



## **Testimony on SB823 -No Tax on Tips Act**

### **Position:** Favorable

The Maryland State Conference of the NAACP strongly urges the passage of SB 823, a bill that would remove tips from state income tax calculations, allowing workers to retain more of their earnings. This bill also proposes tax credits for restaurants and small businesses to support compliance and facilitate transitions, as well as mandates for businesses to disclose how service fees are allocated. SB 823 represents an important step towards eliminating the subminimum tipped wage, which is a legacy of slavery in this country.

Tipping became widespread in the United States after the Civil War, when restaurants and railway companies adopted the practice as a means to avoid paying wages to recently freed slaves. From its inception, tipping has been a way for employers to shift their wage responsibilities onto customers. This practice has continued throughout history, disproportionately affecting women and workers of color, who are more likely to hold service sector jobs. These workers have also faced historical discrimination and lower wages.

There are ongoing efforts to exclude service workers from receiving the full protections of the minimum wage, particularly within the restaurant industry. The Restaurant Association, since its founding, has been dedicated to keeping wages low and preventing the elimination of the tipped minimum wage.

In conclusion, to address poverty and promote equity among tipped workers, we must eliminate the subminimum tipped wage. Relying on tips as the primary source of income opens the door to exploitation and discrimination, and ending this practice is crucial to advancing fairness and justice in the workplace.

For these reasons, we urge a favorable report on SB 823.

Thank You,

Ricarra Jones

Maryland State Conference of the NAACP