

February 24, 2026

The Honorable Melissa Wells, Chair
Government, Labor, and Elections Committee
145 Lowe House Office Building
Annapolis, MD 21401

House Bill 1229 – Food Service Facilities and Minimum Wage

Dear Chairwoman Wells and Members of the Committee:

On behalf of the businesses and employers represented by the [Chamber Name], we respectfully submit this letter in opposition to HB1229.

Our Chamber represents employers across Western Maryland, the majority of whom are small and micro businesses operating on narrow margins in a rural economy. While our members are committed to fair wages and supporting the employees who power their businesses, the proposal to increase the minimum wage to \$25 per hour by 2030 represents a dramatic escalation that would create serious and potentially destabilizing financial consequences.

For many of our member businesses, this proposal would result in:

- Significant and sustained increases in annual payroll expenses;
- Increased pricing pressures at a time when consumers are already managing inflationary costs;
- Difficult operational decisions involving staffing levels, hiring, hours of operation, and future expansion;
- Wage compression requiring increases well beyond entry-level positions to preserve internal equity and morale.

In rural Western Maryland, customer volume does not mirror that of metropolitan regions. Businesses here do not have the scale necessary to easily absorb rapid cost increases of this magnitude.

Additionally, for food service establishments, the elimination of the tip credit would fundamentally alter compensation models that currently function effectively for both employees and employers. Many tipped employees earn well above the base wage when gratuities are included. A mandated restructuring would introduce uncertainty into a system that is presently working for many establishments.

Western Maryland businesses also operate on the state lines of Pennsylvania and West Virginia. Entrepreneurs and employers evaluating where to locate, expand, or invest can cross over within minutes with more business friendly regulations while keeping their customer base. Significant cost disparities between neighboring states risk placing Maryland businesses at a competitive disadvantage and could influence long-term investment decisions in our region.

Finally, placing a wage mandate of this magnitude into the Maryland Constitution removes important flexibility for future policymakers. Economic conditions fluctuate, and constitutional amendments limit the ability of the General Assembly to make thoughtful adjustments should unintended consequences arise.

Our Chamber supports policies that strengthen Maryland's workforce and economy. However, we remain deeply concerned that HB1229, as proposed, could reduce job opportunities, constrain small business growth, and weaken economic vitality in rural communities.

For these reasons, we respectfully urge an unfavorable report on HB 1229.

Thank you for your consideration and your service to the State of Maryland.

Sincerely,

A handwritten signature in black ink, appearing to read "Juli McCoy", with a long, sweeping horizontal stroke extending to the right.

Juli McCoy
President & CEO
Allegany County Chamber of Commerce

cc: Western MD Delegation