

The Center Square

Opposition grows over proposal to eliminate tipped wages in Illinois

By Kevin Bessler | The Center Square Apr 3, 2024

(The Center Square) – Legislation that would eliminate the tip credit in Illinois is facing opposition from members of the service industry.

Under the current system, businesses pay a portion of the tipped employee’s hourly minimum wage, with the rest being made up by tips to equal at least the full state-mandated minimum wage. The base wage for tipped employees in Illinois is currently \$8.40 per hour, and minimum wage is \$14 per hour. If employees do not make at least \$14 per hour with combined base wage and tips, businesses are required by law to pay the difference to ensure that every tipped worker makes at least minimum wage.

The group One Fair Wage said if passed, [House Bill 5345](#) could boost pay for nearly 200,000 Illinoisans who earn a minimum wage that is 40% less than other workers. State Rep. Lisa Hernandez, D-Cicero, sponsors HB5345. The measure passed out of committee Wednesday despite bipartisan opposition. Hernandez told the House Labor and Commerce Committee she won't call the bill for a final vote on the House floor without addressing concerns.

Critics say the change would alter the way restaurants and similar businesses pay their employees, leading to less take-home pay for workers and increased costs for businesses.

“The notion that tipped employees make less than minimum wage is simply not true,” said Sam Toia, president of the Illinois Restaurant Association.

Toia said the median tipped restaurant worker in Illinois currently earns over \$28 per hour.

The group Protect Illinois Restaurants reported a recent survey showed that 87% of tipped restaurant employees said the current tipping system works for them and should not be changed. If tipped wages are eliminated, 86% of employees believe that they will earn less.

“If this legislation becomes law, here’s what we can expect,” said Toia. “Layoffs for servers, bartenders, bussers and runners, fewer hours for servers and higher costs at the table for consumers.”

Employment Policies Institute reports eliminating the tip credit in Illinois would eliminate an estimated 7,730 jobs and lead to \$20.7 million of lost earnings for tipped employees.

“We should be doing everything we can to lift them up, not imposing another unjustifiable burden when so many are already grappling with significant economic challenges,” said State Rep. Curtis Tarver, D-Chicago.