



February 24, 2026

The Honorable Melissa Wells, Chair
Delegate
Maryland General Assembly
145 House Office Building
Annapolis, MD 21401

The Honorable Kenneth Kerr, Vice Chair
Delegate
Maryland General Assembly
145 House Office Building
Annapolis, MD 21401

RE: Oppose of H.B. 1299 - Consumer Protection and Labor and Employment - Food Service Facilities and Minimum Wage

Dear Chair Wells, Vice Chair, Kerr, & Members of the Committee:

On behalf of the Maryland SHRM State Council (MD SHRM), we respectfully submit this testimony in **opposition to H.B. 1229 / S.B. 886**, legislation that would make sweeping and permanent changes to Maryland's wage structure, including significant scheduled increases to the State's minimum wage and the elimination of the tip credit.

As the trusted authority on all things work, **Society for Human Resource Management (SHRM)** is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces. MD SHRM serves as the liaison and support organization that links Maryland's local SHRM chapters with SHRM's regional and national organizations, representing thousands of HR professionals and employers across the State who are responsible for implementing workplace policies and managing workforce impacts of legislative changes.

While we recognize and appreciate the goal of supporting Maryland workers, this legislation proposes a broad and accelerated restructuring of the State's wage system that raises several significant concerns for employers, employees, and the overall competitiveness of Maryland's economy.

First, the bill establishes a statewide schedule to increase the minimum wage substantially over the coming years and permanently ties future increases to inflation. These changes would apply broadly across employers and industries, not solely within food service establishments. Many Maryland employers already meet or exceed minimum wage levels in neighboring states, and

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additional mandated increases could make Maryland less competitive within the region when businesses consider where to grow, invest, or hire.

Second, the bill phases out the tip credit entirely beginning in 2031 and requires employers to pay the full state minimum wage regardless of tips received. This represents a fundamental shift in how compensation structures operate in tipped industries. Employers, particularly restaurants and hospitality businesses, may face significant operational and payroll adjustments as a result of these changes.

Third, small businesses across Maryland continue to face economic uncertainty and rising costs associated with operating a business, including labor, benefits, insurance, and regulatory compliance. A multi-year schedule of significant wage increases, combined with automatic future adjustments tied to inflation, may create unpredictable and compounding cost pressures for employers who are still stabilizing after recent economic challenges.

Finally, the bill includes additional provisions affecting food service facilities, including new requirements related to service fees and how they must be disclosed and distributed to employees. While transparency is important, these provisions add further complexity and compliance considerations for employers in an already heavily regulated environment.

HR professionals are often responsible for implementing these changes within organizations and helping businesses remain compliant while supporting their workforce. MD SHRM believes that major, structural changes to wage policy should be carefully evaluated to ensure they balance the needs of employees with the operational realities facing Maryland employers.

For these reasons, MD SHRM respectfully urges the committee to give **H.B. 1229 / S.B. 886** an unfavorable report.

If you have questions regarding SHRM's position on H.B. 1229 or other policies impacting the workplace, please contact Paige Boughan (MD SHRM – paige.boughan@fmb1919.bank).

Thank you for the work you do on behalf of your constituents and Maryland businesses.

Sincerely,

Paige Boughan
Maryland SHRM State Council
Legislative Director

cc: Maryland General Assembly

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