

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 member of senior management of JBD JGA Design and Architecture located in Pawtucket, a 41-year-old design firm specializing in hospitality, I write to express my strong opposition to H 7531, which if enacted would eliminate the tipped minimum wage.

Having spent my first ten years of employment as a tipped employee working in restaurants, I understand intimately that there are reasons people choose tipped restaurant jobs – they know the economics are in their favor. Tipped workers seek out these jobs for flexibility and for advanced earning potential. Currently, the median full-service restaurant tipped worker makes nearly \$29.00/hour in Rhode Island, well above our minimum wage.

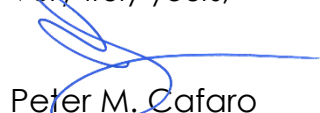
I am fearful that eliminating the tip credit which has been an integral part of the economics of restaurants for decades will cause prices to rise, at a time when inflation is already making things difficult for everyone, and soon lead to restaurant closures which will, in turn, reduce employment opportunities for the very people that this bill is aiming to “help”.

Tipped workers never make less than the prevailing minimum wage for any hour they work. Historically, when tip credit has been eliminated, the level of consumer tipping drops because of menu price increases or the imposition of house service fees.

One may think that eliminating the tip credit will help employees, but rather it will drastically change their earnings. The elimination of the tip credit will dramatically change one of the fundamental business models in the industry, forcing restaurateurs to quickly make changes to how they operate and set prices forcing them to find ways to offset the cost of the additional \$10.11 per hour to be paid to each tipped employee. This of course does not include the additional payroll costs such as workers' compensation and other fees 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.

Very truly yours,



Peter M. Cafaro
Senior Vice President, JBD JGA Architecture and Design