



March 5, 2025

The Honorable Arthur Corvese, Chairman
House Committee on Labor
State House
Providence, RI 02903

Re: H.5029, H.5508, H.5507 - Acts Relating to Minimum Wages and Tipped Minimum Wages

Dear Chairman Corvese,

The undersigned members of the Rhode Island Business Coalition would like to express our opposition to H.5029, H.5508, and H.5507 – Acts Relating to Minimum Wages and Tipped Minimum Wages.

Rhode Island has increased the state's minimum wage eight times over the last nine years; the latest time this past January when the minimum wage increased to \$15.00 an hour. Between 2018, when the minimum wage was raised to \$10.10, and today, Rhode Island's minimum wage has increased by a total \$4.90 or nearly 49 percent. Rhode Island now has the 7th highest minimum wage in the country along with several other states, including Massachusetts.

H.5029 proposes to increase the minimum wage to \$16.00 January 1, 2026, to \$17.00 January 1, 2027, \$18.00 January 1, 2028, \$19.00 January 1, 2029, and \$20.00 on January 1, 2030. H.5508 proposes to raise the minimum wage to \$22.00 per hour next January. If these bills are enacted, many businesses, especially small businesses, will continue to struggle. For small business owners, policies that continually increase labor costs will force them to make difficult decisions. They may be forced to cut jobs and/or reduce their employees' hours, if they are not forced to close entirely. Rising labor costs may also increase the speed at which employers decide to invest in technology to replace lower-wage workers. This means fewer jobs for Rhode Island workers, and ultimately undermines the progress our economy needs to make.

As this committee knows, Rhode Island is truly a small business state with more than 92 percent of the state's employers having less than 20 employees. Small employers in our state are already dealing with higher utility costs and increases in the costs of supplies, they are not simply able to pass on these higher costs to customers and still remain competitive. Keep in mind that every increase in the minimum wage

[The Rhode Island Business Coalition represents 50 industries and 6,280 businesses that employ 231,200 people throughout Rhode Island.](#)

also results in higher workers' compensation insurance premiums, unemployment insurance and FICA taxes paid by employers.

Beyond this, we have concerns with the tipped minimum wage, which is addressed in H.5507. Increasing the tipped minimum wage would have negative implications for Rhode Island businesses and the economy. Under current Rhode Island law, the minimum tipped wage is \$3.89 per hour. However, this does not mean that tipped employees actually earn only \$3.89. Rather, federal and state law require that if an employee's combined gratuities and base wage does not equal the regular minimum wage rate of \$15.00 per hour, the employer must compensate for the difference. Tips are a part of an employee's wage – tips are not a bonus in addition to a wage. The European model for restaurants provides a higher wage for employees, but eliminates tipping. The result is a disincentive to provide good service and harms the employer, the employee and the customer.

Labor costs are just one part of the cost structure for small businesses, although for many, it is the largest expense. Employers in Rhode Island additionally face higher energy costs and higher taxes than competitors in other states. Employers are also facing significant hikes in the cost of health insurance premiums. In addition, the state's unemployment rate stands at 4.6%, which is the highest in New England. Another increase in the minimum wage will not help bring this rate down.

At a time when leaders are working to improve the state's economy and make Rhode Island a more business-friendly environment, these proposals would take us in the wrong direction. Therefore, the Rhode Island Business Coalition respectfully urges the committee to oppose this legislation.

Sincerely,

Associated Builders and Contractors – Rhode Island Chapter

East Greenwich Chamber of Commerce

National Federation of Independent Business

Rhode Island Business Group on Health

Rhode Island Hospitality Association

Rhode Island Manufacturers Association

Rhode Island Marine Trade Association

Rhode Island Staffing Association

Small Business Economic Summit Regulations Subcommittee

Small Business Summit Tax and Budget Committee

cc. House Labor Committee members