



Ohio Restaurant and Hospitality Alliance Testimony in Support of Senate Bill 256

May 22, 2024

Chair Blessing, Vice-Chair Roegner, Ranking Member Smith and Members of the Senate Ways and Means Committee:

On behalf of Ohio's 24,821 restaurant and foodservice locations and Ohio's 564,000 restaurant and foodservice employees, the Ohio Restaurant and Hospitality Alliance (ORHA) appreciates the opportunity to speak today in support of Senate Bill 256 and thanks Senator Blessing for introducing this important and timely bill that would mean so much to Ohio's hospitality businesses, the communities they serve, and the amazing people who work in this industry.

One of the important aspects of SB 256 is its preservation of the tipped wage, a well-established norm in our country and our state that allows for a vibrant hospitality scene and the ability for Ohio servers and bartenders to earn a high wage. Ohio's hospitality businesses are essential to thriving communities, are a significant contributor to Ohio's economy and, as the state's third largest private sector employer, are a critical employer for every part of Ohio's workforce. Protecting and preserving the tip credit – a vital part of restaurant operations - is crucial to maintaining our industry's positive impact on our state.

Ohio servers and bartenders value the tipped wage and the current tipping system. In fact, new [survey results](#) show 93% of Ohio servers and bartenders want the current system preserved with a lower base wage and the ability to earn far more with tips. Ohio tipped workers earn \$27 an hour on average, with many earning far more, and even at the lower end, tipped workers are earning well above \$15 an hour. As our ORHA team travels the state we have heard from servers and bartenders in Ohio communities large and small and in every type of establishment from fine dining to family diner to chili parlor who all share one common theme – don't mess with our tips. And the numbers bear this out as well, as 91% agree that the current system works well for them and should not be changed – doing so would hurt them and their livelihoods. They know they would likely make less money overall.

Additionally, elimination of the tipped wage would hurt Ohio's hospitality businesses, especially smaller mom-and-pop restaurants and those in Ohio's small and mid-sized communities and neighborhoods. Restaurants already operate on thin margins and in many instances are still recovering from the impacts of COVID, lingering supply chain issues, and inflation that hit small businesses especially hard. And Ohio's hospitality businesses are proud to be an important employer in every corner of our state. We are an industry where everyone has a chance to work, to grow, to earn and to advance in a meaningful career. Protecting and preserving these



businesses is crucial to Ohio communities, to employing even the most vulnerable Ohioans, and to providing excellent earnings and careers to so many.

The ORHA also supports SB 256's approach to raising the starting wage rate over time in a thoughtful manner, rather than a potential 43% increase in just 14 months. We believe that a measured increase in the minimum wage can put Ohio on the path to a \$15 starting wage rate but do so in a manner that gives Ohio's businesses and communities, especially those smaller businesses in every corner, community and neighborhood in our state, time to adjust without devastating their operations, their workforce and their communities. An overly fast-tracked increase has been shown to hurt smaller businesses the most, lead to elimination of the very jobs those just starting to earn value and need, and drive more inflation.

Thank you again for the opportunity to speak today in support of Ohio hospitality and for all you are doing to help Ohio's hospitality businesses continue to provide robust employment and career opportunities and contribute to vibrant, thriving communities throughout Ohio. Senate Bill 256's measured, thoughtful approach is deserving of your support, and we will continue in every way possible to support this meaningful bill.

Tod Bowen
Managing Director of External Affairs and Government Relations
Ohio Restaurant & Hospitality Alliance

IMPACT OF ELIMINATING THE TIP CREDIT ON INCOME & JOB SECURITY OF OHIO'S SERVERS & BARTENDERS

91%



Agree that the current tipping system works well for them and does not need to be changed.



A majority believe that customers are unlikely (85%) to continue tipping on top of higher menu prices or any mandatory service charge.

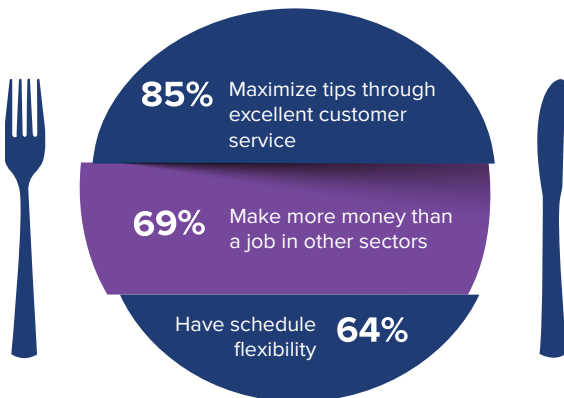


83% of tipped employees say they are earning \$20 per hour or more.

64% of tipped employees say they are earning \$25 to more than \$40 per hour.

93%

93% want the current tipping system with a lower base wage and tips that provide the ability to earn more.



91% believe that tipped employees will **earn less** if tipped wages are eliminated.