



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 owner of Richard's Pub & Restaurant located in East Greenwich, I write to express my opposition to H 7531, 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 \$60.00 per hour.

I am fortunate to have a low turn-over rate for employees, with many of my employees having been with me for 20+ years. If this passes, I will be forced to add a service charge to cover payroll expenses, and customers tip percentages will undoubtedly decrease. An increased hourly rate will not offset this loss of tips. Restaurant employees will be no different than fast food workers, though the quality of service expected is much greater. I will lose my long-term employees and the high level of service they offer.

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,

Richard Mignanelli
East Greenwich