

## **Written Testimony in Opposition**

### **House Bill 1229 / Senate Bill 886**

### **Consumer Protection and Labor and Employment – Food Service Facilities and Minimum Wage**

Submitted to the Maryland General Assembly  
On behalf of St. Mary's Business Partners

#### **Position: OPPOSE**

Chair and Members of the Committee,

On behalf of the members of St. Mary's Business Partners, a networking organization comprised of 25 small business owners and professionals throughout Southern Maryland, we respectfully submit this testimony in opposition to House Bill 1229 / Senate Bill 886.

Our members represent a broad cross-section of Maryland's small business community including restaurants, retail establishments, service providers, and professional firms. While we fully support policies that improve economic opportunity for Maryland workers, we are deeply concerned that this legislation would have serious unintended consequences for small businesses, employees, and local economies.

#### **1. The Proposed Wage Increase Is Unsustainable for Small Businesses**

House Bill 1229 / Senate Bill 886 would increase Maryland's minimum wage to \$25 per hour by 2030, with the potential for this being worked into the state constitution as law.

For many small businesses—particularly restaurants and hospitality establishments operating on thin margins—this represents a dramatic and rapid escalation in labor costs. Unlike large corporations, small businesses often lack the financial flexibility to absorb such increases.

For many establishments in Southern Maryland, the likely outcomes would include:

- Reduced hiring
- Reduced employee hours
- Increased prices for customers
- Automation or operational restructuring
- Competitive disadvantage
- In some cases, business closures

Small businesses are already navigating rising costs related to insurance, utilities, supply chains, regulatory compliance, and new state programs. Adding another significant mandated increase could place many employers in an impossible financial position.

## **2. Eliminating the Tip Credit Disrupts a System That Works for Many Workers**

The bill would also eliminate the tip credit beginning in 2031, requiring employers to pay the full minimum wage regardless of tips received.

For many tipped employees—particularly experienced servers and bartenders—the current system allows them to earn significantly more than the minimum wage through gratuities.

Eliminating the tip credit risks:

- Lower overall earnings for some workers
- Increased menu prices
- Reduced staffing levels
- A shift away from the tipping model that many employees prefer

Many restaurant workers have expressed concern that changes like this could ultimately reduce income opportunities rather than increase them.

## **3. Automatic Inflation Adjustments Remove Legislative Oversight**

The bill also proposes automatic inflation-based increases beginning in 2033.

Embedding automatic wage increases removes the ability of future legislatures to carefully evaluate economic conditions, regional impacts, or industry-specific challenges before imposing additional increases.

Maryland's economy—especially in rural and suburban regions such as Southern Maryland—varies significantly from urban markets. Wage policy should maintain flexibility to account for these differences.

## **4. Regional Small Businesses Face Unique Challenges**

Southern Maryland businesses operate in a unique economic environment:

- Many are family-owned
- Many serve small local communities
- Many already struggle to compete with large regional chains and government contractors

A uniform statewide wage mandate at this level does not account for the economic realities facing smaller regional markets.

Policies that unintentionally drive up operating costs for local businesses ultimately harm the very communities they aim to support.

## **Conclusion**

St. Mary's Business Partners strongly believes Maryland can pursue policies that support workers while also protecting the viability of the small businesses that employ them.

House Bill 1229 / Senate Bill 886, as currently written, risks placing unsustainable financial pressure on small employers, disrupting the restaurant and hospitality industry, and reducing economic opportunity in communities across our state.

For these reasons, we respectfully urge the committee to issue an unfavorable report on this legislation.

Thank you for your time and consideration.

Respectfully submitted,

Janelle Gardiner

JAG Consulting LLC on behalf of St. Mary's Business Partners

**Bill:** SB886

**Title:** Consumer Protection and Labor and Employment – Food Service Facilities and Minimum Wage

**Committee:** Finance

**Date:** March 11, 2026

**Position:** **OPPOSE**

Chair Beidle, Vice Chair Hayes, and Members of the Committee:

My name is Janelle Gardiner, and I am submitting this testimony on behalf of St. Mary's Business Partners, a networking organization comprised of small business owners and professionals throughout Southern Maryland.

Our organization respectfully **opposes Senate Bill 886** due to the significant impact it would have on small businesses across Maryland.

St. Mary's Business Partners includes entrepreneurs, restaurant owners, contractors, and service providers who collectively employ hundreds of Maryland residents. Policies that significantly increase mandated labor costs directly affect our ability to maintain those jobs and continue serving our communities.

- **Business Closures:** Unsustainable wage mandates can ultimately force small businesses to close their doors altogether.
- **Reduced Hiring:** Higher mandated labor costs often force small businesses to slow or freeze hiring altogether
- **Local Economic Impacts:** Small business instability can create broader economic challenges for local communities.

For these reasons, we respectfully urge the committee to issue an **unfavorable** report on Senate Bill 886.

Respectfully submitted,

Janelle Gardiner

Owner JAG Consulting LLC on behalf of St. Mary's Business Partners

[janellegardiner@consultjag.com](mailto:janellegardiner@consultjag.com)