



March 25, 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 owner's of Luigi's Restaurant and Gourmet Express located in Johnston, RI, I am writing to express my opposition to H 7531, which would eliminate the tipped minimum wage.

There are reasons 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 \$45.00 per hour.

After Covid, we are starting to see employees wanting these jobs to support their families. When polling my servers and bartenders they told me that they would leave the industry because of a reduction of pay. For us, to cover the additional hourly, I will have to raise prices since my profit margins are in the nationwide average of 5% now. Many restaurants will relieve on automated services at the tables to serve guests. It will be extremely hard to find and keep servers at minimum wage and with the price increases and lack of service, guests will dine out less causing major closures of restaurant and revenue for the State of Rhode Island. With Covid, bridge closures, food costs, labor cost, you are causing further reduction to small business in Rhode Island. We are 49th in this state to conduct business.

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,

Ralph & Kerri Battista

Luigi's Restaurant & Gourmet Express
Johnston, RI