipped position, which many individuals do today.

The existing tip credit is of benefit both to both employees and employers, and the guests who benefit from excellent customer service provided by tipped employees.

The Maryland Hotel Lodging Association respectfully requests an Unfavorable Report on SB 803.