



FOR IMMEDIATE RELEASE  
April 3, 2024

Contact:  
Tori Joseph, 708-224-7411  
[tori@macstrategiesgroup.com](mailto:tori@macstrategiesgroup.com)

## Coalition of Tipped Workers, Service Operators, and Local Businesses Oppose Effort to Eliminate the Tip Credit

*Legislation would lead to less take-home pay for workers and increased costs for the hospitality industry and consumers*

**SPRINGFIELD** – A coalition of tipped workers, service operators, and local businesses today urged the General Assembly to reject a flawed proposal that would eliminate the tip credit. HB 5345 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.

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.

“This legislation would cause turmoil in the service industry, causing job creators to cut good-paying positions and putting these businesses at risk of closure. Ultimately, consumers who are already feeling the higher cost of living in this state will have to pay more to offset the higher labor costs,” **said Rep. Mike Coffey**. “As I've traveled the district, employees who have excelled at providing service to residents have asked me to stand up and fight against this bill. They are concerned their take-home pay will decrease and businesses will close their doors. We must do everything possible to encourage business in this state to grow and not saddle them with additional burdens.”

“Instead of implementing legislation that might harm operators committed to protecting their workers, let's prioritize measures to address the misconduct of those few bad actors that stain the reputation of an industry centered on caring for people,” **said Rep. Angelica Guerrero-Cuellar**.

“Local businesses are the backbone of our communities. 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 Rep. Curtis Tarver.** “Eliminating the tip credit would unnecessarily jeopardize the livelihoods of local business owners and the most vulnerable workers when there are already legal protections in place to ensure every tipped worker earns at least the minimum wage.”

“Businesses across Illinois are opposed to this legislation because they are concerned about the negative impact it will have on an industry that is still trying to recover from the pandemic,” **said Sam Toia, President & CEO, Illinois Restaurant Association.** “Let’s be clear, if this bill passes, jobs will be lost – costs will go up – and doors will close. This is not the path forward we should be taking if we are truly trying to protect the people who need their wages protected.”

“There is no question that eliminating the tip credit would have a devastating impact on businesses in Illinois. Passing this bill would set off a chain of events that quickly leads to closed businesses and many people out of jobs,” **said Rob Karr, President & CEO, Illinois Retail Merchants Association.** “We urge lawmakers to oppose this legislation because it would ultimately hurt local employers, consumers, workers, and our communities.”

“As a single parent and head of household, I am concerned about this legislation because the removal of the tip credit could change the way I am able to provide for my family. It could reduce the amount of money I can earn each night and eliminate my ability to have a schedule that allows me to be there for the ones I love,” **said Dominique Juarez, Server, Alexander’s Steakhouse, Peoria.**

“I have owned my business for 32 years and the people who have visited and worked in my restaurant are like family to me. We are part of the community, and we want to remain there. Eliminating the tip credit could change the way we do business,” **said Rosa Zepada, owner, Taqueria Grande, Cicero.** “We are concerned that it will increase costs, drive customers away, and take away earnings for our servers. We need Springfield to listen to small business owners and reject any plans to eliminate the tip credit.”

“My family and I have deep roots in the hospitality industry and the people who work in our restaurants, bars, and breweries are not just employees, they are the most important part of our business. By law they cannot be paid below minimum wage, and through the support of our customer base, they already earn well above minimum wage,” **said Karen Conn, President, Conn’s Hospitality Group.** “Eliminating the tip credit will have unintended negative consequences for our hardworking team members, our businesses, and the customers we serve.”

“If House Bill 5345 goes through, I’m concerned for the future of small independent hospitality businesses. It’s a move that would have unintentional consequences on those it proclaims to help and shake up the whole community that’s grown around our taps. If this passes, I’ll certainly never open another restaurant in Illinois again,” **said Brent Schwoerer, Owner, Founder & Brewmaster, Engrained Brewing Co., Springfield.**

“The last few years have been the most difficult yet for the hospitality industry, and the last thing we need as we continue to work to recover from the pandemic is an increase to our already high operating costs,” **said Raymond Ceresa, Executive Vice President of Hospitality & Asset Management for Tentac Enterprises.** “Eliminating the tip credit would leave us with no choice but to pass that increased cost onto our customers or make cuts to our tipped positions. Our employees would suffer, our guests would suffer, and our business would suffer.”

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.