

March 5, 2025

The Honorable Pam Beidle
Chair, Finance Committee
3 Miller East Senate Building
Annapolis, MD, 21401

RE: MBIA Letter of Opposition SB823 - No Tax on Tips Act

Dear Chairman Korman,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion **SB823 No Tax on Tips Act**. MBIA **opposes** the Act in its current version.

HB1400 introduces several new provisions related to wages, tips, and consumer protections for food service workers in Maryland. First, it establishes new transparency requirements for food service facilities regarding service fees, mandating that businesses must prominently disclose the amount, purpose, and whether the fee is paid directly to employees before customers place an order. The bill also progressively increases the state minimum wage, raising it to \$15 per hour starting January 1, 2024, then to \$17 per hour in 2027, \$18.50 per hour in 2028, and finally \$20 per hour beginning July 1, 2028.

The concern of the industry is the increase to the minimum wage standard, the minimum wage currently in Maryland is that passed in 2019 and took effect January 1st of this year. While we understand the cost of goods and services continue to rise, this will cause distress for small businesses and will increase the potential of raising prices, thus fueling inflation. This would then increase the prices of products and services to cover their increased labor costs.

For these reasons, MBIA respectfully urges the Committee to give this measure a **un favorable** report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Finance Committee