



**House Bill 1229 -- *Consumer Protection and Labor and Employment -
Food Service Facilities and Minimum Wage***
House Government, Labor, and Elections Committee
February 26, 2026
Oppose

As a united coalition of business organizations, the Gaithersburg-Germantown Chamber of Commerce, Greater Bethesda Chamber of Commerce, Greater Rockville Chamber of Commerce, Greater Silver Spring Chamber of Commerce, Hispanic Chamber of Commerce Montgomery County, and Montgomery County Chamber of Commerce are firmly opposed to House Bill 1229 -- *Consumer Protection and Labor and Employment - Food Service Facilities and Minimum Wage*.

House Bill 1229 increases the statewide minimum wage to \$25 per hour by January 1, 2032, and beginning January 1, 2033, provides that the minimum wage will be indexed to the Consumer Price Index (CPI). The bill also phases out the tip credit by January 1, 2031, and raises the minimum wage for tipped workers to \$16.50 by January 1, 2030.

The business community strongly opposes a dramatic increase in the state minimum wage because it would significantly raise labor costs, particularly for small businesses with limited margins. Higher mandated wages could force employers to reduce hiring, cut employee hours, or delay expansion, while also driving up prices and reducing competitiveness. These added financial pressures jeopardize business stability and long-term growth, especially at a time when Maryland's minimum wage has already increased sharply in recent years and is currently indexed to the CPI. In this difficult economic climate, businesses need stability, and another substantial wage increase would undermine that stability.

Regarding elimination of the tip credit, this legislation would have a profoundly negative impact on both full-service restaurant operators and servers. Many operators are still struggling to adapt to post-pandemic economic challenges and eliminating the tipped wage would upend the long-standing business model they relied on, often when entering long-term leases based on the existing tip credit structure. To absorb significantly higher labor costs, restaurants would be forced to raise menu prices, further straining customers. For most restaurant servers, eliminating the tipped wage would reduce their overall earnings and discourage workers from remaining in an already fragile industry, as customers are unlikely to tip at previous levels once higher menu prices take effect. Importantly, tipped employees are already guaranteed to receive at least the full applicable minimum wage through a combination of base wages and tips, with employers required to make up any difference under current law.

For these reasons, the Gaithersburg-Germantown Chamber of Commerce, Greater Bethesda Chamber of Commerce, Greater Rockville Chamber of Commerce, Greater Silver Spring Chamber of Commerce, Hispanic Chamber of Commerce Montgomery County, and Montgomery County Chamber of Commerce oppose House Bill 1229 and respectfully request an unfavorable report.