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Protect Illinois Hospitality Adds New Coalition Members from Across Illinois to Protect the Tip Credit

Business Chambers Unite to Protect Illinois Hospitality

SPRINGFIELD - Protect Illinois Hospitality announced today the addition of five new organizations who are joining the coalition of other tipped workers, service operators, and local businesses who want to preserve the tip credit in Illinois. These new members include the Chicago Southland Black Chamber of Commerce, Quad Cities Chamber of Commerce, McLean County Chamber of Commerce, Bolingbrook Chamber of Commerce, and the Woodstock Chamber of Commerce – bringing the coalition up to 26 members.

“The hospitality industry in Illinois is a strong economic driver to the state’s economy. We have some of the best breweries, restaurants, and hotels in the world and we should be doing what we can to help these businesses continue to prosper and grow,” said **Lou Sandoval, President and CEO of the Illinois Chamber of Commerce**. “However, policy changes are being discussed that would eliminate the tip credit, effectively hurting the heart and soul of what makes those businesses special – the people. That is not the path that we should take as it will impact our small independent operators in communities all over the state the most. We hope Illinois legislators will reject these plans and vote no on any measure that will eliminate the tip credit on hospitality workers.”

House Bill 5345 was introduced earlier this year in the Illinois House of Representatives, and if signed into law, it would fundamentally alter the way restaurants, bars, breweries, hotels, and other businesses who use the tip credit pay their employees, leading to less take-home pay for workers and increased costs for both restaurants and consumers.

Every tipped employee in Illinois already makes at least the minimum wage, and several studies have shown that tipped workers have higher earning potential in the current system than they would if the tip credit were eliminated. 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.

Most restaurant operators in Illinois use the tip credit to pay employees. According to National Restaurant Association research, the median tipped restaurant worker in Illinois currently earns \$28.48 per hour. In a recent survey of Illinois servers, bartenders, and other tipped staff, 87% agreed that the current tipping system works well for them and should not be changed, and a majority believe eliminating the tip credit will lead to customers tipping less and overall lower take-home pay.

In addition to lowering take-home pay for workers, eliminating the tip credit puts thousands of workers at risk of losing their jobs. In May 2023, Washington, D.C. became the first jurisdiction in the nation in more than 20 years to begin eliminating the tip credit and since then, more than 3,700 full-service restaurant jobs have been lost.

Eliminating the tip credit would also harm businesses across Illinois that are already facing significant economic and regulatory challenges, especially small businesses. Restaurants, bars, breweries, hotels, and other businesses who use the tip credit would be forced to pass the increased cost on to consumers to try to make ends meet, and many would still need to cut shifts or tipped staff positions or permanently close. Illinois diners have indicated they would be likely to change their dining habits if restaurants increase menu prices or implement automatic service charges to offset increased labor costs, further adding to the burden on restaurants already operating on thin profit margins.

“Making the Southland a destination for people visiting Chicago is a top priority for the groups we represent. We are building a new casino that will employ hundreds, bring in millions in local revenues, and increase employment opportunities for our community in the hospitality industry,” stated **Cornel Darden, Jr., Chairman of the Board of Directors, Chicago Southland Black Chamber of Commerce**. “This is why we need to find ways to help support these businesses – the restaurants, hotels, and now casinos – but eliminating the tip credit is not the answer. Instead of passing unnecessary solutions for a problem that doesn’t exist, let’s work together to find better options that will benefit our local businesses, help reduce the possibility of empty storefronts, and support our neighboring communities.”

“Eliminating the tip credit in Illinois would not only harm our hospitality industry and hardworking tipped employees but also inflict a negative trickle effect on businesses across various sectors. This legislation threatens to increase operational costs for businesses, leading to potential job losses and decreased consumer spending,” echoed **Peter Tokar III, President & CEO of the Quad Cities Chamber of Commerce**. “It is imperative that policymakers consider the broader economic impact and work collaboratively with stakeholders to find effective solutions that support both businesses and consumers alike.”

In addition to the new members, Protect Illinois Hospitality includes the National Restaurant Association, Illinois Restaurant Association, Chicagoland Chamber of Commerce, Cosmetologists Chicago, Greater Oakbrook Chamber of Commerce, Greater Springfield Chamber of Commerce, Hospitality Business Association of Chicago, Illinois Licensed Beverage Association, Illinois Chamber of Commerce, Illinois Craft Brewers Guild, Illinois Grape Growers and Vintners Alliance, Illinois Hispanic Chamber of Commerce, Illinois Hotel and Lodging Association, Illinois Retail Merchants Association, Magnificent Mile Association, Naperville Area Chamber of Commerce, Naperville Development Partnership, National Federation of Independent Business, Sysco, Takeout 25, and Wine and Spirits Distributors of Illinois.

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