

# CASTLE HILL INN

EST. 1875

March 26, 2024

The Honorable Arthur J. Corvese  
Chairman, House Committee on Labor  
Rhode Island State House  
82 Smith Street  
Providence, RI 02903

**Re:     *Opposition to H 7531***

Chairman Corvese and Members of the House Labor Committee:

As Managing Director of Castle Hill Inn in Newport, I write to express my opposition to H 5731, which would eliminate the tipped minimum wage.

There is a reason people choose tipped restaurant jobs – they know the economics are in their favor. Tipped workers take these jobs for the earning potential.

The median full-service restaurant tipped worker makes nearly \$29.00/hour in Rhode Island. In our restaurants, that number can go as high as \$80 per hour.

Elimination of the tip credit would make the economics of our restaurants unviable. Increased wage rates would be reflected in higher menu and beverage prices and would have a severe negative impact on guest demand. It would make Rhode Island less attractive to tourists and conference visitors alike. As part of the Newport Restaurant Group, a 100% employee-owned company, the impact would be felt by our employee owners, as shrinking demand and margins would affect our company's profitability and their stake in the company.

No tipped worker ever makes less than the prevailing minimum wage for any hour they work. Historically, when tip credit has been eliminated, the level of consumer tipping has dropped because of menu price increases or imposition of house service fees.

You may think by eliminating the tip credit you will be helping employees, but it will drastically change their earnings. The elimination of the tip credit will drastically change one of the fundamental business models in the industry, forcing me to quickly make changes to how we operate and force us to find ways to bear the cost of \$10.11 more per hour for each tipped employee. This does not include the additional payroll costs such as workers' compensation and other costs that are directly related to payroll.

The elimination of tip credit could be a catastrophe for our industry. I respectfully ask that you oppose H 7531. Thank you for your consideration.

Sincerely,



Brian Young  
Managing Director

