

March 3, 2025

The Honorable Arthur J. Corvese
Chairman, House Committee on Labor
Rhode Island State House
82 Smith Street
Providence, RI 02903

Re: Opposition to H 5507

Chairman Corvese and Members of the House Labor Committee,

As Owner and President of Café Nuovo located in Providence, I write to express my opposition to H 5507, which would eliminate the tipped minimum wage.

The restaurant industry is a huge part of our economy here in Rhode Island. There are those that work in the restaurant industry as a more temporary form of income while in High School and College, just to earn some money before beginning their actual career choice. Then there are those who have chosen a professional career in the restaurant industry, such as servers who are tipped employees. The median full-service restaurant tipped worker makes nearly \$29.00/hour in Rhode Island. In my restaurant, that number can easily exceed \$50.00/hour.

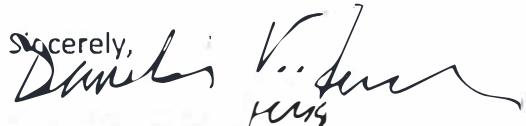
Café Nuovo employs servers that have been here for a few years, a decade and some 30 years, since we opened. Servers are tipped and rewarded based on their professional service, knowledge and effort put forth when serving their customers. A career such as this cannot be maintained through a minimum wage position. Having had many conversations with my employees and many other professionals in this industry, if this bill were to be signed into law, a minimum wage position with only a possibility of receiving tips would cause these industry professionals to change sectors and find an alternate form of employment altogether. My employees, along with hundreds of other restaurant employees would not be able to sustain and support their households and families on a minimum wage job.

Tip Credit elimination would have multiple negative effects on the restaurant industry, their stakeholders, suppliers, the economy in the State of Rhode Island, as well as families and communities across the state. Restaurants would be forced to substantially increase their menu prices to cover the cost of labor increases. Price increases of this magnitude would drive away customers, reduce revenue, reduce staff and risk restaurant closures. Tipped employees would leave the industry and seek employment elsewhere, hoping to find a new career and starting over. There would be a huge reduction in workforce across many sectors due to the reduction in patronage caused by significant price increases. The economy would stand to suffer great losses and the community and stakeholders surrounding the restaurant industry would be negatively impacted.

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 \$11.11 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, our state and our community as a whole. I respectfully ask that you oppose H 5507. Thank you for your consideration.

Sincerely,


Demetrios Kriticos
Foster, Rhode Island