

G Hospitality  
100 Dorrance Street  
Providence, RI 02903

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 a President of G Hospitality located in downtown Providence, RI, I write to express my opposition to H 7531, which would eliminate the tipped minimum wage.

Any way you cut it, **this bill is an affront to hospitality employees:**

- At best, this bill has no impact on workers as their tips would likely be replaced with wages funded by service charges.
- More likely, workers are likely to see lower pay and with less employment opportunity, as rising prices lead to lower demand and revenue as well as fewer jobs.
- Furthermore, a service charge model can allow the restaurant to retain what would have historically been tips directly to employees, paying a minimum wage instead, which is the minimum any tipped employee is currently receiving and significantly less than the average they receive.

It is also an **unnecessary additional challenge to a job creating industry at the worst time:**

- Restaurants are still recovering from the pandemic, and many of us now face the additional challenge of ***drastically reduced guest counts because of mismanagement of our transportation infrastructure.***
- As a group that has just recently reach pre-COVID revenue, albeit with much higher input and labor costs, and is ***now experiencing 20-25% drops in revenue compared to last year due to the bridge shutdown,*** we are currently just able to hold on.
- This bill will increase our ***labor cost by over 3x,*** forcing us to significantly raise prices, driving away customers and revenue (impacting the wealthy the least, and the working class the most) and minimizing their ability to tip, or adding a mandatory service charge to each bill to be all or partially retained by the restaurant to subsidize the increased labor cost.

Finally, **it addresses a problem that does not exist, but makes for great sound bites:**

- All employees are already guaranteed to receive the minimum wage regardless of whether they are tipped or not.

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- This is **heavily and actively enforced by the Department of Labor**, which requires no evidence, documentation, certification or attestation that a violation occurred to investigate.
- A **simple anonymous complaint triggers a full and costly audit** of all payroll and related records.

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 \$90.00 per hour.

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,



Colin Geoffroy  
Warwick, RI