

March 27, 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 the owner and operator of Chomp Kitchen and Drinks in Warren and Providence, 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 my restaurant, that number can go as high as \$45 per hour.

The elimination of the tipped minimum wage would be devastating to not only my business, but every restaurant in Rhode Island. Our front of house staff currently make on average, \$30-\$40 per hour on any given shift. If this bill were to pass, it would add \$345,956 in labor costs to each of my restaurants, therefore requiring an additional \$1,037,868.00 per restaurant in top line sales growth to cover that expense. Another way to quantify it is that we would need to add \$5.40 to every menu item we sell to cover the cost. That represents a roughly 43% increase across the board.

Our business model would no longer be viable and significant changes would need to be made in hopes of staying in business. That would include, loss of jobs, reduction in operating hours, and forcing us to make other business decisions that are core to what we do.

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,

Sam Glynn, Owner

Chomp Kitchen and Drinks

Board Member, Rhode Island Hospitality Association

Vice Chairman, Board Member, Rhode Island Hospitality Association Education Foundation