

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 Chief Financial Officer of Matunuck Group, Inc. located in South Kingstown, 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. We have four restaurants and feel strongly that eliminating the tipped minimum wage will burden each restaurant to the potential brink of failure.

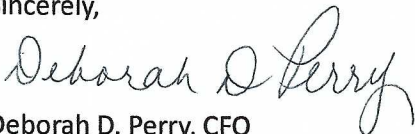
The median full-service restaurant tipped worker makes nearly \$29.00/hour in Rhode Island. In our restaurants, that number can go as high as \$40.00 per hour and many of our tipped employees have made a lifetime career working in our establishments. Our employees have health benefits, retirement plans, and make a very respectable wage. If the tipped minimum wage is eliminated, our restaurants will be forced to forgo many of these added benefits we provide to our employees.

No tipped worker ever makes less than the prevailing minimum wage for any hour they work. Historically, when the tip credit has been eliminated, the level of consumer tipping has dropped because of menu price increases or imposition of house service fees. On a recent trip to Europe, every restaurant imposed a service fee of at least 12.5%. We will be forced to do the same, which begs the question who stands to benefit from this proposed legislation? It does not benefit the employees and does not benefit the business.

You may think by eliminating the tip credit you will be helping employees, but it will significantly reduce 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,



Deborah D. Perry, CFO
South Kingstown, RI

MATUNUCK GROUP, INC.
895 Matunuck Beach Road, South Kingstown, RI 02879

