

February 26, 2026

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

RE: MBIA Letter of Opposition HB 1229 - Consumer Protection and Labor and Employment - Food Service Facilities and Minimum Wage

Dear Chairwoman Wells,

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding **HB1229**. MBIA respectfully expresses opposition to the proposed minimum wage increase schedule outlined in this legislation.

While the goal of supporting workers is commendable, eliminating the tipped wage credit would significantly increase labor costs for restaurants, hospitality businesses, and other service-sector employers—many of which operate on thin margins.

While we recognize and support the goal of ensuring that Maryland workers earn a fair and livable wage, the accelerated and significant increases proposed—from \$15.00 per hour to \$25.00 per hour within a relatively short timeframe—raise serious concerns about economic sustainability, particularly for small and mid-sized employers.

For many businesses operating on thin margins, especially in construction, landscaping and other businesses in the housing industry, wage costs represent one of the largest operating expenses. Mandating increases to \$17.00, \$20.00, \$22.50, and ultimately \$25.00 per hour over successive years will substantially increase payroll obligations, workers' compensation costs, payroll taxes, and related benefits expenses. These compounded increases may force employers to reduce hiring, scale back hours, delay expansion, automate positions, or pass costs on to consumers through higher prices.

Small employers will be especially impacted. Many locally owned businesses are still recovering from economic disruptions and inflationary pressures. A rapid escalation in wage requirements without corresponding productivity growth or tax relief will create financial strain that could lead to closures or reduced economic activity in our communities.

Additionally, indexing future increases to a rate determined by the Commissioner introduces uncertainty into long-term business planning. Employers need predictability to make responsible investment and staffing decisions.

For these reasons, I respectfully urge the Committee to give this proposal an unfavorable report or to substantially amend the legislation to mitigate its economic impact.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the House Government, Labor and Elections Committee