

Mr. Ron Wild  
Committee Assistant  
House Committee on General, Housing, and Military Affairs  
115 State Street  
Montpelier, VT 05620

Dear Committee Members:

I am writing you in regards to the proposed bills H.93 and H.64. As a restaurant business owner, I fully support livable wage initiatives and am doing my part to ensure that my employees are well compensated and have positive employment experiences. However, I do have concern in regards to increasing the minimum wage for tipped employees. This wage is presently \$5.00 per hour and is proposed to increase 50% to \$7.50 over 3, or 5 years, respectively in H.93 and H.64.

Restaurant employers are already required to ensure that all employees (including tipped employees) receive the \$10.00 per hour State minimum wage. In real time, this means that on very rare occasions the business must make up any shortfall between a tipped employee's \$5.00 wage + tips received, and the \$10.00 rate. The essence of the minimum wage requirement is already being achieved, and this would continue to hold true as the \$10.00 minimum wage increases over time. Tipped service employees always make the State minimum wage. In fact, their wages typically far exceed the State minimum. At my restaurants, tipped employees regularly earn two to three times the \$10.00 rate – far exceeding minimum wage requirements.

Increasing the \$5.00 minimum wage to \$7.50 will significantly increase expenses for restaurants. Between my 4 restaurants, tipped employees logged 98,921 hours in 2016. An increase of \$2.50 per hour would increase my labor expenses by nearly \$300,000 per year after accounting for payroll expenses on top of the heightened wage. This increase is far too steep for many restaurants to handle, including mine. And the increases would go to employees who already receive wages far above the State minimum.

I would suggest treating the tipped income employee minimum wage increases differently than the regular minimum wage. Perhaps tie the tipped income minimum wage to inflation rather than simply using a figure of half the regular minimum wage.

A sharp increase of tipped income employee minimum wage will require restaurant businesses to fundamentally change their operations and staffing procedures. Likely forcing us to cut hours, eliminate service positions, and/or change our business models (i.e. change to counter service) in addition to significantly raising menu prices.

Respectfully,

Jed Davis, Owner  
The Farmhouse Group, Burlington Vermont  
The Farmhouse Tap & Grill  
Guild Tavern  
El Cortijo Taqueria  
Pascolo Ristorante  
Farmhouse Group Events