



October 17, 2023

The Honorable Evan Glass
Council President
Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

Dear President Glass and Councilmembers:

Re: Opposition to Bill 35-23, *County Minimum Wage - Tipped Employees*

On behalf of the Montgomery County Chamber of Commerce (MCCC), we strongly urge the County Council to reject Bill 35-23, *County Minimum Wage - Tipped Employees*, which proposes the elimination of the tipped wage in Montgomery County for restaurant servers. The Chamber opposes this legislation because it would have a profoundly negative impact on both full service restaurant operators and restaurant servers.

Many Montgomery County restaurant operators continue to face economic challenges to adapt their businesses to a post-pandemic environment. The profitability model for those in the restaurant business is already challenging at best and our restaurant operators are doing their best to survive. Bill 35-23 would create an entirely new business and profitability model for restaurant operators, including those who signed long term leases in Montgomery County with an understanding that they would be engaged in the longtime tipped credit model. With the elimination of the tipped wage, most restaurants would be forced to raise menu prices and impose a service charge on customer checks to cover substantially higher labor costs.

For restaurant servers, the elimination of the tipped credit would greatly reduce their earnings and drive people away from the industry, which has already seen upheaval following the difficult economic environment due to the pandemic. Simply put, servers make significantly more money under the current tipping system. With the imposition of service charges and higher menu prices that would occur with the elimination of tipped wages, customers are unlikely to tip on top of those increased costs. It is also important to understand that like all workers, tipped employees must earn at least the full applicable minimum wage per hour in base wages plus tips. If they do not, they are required to be compensated for the difference as required under federal, state, and local minimum wage laws.

Again, MCCC opposes Bill 35-23 and respectfully requests the County Council reject this legislation. As always, MCCC looks forward to working with the County Council on this and other important issues.

Warmest regards,

A handwritten signature in black ink, appearing to read "G. Godwin".

Georgette "Gigi" Godwin
President & CEO
Montgomery County Chamber of Commerce