



MICHIGAN
RESTAURANT
& LODGING
ASSOCIATION

Michigan Needs Your Support to Pass House Bill 4001

What is House Bill 4001?

House Bill 4001 is bipartisan, compromise legislation designed to responsibly increase the topline minimum wage while keeping Michigan one of 43 states that allow the use of a tipped minimum wage, commonly referred to as the "tip credit."

Why should you support it?

1

If House Bill 4001 is not passed by the end of the year, elimination of the tip credit will be an economic disaster for Michigan's restaurant industry and bad for Michigan's economy overall.*

- **40,000-60,000 restaurant industry jobs will be lost** as 2/3 of restaurant operators lay off employees.
- **1 in 5 full-service restaurants - the equivalent of 1,000 independent restaurants - would close permanently.** Restaurant operators report a pandemic-like event of restaurant closures.

2

The elimination of the tip credit in Michigan is overwhelmingly opposed by the very restaurant servers and bartenders that an out-of-state interest group in favor of tip credit elimination purports to help: **

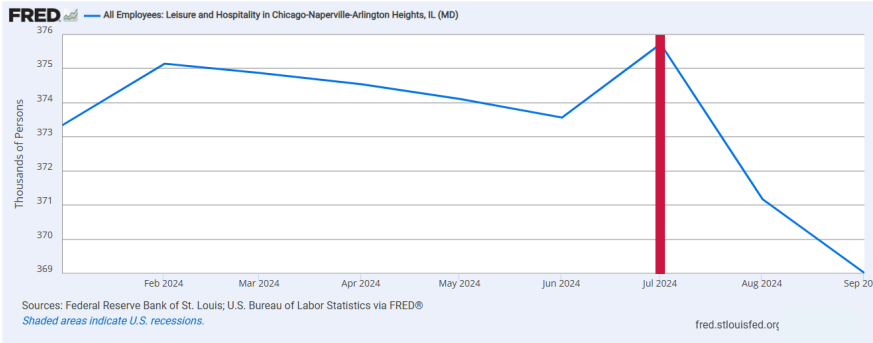


- 83% of servers prefer the status quo.
- Michigan servers make nearly \$30 per hour on average under the current system.
- 79% of servers fear their jobs will be eliminated if the tip credit is eliminated.

3

Public policy recently implemented in two major cities - Chicago and Washington DC - to eliminate the tip credit has led to substantial and immediate job loss in the restaurant industry: ***

- Chicago passed a tip credit elimination ordinance in 2023 with the first phase out taking effect on July 1, 2024 and immediately lost 6,000 industry jobs.
- Washington DC's full service restaurant segment lost 1,800 jobs since the implementation of eliminating the tip credit in May 2023.



Chicago's leisure and hospitality industry plummeted by 6,000 jobs immediately after starting to phase out the tip credit.

4

Elimination of the tip credit is overwhelmingly unpopular with voters of all political affiliations: ****

- **64.4% of Massachusetts voters said NO** to eliminating the tip credit in their state during the November 2024 Election.
- **79% of Michigan voters** want the legislature to intervene to save independent restaurants.
- **76% of Michigan voters** want the legislature to intervene to save restaurant workers' jobs.
- **56% of Michigan voters** would dine out less if menu prices increase as a result of losing the tip credit.

On November 5, Massachusetts voters overwhelmingly opposed a statewide ballot proposal to eliminate the tip credit after democratic Governor Maura Healey publicly opposed it.

MAURA Healey
WGBH
Boston Public Radio Live from the Boston Public Library
Wednesday, October 16th

SAYS VOTE NO ON QUESTION 5

“ I actually oppose it because I waitressed on and off from the time I was 13 to 24. I got a lot of tips. I did a good job, I hustled... **I have talked to a lot of servers, a lot of bartenders, a lot of wait staff and a lot of restaurant owners.** Honestly, I think this is a well-intentioned effort brought by out-of-state interests. Here in Massachusetts, I think we are doing it right. **What I would say to the public is: Go home, talk to your waitstaff, talk to your bartenders, you know that restaurant that you love? Talk to the owners. Because I think it is important to vote no on this because you run the risk of closing restaurants and putting these workers out of work.** Because the restaurant [owners] I speak to are not going to be able to afford this, and they are going to end up laying off people, and some have told me they will just shut down.

As the Attorney General I fought hard for workplace protections, for fair wages, all that. **But I think this actually harms that effort and that's why I feel strongly about this particular question.**

*This survey was conducted May 1-6 by the MRLA and included 209 responses from Michigan foodservice operators, representing approximately 3,000 locations and 104,360 employees.

**An online survey was conducted of 336 tipped employees currently working in full-service restaurants in Michigan on September 9, 2022

***Federal Reserve Bank of St. Louis All Employees: Leisure and Hospitality in Chicago-Naperville-Arlington Heights, IL

<https://fred.stlouisfed.org/series/SMU11000007072251101SA>

****This survey was conducted October 7-10, 2024 by Marketing Resource Group, LLC with a sample of 605 respondents and a MOE of 4.0%