



**March 18, 2026**

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

**Re: House Bill No. 7490 ENTITLED, AN ACT RELATING TO LABOR AND LABOR RELATIONS -- MINIMUM WAGES--OVERTIME**

**Dear Chairman Corvese and Members of the Committee:**

On behalf of the Rhode Island Manufacturers Association (RIMA) and the more than 1600 manufacturers and 60,000 employees we represent across the state, we respectfully submit this testimony in **strong opposition to House Bill No. 7490 (H7490)**.

While well-intentioned, H7490 would impose significant economic, operational, and legal burdens on Rhode Island employers—particularly manufacturers—at a time when businesses are already facing unprecedented cost pressures. The result will not be increased opportunity, but rather **reduced job growth, suppressed wages, and continued outmigration of businesses from Rhode Island**.

**It is common knowledge this would actually impede employee growth within an organization. We sincerely question the both motivation behind this proposal – and the legality.**

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### **1. H7490 Creates a Dangerous Divergence from Federal Law**

H7490 would establish a **state salary threshold for exempt employees that far exceeds federal standards under the Fair Labor Standards Act (FLSA)**.

- **Current Federal Threshold:** \$35,568 annually
- **Proposed RI Thresholds under H7490:**
  - ~\$70,720 by 2027 (large employers)
  - Up to ~\$88,400 by 2028

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This creates a **dual compliance system** where:

- An employee can be **exempt under federal law**
- But **non-exempt under Rhode Island law**

**Impact:**

- Significant compliance confusion and legal exposure
- Increased administrative burden for employers
- Greater risk of wage and hour litigation
- Disruption to standardized payroll and HR systems

For manufacturers operating across multiple states, this lack of alignment makes Rhode Island an **outlier—and a liability**.

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## **2. H7490 Undermines the Core Legal Standard for Exempt Status**

For decades, exempt status has been determined by:

- **Job duties (primary factor)**
- Supported by a **reasonable salary threshold**

H7490 flips this framework—making **salary the dominant factor**, effectively overriding the duties test.

This mirrors the failed federal attempt to dramatically raise salary thresholds, which was struck down by a federal court for:

- Exceeding statutory authority
- Improperly replacing the duties test with a compensation test

**Impact:**

- Redefines professional roles based on pay—not responsibility
- Forces reclassification of legitimate managers, engineers, and professionals
- Undermines workforce structure and career pathways



This is not modernization—it is a **fundamental distortion of longstanding labor law principles.**

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### **3. Real-World Employer Response: Reduced Opportunity, Not Increased Pay**

The stated goal of H7490 is to expand overtime eligibility. However, real-world economic behavior tells a different story.

When faced with **significant and unpredictable labor cost increases**, employers will respond by limiting hours, shifting workforce (or automation) and as many employees fear, reduces opportunities for advancement.

#### **Bottom Line:**

H7490 does not guarantee higher pay—it **restructures work in ways that reduce opportunity.**

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### **4. Rhode Island Is Already Losing Ground – This Accelerates the Trend**

Manufacturers across Rhode Island are making real-time decisions about where to invest, expand, and grow.

**And increasingly, those decisions are not favoring Rhode Island.**

RIMA is aware of **multiple manufacturers that have chosen to expand in other states**, citing:

- Lower regulatory burden
- Greater workforce flexibility
- More predictable cost structures

#### **Impact of H7490:**

- Further discourages in-state expansion



- Incentivizes relocation to neighboring states
- Sends a clear message: **Rhode Island is not competitive**

At a time when we should be **fighting to attract and retain industry**, this legislation does the opposite.

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## 5. Compounding Pressures on Rhode Island Businesses

H7490 does not exist in a vacuum. Employers are already managing:

- Among the **highest energy costs in the nation**
- Persistent inflation across materials and operations
- Supply chain instability and global economic uncertainty
- Increased taxation and regulatory proposals

Adding a **dramatic and escalating labor mandate** on top of these pressures creates a tipping point.

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## 6. Built-In Instability: Automatic Escalation with Minimum Wage

H7490 ties the salary threshold to **multiples of the Rhode Island minimum wage**, creating **automatic and unpredictable increases**.

With proposals to raise minimum wage as high as **\$24/hour**, the resulting salary thresholds could:

- Exceed **\$100,000+ annually** for exempt classification
- Increase year-over-year without legislative review

### Impact:

- Employers cannot plan compensation structures
- Budgeting becomes speculative
- Hiring decisions are delayed or reduced



This level of uncertainty is incompatible with responsible business planning.

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## 7. A Direct Threat to Manufacturing Competitiveness

Manufacturing is particularly vulnerable to this policy because:

- Operations often require **flexible scheduling and project-based work**
- Supervisors and technical professionals frequently work beyond 40 hours
- Margins are tight and globally competitive

H7490 forces manufacturers into an impossible position:

- Either **significantly increase salaries** beyond market rates
- Or **reclassify key employees**, disrupting operations

### Outcome:

- Reduced productivity
  - Increased costs
  - Erosion of Rhode Island's industrial base
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## Conclusion

H7490 represents a well-intentioned but fundamentally flawed approach that:

- Creates **regulatory confusion and legal risk**
- Undermines established labor standards
- Reduces worker flexibility and opportunity
- Harms Rhode Island's economic competitiveness
- Accelerates the **loss of businesses and jobs to other states**

**Rhode Island cannot afford policies that make it harder—not easier—to do business.**



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## **RIMA Position**

The Rhode Island Manufacturers Association respectfully urges the Committee to:

### **Oppose House Bill No. 7490**

And instead work collaboratively with the business community on policies that:

- Support workforce growth
- Enhance competitiveness
- Promote sustainable wage increases without unintended consequences

Thank you for your consideration of this important issue.

Respectfully submitted,

*Melissa Travis*

Melissa Travis  
President/CEO  
Rhode Island Manufacturers Association  
melissa@mfgri.com

