



## THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Chairman C.T. Wilson  
Economic Matters Committee  
House Office Building, Room 230  
Annapolis, Maryland 21401

Chairman Wilson, Vice-Chair Crosby, and Members of the Economic Matters Committee,

For tipped employees, Maryland's current minimum cash wage is \$3.63 per hour. Under the existing tip-credit system, employers are required to ensure that hospitality workers receive at least the standard minimum wage, either through their earned tips or by supplementing the difference. However, because wages depend heavily on fluctuating tip amounts, tipped workers often face unpredictable earnings, making it difficult to consistently afford essentials like housing, healthcare, and education.

HB 1400 eliminates the state income tax on tips, ensuring that gratuities received by hospitality workers are not subject to additional state taxation. Since tips are already taxed at the federal level, this change allows employees to retain more of their earnings, providing much-needed financial relief for workers who rely on gratuities as a major source of income.

To increase transparency in restaurant pricing practices, the bill establishes new regulations for service fees. Food service establishments that impose these fees will be required to disclose, in a clear and visible manner, whether the fees are distributed to employees or retained by the business. This prevents misleading practices and ensures that both employees and consumers have a clear understanding of how service charges are allocated.

To better align HB 1400 with the needs of Maryland's workforce and business community, several amendments have been proposed to refine its scope and strengthen worker protections.

- The tax exemption on tips now applies exclusively to food and beverage (F&B) workers, ensuring the benefit is directed at employees in industries where gratuities are a primary source of income.
- Employers with tipped F&B workers must publicly display educational materials outlining employee rights under Maryland labor laws. This guarantees that workers are informed about wage regulations and employer responsibilities.
- To promote safer and more inclusive workplaces, employers with tipped F&B workers must implement diversity and sexual harassment training every two years, aligning with similar legislation in Washington, D.C.
  - Compliance with these training requirements is reinforced by tying liquor license renewals to completion of the mandated training, ensuring accountability and prioritizing worker safety.

By voting favorably on HB 1400, the committee will take a meaningful step toward wage fairness, worker protections, and stronger labor standards in Maryland. I respectfully urge your support and a favorable report from the committee.

Thank you,  
Delegate Adrian Boafó