



January 30, 2024

Maryland Senate
Senator Pamela Beidle, Chair
Finance Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: Opposition to SB 160 - Labor and Employment - Payment of Minimum Wage - Tipped Employees

Chairperson Beidle and Members of the Committee,

My name is Matt Libber, and I am a member of the Board of Directors and Legislative Committee Chairperson for the Maryland Tourism Coalition. I am writing to you to express our organization's opposition to Senate Bill 160. We fully understand the intent of this piece of legislation is to provide restaurant servers and bartenders in the State with wage protections. However, should this bill be enacted it will likely lead to these same workers making less than they currently are taking home each week. These workers already have protections in place that require the restaurants where they work to make up the difference if their tips fall short of the existing minimum wage, including any increases to that minimum wage by the State of Maryland or individual County.

This proposed change in the law will have a significant and negative impact on the earnings of these tipped employees as it will certainly lead to lower earnings through tips, as it has in every other jurisdiction that has enacted similar legislation. Restaurants will need to generate additional revenue to cover the increased labor costs from this change. That additional revenue will come in the form of increased menu prices and the addition of service charges. Customers will be hesitant to add gratuity when paying the bill when there is already a service fee added to their check. Restaurant staff will find that they are making only the minimum wage as they are no longer receiving tips, instead of the opportunity to make more than minimum wage under the current system, which still guarantees that they make at least minimum wage.



The higher operating costs for restaurants will also lead to a reduction in employment in the restaurant industry. Restaurants in other jurisdictions that have enacted this type of legislation have moved from full-service restaurants to counter service or have incorporated kiosks or digital ordering options to reduce the number of staff needed. This reduces the employment options in the community for a section of the population that already struggles to find meaningful employment opportunities.

Lastly, we will almost certainly see a reduction in the quality of service in restaurants if this bill is enacted. Restaurant workers are currently incentivized to provide exceptional service as they are rewarded through customer tips. Taking a major incentive away from these workers will drive a decline in the service provided by these workers in the high stress environment as top servers, bartenders and others will move to other jurisdictions or leave the industry during a time where the industry already struggles with staffing. This specific consequence of this Bill is of the most concern for our organization, as it has a direct effect on the tourism industry. Restaurants and their staff are on the front lines of the tourism industry. Visitors to our State have to eat during their stay so they are always interacting with these servers and bartenders. Restaurant workers serve as ambassadors for our State and provide valuable information to visitors and have a lasting impact on the visitor's impression of Maryland as a destination. If they have a negative, or lesser of an experience because the service was bad, or the cost is out of line with their expectations, they will not return to Maryland the next time they consider where to travel.

We ask that you vote against Senate Bill 160. While we believe the best intentions were behind its introduction, this Bill will do much more harm than good, and lead to most servers taking home less than they do now if they choose to stay in the industry or area. It will also directly lead to a reduction in the number of jobs in the industry and a negative effect on the quality of service in Maryland. The tourism industry is a competitive market and unnecessarily increasing prices and reducing the quality of service will only cause people to find somewhere else to spend their money outside the State.



**MARYLAND
TOURISM
COALITION**

For these reasons, the Maryland Tourism Coalition asks this committee to vote against this legislation.

Respectfully submitted,

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Legislative Chair
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