



Ocean City, Maryland Chamber of Commerce

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TESTIMONY OFFERED ON BEHALF OF THE GREATER OCEAN CITY MARYLAND CHAMBER OF COMMERCE

IN OPPOSITION TO:

HB1229 – Protection and Labor and Employment – Food Service Facilities and Minimum Wage

Before:

House Government, Labor & Elections Committee Hearing: 2/26/2026 at 1:00 PM

The Greater Ocean City Chamber of Commerce, representing more than 700 regional businesses and job creators, is **STRONGLY OPPOSED to House Bill HB1229 – Protection and Labor and Employment – Food Service Facilities and Minimum Wage**. This bill, a Constitutional amendment, would amend the State’s Wage and Hour Law to require a \$25 per-hour minimum wage by 2030, eliminate the tip credit, automatically increase wages with inflation, and embed this entire framework into the Maryland Constitution. Maryland’s current minimum wage is \$15 per hour. Under this bill, minimum wages would rise to:

- ***\$17 — January 1, 2027***
- ***\$20 — January 1, 2028***
- ***\$22.50 — January 1, 2029***
- ***\$25 — January 1, 2030***

The OC Chamber, given its seasonal status, is **STAUNCHLY OPPOSED** to this legislation because it will severely impact our local industries and employers, e.g., restaurants, hotels, hospitality, retail, childcare, transportation, agricultural, and other small businesses.

For Ocean City employers and employers around the State, implementations of this legislation may cause some businesses to reduce staff or hours to manage the higher labor costs, potentially leading to job losses. They may resort to the

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use of increased automation to compensate for the expanded wages and therefore reduce staffing.

Small businesses may struggle more than larger corporations to absorb the wage increase, potentially leading to business closures and bankruptcies.

Eliminating the tip credit in 2031 would cause restaurants and food service employers to pay the full minimum wage regardless of tips earned. This significantly alters the compensation structures in the hospitality industry — even where tipped employees already earn well above minimum wage — shifting the full wage burden to employers and compressing pay differentials across roles.

Wage compression (pay scales) may be adversely affected when the pay gap between low and mid-level jobs narrows, negatively impacting overall wage structures.

Higher wages may contribute to inflation as businesses raise prices to cover the increased labor costs and pass these costs along to their customers.

The Chamber is opposed to the Constitutional mandate of future automatic inflation indexing of minimum wages beginning in 2033 without consideration of economic conditions and legislative review.

For the above reasons, including the economic and operational impact **HB1229** would have on our small business community, the Greater Ocean City Chamber respectfully requests an **UNFAVORABLE REPORT on HB1229**. Please feel free to contact the Chamber directly on 410-213-0144 should you have any questions.

Respectfully submitted,

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