

Committee on Labor & Public Employees
March 8, 2007
Raised House Bill No. 7316

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Good morning Senator Prague, Representative Ryan and members of the Labor Committee.

My name is Jim Farrell, and I am Vice President of Operations for the Connecticut Restaurant Association. I am here to testify in opposition to House Bill No. 7316 as it is currently presented. Although I have been informed that there was an error made in the language used in the draft of the proposed legislation, what the Association has discussed with the legislature is the opposite of the way it is written. We are requesting a freeze in the cash component of the service wage.

There are a few points that I would like to make to explain our position:

Crafted as requested, this would be a jobs bill for the very people who need a raise the most: the dishwasher, the kitchen help, and the cooks. Our service staff average well over \$10 in tips an hour by even the most conservative statistics. The tip credit applies to only those who wait on tables and who tend bar. This group of valuable employees gets a raise every time menu prices increase, whereas the "back of the house" gets squeezed with no raise or no job when things get tough.

Restaurateurs pay payroll taxes on every cent earned in tip wages. Restaurateurs pay on both the cash and tip components of the total wage.

Connecticut's tip credit is lower than any of the surrounding states as well as the Federal credit, making Connecticut a very difficult place to do business for a restaurateur who is facing escalating costs in virtually every area of their business.

	<u>Minimum Wage</u>	<u>Server Cash Wage</u>	<u>Tip Credit %</u>
Connecticut	\$7.65	\$5.41	29.3%
Massachusetts	\$7.50	\$2.63	64.9%
Rhode Island	\$7.40	\$2.89	60.9%
New York	\$7.15	\$4.60	35.6%
Federal	\$5.15	\$2.13	58.6%

Finally, no one loses in this proposition. There is more money for the employees who need it. It will help the struggling restaurant survive, in that the percentage of tip credit only changes with an increase in the minimum wage. There is no take away from the waitstaff and bartenders

Please help an industry that is one of the few job growth industries in Connecticut.