



To the Honorable Members of the House Labor Committee:

I want to begin today by thanking you for all your hard work. My name is John Simmons. I am the President of the Rhode Island Business Coalition. I am grateful for the opportunity to provide the House Labor Committee with this written testimony regarding House Bills 7348, 7575, and 7765, regarding the minimum wage in Rhode Island.

The Coalition is a diverse group of business associations with a common purpose: the adoption and implementation of public policies that will improve Rhode Island's competitiveness in the global economy and promote a favorable business climate. The Coalition is representative of the Rhode Island economy and has a membership of nearly 7,000 employers and 230,000 employees. Our members come from such diverse sectors as accounting, business services, construction, defense, energy, engineering, healthcare, hospitality, manufacturing, professional services, real estate, and retail.

Rhode Island has increased the state's minimum wage seven times over the last nine years. The last increase took place just this year with an increase to \$12.25 an hour.

If this legislation is adopted, many businesses, especially small businesses, will continue to struggle. For small business owners, policies that continually increase labor costs will force them to make difficult decisions – they may be forced to cut jobs and/or reduce their employees' hours, if they are not forced to close entirely. Rising labor costs may also increase the speed at which employers decide to invest in technology to replace lower-wage workers. This means fewer jobs for Rhode Island workers, and ultimately undermines the progress our economy needs to make as the state moves through the recent pandemic impacted economy.

The Coalition also has concerns with the tipped minimum wage, which is expressed in HB 7348. Increasing the tipped minimum wage would have negative implications for Rhode Island businesses and the economy. Under current Rhode Island law, the minimum tipped wage is \$3.89 per hour. However, this does not mean that tipped employees actually earn only \$3.89. Rather, federal and state law require that if an employee's combined gratuities and base wage does not equal the regular minimum wage rate of \$12.25 per hour, the employer must compensate for the difference.

We also have concerns with HB 7575, which repeals the law that prevented municipalities from establishing their own minimum wage. We believe that the State should reserve the right to set the minimum wage and allowing different wages in different municipalities could be detrimental to our economy.

COVID 19 has created financial hardship throughout the State of Rhode Island, and the Nation. Today, more than ever, businesses, particularly small and medium- sized businesses are struggling to stay solvent. Another increase in this wage is sure to be detrimental in an already uncertain business climate. Now is not the time for another increase.

Labor costs are just one part of the cost structure for small businesses, and employers in Rhode Island already face higher energy costs and higher taxes than competitors in other states. Employers are also facing significant hikes in the cost of health insurance premiums. At a time when leaders are working to improve the state's economy and make Rhode Island a more business-friendly environment, these proposals would take us in the wrong direction. Therefore, the Rhode Island Business Coalition respectfully urges the committee to take no action on these bills.

Respectfully submitted by:

John Simmons  
President  
Rhode Island Business Coalition

Members of the Rhode Island Business Coalition:

Associated Builders and  
Contractors

East Greenwich Chamber of  
Commerce

Energy Marketers of Rhode Island

Greater Newport Chamber of  
Commerce

International Council of Shopping  
Centers

Martisian & Associates\*

New England Cable and  
Telecommunications

NFIB (National Federal of Independent  
Businesses)\*

North Kingstown Chamber of Commerce

Northeast Retail Lumber

Northern Rhode Island Chamber of  
Commerce

Rhode Island Association of Realtors

Rhode Island Builders Association

Rhode Island Business Group on  
Health

Rhode Island Hospitality  
Association

Rhode Island Manufacturing  
Association

Rhode Island Marine Trades  
Association

Rhode Island Partnership for Home  
Care

Rhode Island Society of CPAs

RI Business Forum

Rhode Island Staffing Association

SENEDIA

US Small Business Administration, Rhode Island District Office\* and Small Business  
Subcommittee\*

(\*indicates non-voting/affiliate member).

