



House Bill 1229

**Consumer Protection and Labor and Employment-Food Services Facilities and Minimum Wage
In the Government, Labor, and Elections Committee
Hearing on February 26, 2026
Position: FAVORABLE**

Maryland Legal Aid respectfully submits this testimony in support of House Bill 1229 (HB1229) at the request of Delegate Stewart. Maryland Legal Aid respectfully submits this testimony in support of HB 1229. This legislation phases out Maryland’s tipped subminimum wage and strengthens the State’s minimum wage structure. For the low-income Marylanders we serve, wage stability is directly tied to housing security, public benefits access, and overall civil justice outcomes.

Maryland Legal Aid is the State’s largest provider of free civil legal services to low-income individuals and families, serving clients in every county and Baltimore City. We represent Marylanders in eviction defense, consumer protection, public benefits, family law, elder law, and workers’ rights matters. Many of our clients are working families who are employed but earn wages that are insufficient or unstable. When income is unpredictable or too low to meet basic needs, legal crises follow; rent payments are missed, utilities are shut off, and debt collection actions commence. HB1229 is important because strengthening wage stability reduces preventable civil legal emergencies and promotes long-term economic security.

Maryland’s Tipped Wage System Leaves Workers Vulnerable

Maryland law currently permits employers to pay tipped employees a base wage of \$3.63 per hour, with tips credited toward the State minimum wage.¹ This rate has remained frozen for more than a decade. Food preparation and serving occupations remain among the lowest-paid occupations nationally.² Research demonstrates that tipped workers experience higher poverty rates than non-tipped workers and that poverty rates are significantly lower in states requiring employers to pay the full minimum wage before tips.³ Tipped workers are disproportionately women and workers of color.⁴ Nationally approximately two-thirds of tipped workers are

¹ Md. Code Ann., Lab. & Empl. § 3-429 (c) (West 2026)

² Occupational Emp. & Wage Statistics, U. S. Bureau of Lab. Stats, U.S. Dep’t of Lab., Food Preparation & Serving Related Occupations (May 2023), <https://www.bls.gov/oes>

³ David Cooper, Econ. Pol’y Inst., *The Tipped Minimum Wage Has Not Kept Up with Inflation and Harms Workers* (2021); Elise Gould & David Cooper, Ctr. For Am. Progress, *Ending the Tipped Minimum Wage Will Reduce Poverty and Inequality* (2021).

⁴ Nat’l Women’s Law Ctr., *Women in the Restaurant Industry* (2022), <https://nwlc.org>

women therefore, maintaining a two-tiered wage system reinforces existing gender and racial inequities.⁵

Fair Wages are Foundational to Preventing Civil Legal Crises

Maryland Legal Aid regularly represents clients facing eviction, utility termination, and consumer debt collection precipitated by unstable or insufficient income. A Maryland worker must earn more than \$30 per hour to afford a modest two-bedroom apartment at fair market rent.⁶ When workers rely on a base wage of \$3.63 per hour and unpredictable tips, income instability increases the risk of housing insecurity. Stable wages reduce eviction filings, reliance on emergency public benefits, and consumer debt litigation. Economic security strengthens families and reduces strain on Maryland's civil justice system.

HB 1229 addresses structural wage inequities and promotes dignity, fairness, and economic stability. By phasing out the tipped subminimum wage and strengthening the wage floor, this legislation serves as an upstream intervention that reduces the poverty driven legal crises.

For the clients we serve and the communities in which we live, Maryland Legal Aid respectfully urges a **FAVORABLE** report on HB 1229.

If you would like additional information on this bill or the underlying issues it addresses, please contact Meaghan McDermott, Advocacy Director for Community Lawyering and Development at mmcdermott@mdlab.org or N. Renae Davis, Chief Attorney for Workers' Rights at ndavis@mdlab.org.

⁵ Id.

⁶ Nat'l Low Income Hous. Coal., Out of Reach 2024: Maryland (2024), <https://nlihc.org/oor/state/md>