

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 an owner of Gregg's Restaurants and Taverns I am writing to express my opposition to H 7531, which would eliminate the tipped minimum wage.

In the 42 years that I have been associated with Gregg's (27 as a manager and 15 as an owner) I have been at the State House a great number of times to testify about many things that would have an impact on my business. On many occasions I have spoken about the small margins (3-4%) our industry works with and the pressure we are under to keep our menu prices at competitive levels that provide value for our guests.

That aspect of my business has not changed. In fact, as we have emerged out of the pandemic, it has been difficult to maintain margins while being inundated with constantly increasing labor and goods costs. The elimination of the tipped wage would make our current business model obsolete and would result in significant menu price increases as well as cuts in our workforce. Specifically, the proposed change in the tipped wage would cost my company \$1.3 million dollars annually. I would have to experience an increase in business of 12-15% to continue as a viable entity.

One aspect of this discussion that has changed is the tracking that we do with regard to server gratuities. Due to the ever-increasing use of credit cards, we can now be definitive about the level of tipped compensation that our servers receive. Our form 8027 demonstrates that my servers earn between 21% and 24% gratuity on the sales that are satisfied by credit card. Charge sales represent about 90% of our total receipts. Servers are the highest earning group in our establishments on a per hour basis.

Please do not pass this bill.

Respectfully,

A handwritten signature in dark ink, appearing to read "H Robert Bacon". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

H Robert Bacon

Gregg's Restaurants and Taverns

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