

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 General Manager of Angelos Palace Pizza located in Cumberland, Rhode Island. 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 \$60 per hour.

If this law passes, it will drastically reduce the earning potential for our servers and bartenders. I anticipate an almost immediate increase in employee turnover as servers and bartenders will not work in this high-stress industry for minimum wage. It will also increase our labor costs. Those costs will then be passed on to customers.

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,
Jessica Savage
Cranston RI 02920