



MONTGOMERY COUNTY, MARYLAND
WOMEN'S DEMOCRATIC CLUB

P.O. Box 34047, Bethesda, MD 20827

www.womensdemocraticclub.org

**Senate Bill 0160 - Labor and Employment - Payment of Minimum Wage - Tipped
Employees
Finance Committee – February 1, 2024
SUPPORT**

Thank you for this opportunity to submit written testimony concerning an important priority of the **Montgomery County Women's Democratic Club (WDC)** for the 2024 legislative session. WDC is one of Maryland's largest and most active Democratic clubs with hundreds of politically active members, including many elected officials.

WDC urges the passage of [SB0160](#) *Labor and Employment - Payment of Minimum Wage - Tipped Employees*. This bill will end the Maryland subminimum "tipped" wage rate (currently \$3.63/hour) that applies to tipped workers, a legacy of slavery. Tipped workers are employees who regularly receive more than \$30 each month in tips. The difference between the subminimum wage that an employer must pay its tipped workers and the State minimum wage rate (currently \$15/hour) must be made up in tips (tip credit), as recorded by the employer, or the employer must pay the difference. This bill incrementally raises the subminimum wage for tipped workers until July 1, 2027, when a tipped worker must be paid the current State minimum wage. This bill also establishes the *High Road Kitchen Program* to recognize those restaurants that complete equity training and pay their tipped employees the full State minimum wage. *High Road Kitchen* Certified restaurants will be issued a Certificate that they can display.

The sub-minimum tipped wage rate results in significant inequities – especially for the majority of tipped workers who do not work for fine dining establishments and may not even earn the State Minimum Wage because of wage theft. The median wage for tipped workers in Maryland is only \$20,000/year. According to the [Maryland Center for Economic Policy](#), one-third of tipped workers have a family income less than double the federal poverty line. Nationally, tipped workers are 70 percent women, 43 percent people of color, and 30 percent are parents. Tipped workers have the highest rate of sexual harassment of any industry because they must tolerate inappropriate customer behavior to ensure a good tip. The Department of Labor also found that 84 percent of investigated restaurants had some sort of wage and hour violation. This system also results in different pay rates for tipped "front-of the house" employees (waiters, bartenders) and salaried "back of the house" employees (cooks, bussers, dishwashers).

We ask for your support for SB0160 and strongly urge a favorable Committee report. Passage of this legislation will boost women's paychecks, combat poverty, eliminate pay uncertainty and inequities, and help address persistent racial and gender pay gaps. However, WDC urges the Committee to address the practice of restaurants adding service charges without a clear explanation and how future tips must be shared between the "front of the house" workers and "back of the house" workers once all workers earn the same minimum wage.

Tazeen Ahmad
WDC President

Ginger Macomber
WDC Working Families Committee

Cynthia Rubenstein
Co-Chair, WDC Advocacy