



Testimony on behalf of the Greater Bethesda Chamber of Commerce

*In Opposition to
Senate Bill 823—No Tax on Tips Act
March 5, 2025
Senate Finance and Budget and Taxation Committees*

The Greater Bethesda Chamber of Commerce (GBCC) was founded in 1926. Since then, the organization has grown to more than 600 businesses located throughout the Greater Bethesda area and beyond. On behalf of these members, we appreciate the opportunity to provide written comments in opposition to Senate Bill 823—No Tax on Tips Act.

The Greater Bethesda Chamber of Commerce has consistently been on the record with opposing legislation that would eliminate the tipped wage, even if that change is phased in over time. Such a policy shift would have a detrimental effect on restaurants, who already operate with razor-thin margins. In addition, Maryland's restaurants continue to try and balance the challenges that come along with life post-COVID and inflation-related increases in costs. If this bill were to be enacted, many would be forced to increase menu prices and reduce staff. In fact, that is exactly what has happened in Washington, DC. A report conducted recently by the Montgomery County Office of Legislative Oversight, in surveying full-service DC restaurants and the impact of Initiative 82, found that many restaurants plan to reduce service hours, reduce menu items or, sadly, "probably close."

Senate Bill 823 also proposes raising the minimum wage in Maryland from \$15 per hour to \$20 per hour, not just for restaurant workers, but for all workers in Maryland. This would have a significant impact on businesses in the State, particularly small businesses, especially when you take into consideration the effect of wage compression. It is important not to look at things like this in a vacuum. When you take into consideration this, together with other legislative initiatives, passed or proposed, that impact a businesses' bottom line, the situation is exacerbated. This is a lot for small businesses to sustain.

We strongly believe the current tipping model in restaurants provides an opportunity for workers to earn far beyond minimum wage while never making less than minimum wage. And now is not the time to raise the minimum wage again, especially after the phase-in to \$15 per hour was recently accelerated. We urge an unfavorable vote on Senate Bill 823.