



Ocean City, Maryland Chamber of Commerce

410-213-0144 info@oceancity.org
oceancity.org 12320 Ocean Gateway, Ocean City, MD 21842

TESTIMONY OFFERED ON BEHALF OF THE GREATER OCEAN CITY CHAMBER OF COMMERCE

IN OPPOSITION OF:

SB0803 – Labor and Employment – Payment of Minimum Wage – Tipped Employees

Before:

Senate Finance Committee

Hearing: 3/2/23 at 1:00 PM

The Greater Ocean City Chamber of Commerce, representing more than 750 regional businesses and job creators, **OPPOSES** Senate Bill SB0803 – Labor and Employment – Payment of Minimum Wage – Tipped Employees. The current model for tipped employees provides an opportunity for tipped employees to earn higher wages based on their own efforts by providing exceptional service. Existing laws already ensure that tipped employees have a safety net of a combined wage equal to the required hourly minimum wage. In the greater Ocean City area, the hourly range of a tipped employee is \$17 - \$50 per hour. No tipped worker is earning less than the minimum wage with the current system.

If the tip credit is removed, several consequences are probable, none of which are good for the tipped worker:

- 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 for consumers, and operate with fewer employees to manage the higher wage costs.

The existing tip credit model in Ocean City has allowed single parents to earn a living wage and has enabled women and minority bartenders, servers and other tipped workers to have incomes 3x higher than our county average. Enacting this bill would set these families back.

Due to the seasonal nature of our region, taking away the tip credit will disproportionately and negatively impact those this bill intends to help: during the summer months, these working families will be unable to earn and save the higher income they would have earned through tips which helps to offset the leaner winter months, during which many of our local establishments close during the off season, leading to layoffs of service workers.

There are countless low-to-moderate income families in our region that have purchased homes, cars, and paid for college educations using money earned through tipped wages. Removing the tip credit would set those working families back immeasurably.

Due to the staffing shortages plaguing employers across the state, the hiring practices have become more progressive in our region. Employers in the greater Ocean City area hire service workers from nearly every nation on earth. Come to one of our restaurants and you will see a diverse workforce that is making more money in tips than this proposed elimination of the tip credit could ever make up.

Employment opportunities with earning potential for the young, those with less formal education, and those who require flexible schedules to care for family are limited. This legislation feels like an attack on those most vulnerable, not a help.

The Ocean City Chamber respectfully requests an **UNFAVORABLE REPORT for SB0803**. Please feel free to contact the Chamber directly at 410-213-0144 should you have any questions.

Respectfully,

Amy Thompson
Executive Director
amy@oceancity.org

Salvatore Fasano
Legislative Committee Chair
salvatorefasano1980@gmail.com