



697 jefferson boulevard

Warwick, RI 02886

401.739.5111

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 the General Manager for Iron Works in Warwick, 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. Across our 12 properties in Rhode Island that number can go as high as ***\$75 per hour!***

The elimination of this tip credit will have a devastating impact on the financial livelihood of our tipped employees. There is supporting evidence from states like Washington, California and New York that after eliminating the tip credit, tipped employees are now taking home less money annually seeing the lowest tip % in the country as a result.

In addition, no tipped worker ever makes less than the prevailing minimum wage for any hour they work. Minimum wages laws require us to pay the difference per hour if for some reason their tips per hour fall below that threshold.

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 us 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 the greatest industry in our state! I respectfully ask that you oppose H 7531. Thank you for your consideration.

Sincerely,

Derek J Emery

General Manager

401.480.1967

demery@ironworkswarwick.com