



Date: February 10, 2025

Economic Matters Committee  
Delegate C. T. Wilson  
Room 231  
House Office Building  
Annapolis, Maryland 21401

**Re: HB 1438** – Declaration of Rights - Right to Minimum Wage for Tipped Workers - **Oppose**

Dear Delegate Wilson:

HB1438 would remove the tip-credit system for tipped workers and replace it with a Maryland *constitutional* right to the whatever minimum wage is in effect. No one has a constitutional right to job, let alone a particular wage rate. Jobs and the pay rates attached are earned, not guaranteed.

Furthermore, the arguments against removing tip-credits are well known. The reality is that the tip credit benefits workers by enabling them to earn income *in excess of the minimum wage* and benefits customers by keeping the price of eating out lower.

Removing tip credits would have negative consequences for restaurants, tipped employees, and customers:

Restaurant impact

- **Higher labor costs**  
Without tip credits, restaurants would have higher labor costs, which would lead to:
  - Increased menu prices
  - Reduced profitability
  - Fewer jobs
- **Reduced investment**  
Restaurants might have less money to invest in other areas of their business.

Tipped employee impact

- **Reduced income:** Tipped employees would earn less money.
- **Reduced employment:** Some tipped employees might lose their jobs as food service operation struggle to meet the new rates.

Customer impact

- **Higher menu prices:** Customers would pay more for food and drinks to offset the higher wages restaurant owners would have to pay.



Other considerations

- Most tipped employees already earn more than the minimum wage, so eliminating tip credits would take away a significant source of income, rather than adding to it.
- Tipped employees consider the current system to be profitable and flexible.

According to the Employment Policies Institute, tipped employees earn more than twice the federal minimum wage when tips are included in their hourly earnings.

The Carroll County Chamber of Commerce, a business advocacy organization of nearly 700 members, opposes this bill. We therefore request that you give this bill an unfavorable report.

Sincerely,

A handwritten signature in black ink that reads "Mike McMullin".

Mike McMullin  
President  
Carroll County Chamber of Commerce

CC: Delegate Chris Tomlinson  
Senator Justin Ready