

## House Bill 1005

*Income Tax - Tips or Gratuities - Subtraction Modification (No Income Taxes on Tips Act)*

February 20, 2025

Position: **SUPPORT**

Madame Chair and Members of the Ways and Means Committee:

The Restaurant Association of Maryland strongly supports House Bill 1005, which would allow restaurant and bar tipped employees to exclude earned tips from their Maryland taxable income.

Employees are the backbone of the foodservice/hospitality industry, and we appreciate this legislation that could provide some State tax relief to our tipped employees and their families. Servers, bartenders and other tipped employees perform unique roles in the hospitality industry and are rewarded with tips for the excellent service they provide to customers/guests. This legislation would help these employees keep more of their hard-earned tips.

We support this legislation that focuses solely on excluding tips from State income tax. However, we would not support any similar legislation, or amendments to this bill, that would eliminate or reduce the tip credit because protecting the tip credit safeguards the income of our restaurant and bar tipped employees.

We respectfully request a favorable report for House Bill 1005.

Sincerely,



Melvin R. Thompson  
Senior Vice President  
Government Affairs and Public Policy