



Theatre Owners of New England
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**Written Testimony on House Bill 5130
An Act Relating to Labor and Labor Relations – Minimum Wage
Position: Opposed**

February 24, 2021

Honorable Anastasia Williams, Chair
House Labor Committee and Committee Members
State House
Providence, RI 02903

Dear Rep, Williams and Committee Members:

On behalf of Theatre Owners of New England (TONE), an association representing Movie Theatres throughout Rhode Island, we respectfully submit these written comments in opposition of House Bill No.5130. Our position is based on the following concerns:

- Cinema owners support efforts to improve the standard of living for Rhode Island residents. We, however, do not believe raising the minimum wage will have the desired effect.
- The Impact of Covid-19 to our industry has been devastating and cinemas are reaching the breaking point.
- Our industry has experienced a 75%+ revenue drop compared to 2019
- Cinemas are already facing collapse and any additional expense without a significant increase in sales will only exacerbate the situation
- No Rhode Island study has been performed to determine the impact that these incremental increases will have on businesses effected by Covid-19.
- While economists and policymakers may argue the true impact of minimum wage rate increases on the economy and individual employees, cinema owners know firsthand the impact of such mandated wage increases. Specifically, depending on the wage increase and location, a cinema company will be forced to either decrease staffing and or benefits, which negatively impacts employees due to reductions in head counts, hours worked and benefits

provided, as well as moviegoers from a service and cost of entertainment standpoint.

- While our industry recognizes the need for individuals to earn wages that allow them to be self-sufficient, the majority of cinema employees do not independently support themselves.
- The cinema industry is a leader in employing young first-time job holders, as well as individuals with disabilities and elderly persons seeking to supplement their income. About 85% of our employees are part-time employees, the majority of them still going to school. In many cases this is their first job where they are trained on how to interact with the public and their coworkers in a professional and respectful manner.
- Those who choose to make a career out of working in cinemas are promoted into management positions where they can earn sufficient wages to support themselves and a family. Moreover, even minimum wage employees typically receive a wage increase within the first year of their employment with a cinema.
- Mandated wage hikes have the unintended effect of increasing competition for entry-level jobs, thus making it difficult for low-skilled and young workers to find employment and receive "on-the-job" training. Basically, raising the minimum wage increases the size of the obstacle a jobseeker must cross to justify being hired.
- In addition, the regressive burden of a higher minimum wage could negatively impact those it seeks to help, low-income families who are most in need of relief, by forcing business to increase the cost of all products to stay afloat.
- Movie theatres operate on very slim margins and minimum wage increases do not occur in a vacuum. Theatre owners are already dealing with the increase of other mandatory costs such as rents, insurance, real estate taxes and utilities, as well as constantly competing for market share with Netflix, Pay TV and streaming services which allow individuals to download movies to personal devices. Theatres simply cannot absorb further costs without making changes to their staffing or benefits. For a smaller cinema that is just barely getting by, these additional costs could result in a closure.

It is for these and other reasons that we urge you to **Save your Local Movie Theatre** and not to pass House Bill No. 5130.

Theatre Owners of New England



By: Terrance S. Martiesian