



SB 160 -- Labor and Employment - Payment of Minimum Wage - Tipped Employees
Senate Finance Committee
February 1, 2024
Oppose

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, opposes Senate Bill 160 -- *Labor and Employment - Payment of Minimum Wage - Tipped Employees*.

Senate Bill 160 proposes to incrementally reduce and eventually eliminate the tip credit for tipped restaurant employees. MCCC opposes this legislation because it would have a profoundly negative impact on both tipped restaurant workers and full service restaurant operators.

Many restaurant operators continue to face economic challenges adapting their businesses to a post-pandemic environment. Despite this reality, this bill proposes to dramatically change the restaurant industry's labor costs and create an entirely new business and profitability model for restaurant operators. With the elimination of the tip credit, many restaurants would have to raise menu prices and impose service charges on customer checks to cover substantially higher labor costs.

For restaurant servers, the elimination of the tip credit would significantly reduce earnings and drive people away from the industry, which has already seen upheaval following the pandemic. Simply put, restaurant servers make significantly more money under the current tipping system. Customers are unlikely to tip on top of service charges and higher menu prices that would occur with the elimination of the tip credit. It is also important to note that if tipped restaurant employees do not earn at least the minimum wage per in base wages plus tips, they are required to be compensated for the difference by the employer as required under state and local laws.

The Maryland General Assembly has previously considered similar measures to eliminate the tip credit and they have been met by opposition from restaurant operators and restaurant workers alike. On the local level, MCCC opposed similar legislation that was considered in the Montgomery County Council but was later defeated and withdrawn. In neighboring Prince George's County, the County Council also considered and ultimately rejected a proposal to eliminate the tip credit.

For these reasons, the Montgomery County Chamber opposes Senate Bill 160 and requests an unfavorable report.

The Montgomery County Chamber of Commerce, on behalf of our nearly 500 members, advocates for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and a proud Montgomery County Green Certified Business.

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