



MARYLAND STATE & D.C. AFL-CIO

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HB 419 - Business Regulation - Automatic Tip Prompt Screen - Requirements
House Economic Matters Committee
February 14, 2024

SUPPORT

Donna S. Edwards
President

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in support of HB 419. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

HB 419 requires that point of sale systems at licensed businesses with display screens that prompt customers for tips must disclose on the same screen who receives those tips. Consumers deserve transparency when tipping. Consumers should be confident when tipping that their voluntary contributions are going to the workers that they intended to reward. Workers should not be robbed of potential compensation by misleading tip screens or service fees on point of sale systems that actually send consumers tip money to the business.

The rise in prominence of digital point of sale systems has led to “tipflation” and confusion for consumers.¹ Some digital point of sale companies like Square receive a percentage of every transaction, including the tips, so the companies are incentivized to promote tips whenever possible. Workers and consumers deserve the confidence that workers receive the tip.

Tip screens have now been introduced into industries that formerly did not rely on tipped workforces. Research shows that many consumers are considering cutting back on tipping, with USA Today and OnePoll finding that, “close to half of Americans are tired of tipping, with a majority that feel too many places are asking for tips.”² Poor transparency and “tipflation” may ultimately lead to lower take home earnings and working conditions for workers.

We urge the committee to issue a favorable report for HB 419.

¹ Karon Warren. “Tipflation: What It Is and How It Is Changing Tipping Culture in America.” Investopedia. October 17, 2023.

² Stella Shon, Glen Luke Flanagan, and Robin Saks Frankel. “More places are asking for tips, and it’s tiring Americans out.” USA Today. November 14, 2023.