



TO: The Honorable Members of the PA House of Representatives
FROM: Alex Halper, VP, Government Affairs
DATE: June 20, 2023
RE: Concerns with H.B. 1500

On behalf of the PA Chamber, I write to raise concerns with H.B. 1500, to significantly raise the minimum wage, which we understand the House may consider soon.

H.B. 1500 would raise the minimum wage to \$15.00 over the next 2 ½ years as well as increase the tipped minimum wage level to \$9.00. We understand advocates for this legislation want to help people; however, we urge lawmakers to carefully consider the unintended but real consequences of this legislation including negative employment impacts and higher costs to consumers.

Pennsylvania's Independent Fiscal Office (IFO), for example, explained in [a May 3, 2023 report](#) that approximately 30,000 Pennsylvanians would lose their jobs or see reduced hours if a \$15.00 minimum wage were implemented. They further note that "While some part-time workers might experience layoffs, other firms might simply defer filling vacant positions or not replace workers." Advancing a proposal that is projected to cost 30,000 Pennsylvanians their jobs' is very concerning. And which Pennsylvanians are impacted? The IFO predicts that "Rural and small employers are more likely to be impacted by the proposal." In addition to small businesses, we have heard serious concerns in particular from non-profits and childcare centers.

The fact is, employers continue to increase wages, including for entry-level workers, well above the minimum wage, which means those impacted by this legislation are generally the smallest, most vulnerable employers, or those publicly funded who have no guarantee of greater reimbursements to offset higher costs.

The IFO further notes that "higher minimum wages can have a material negative impact on certain new entrants to the labor market (i.e., young and lower-skilled workers)." Youth employment is critically important to young Pennsylvanians developing a work ethic and learning the workplace skills that will help them thrive in the future. Any policy that could discourage their employment prospects should be avoided.

We are further concerned with the significant proposed increase to the tipped minimum wage level proposed in this bill, the negative impacts of which are not factored into the IFO study. The restaurant industry remains in a tenuous position as many are still recovering from the pandemic and forced shutdowns. This legislation would force restaurants to increase labor costs by as much as 320 percent in just a couple years. There are restaurants who survived the pandemic but will not be able to withstand such a dramatic forced increase to the cost of doing business in Pennsylvania. Coupled with inflationary pressures, this would have a significant impact on this industry.

We urge you to consider these realities and unintended consequences of H.B. 1500. Any discussion of a minimum wage increase should be done in the overall context of how we make Pennsylvania more economically competitive. Short of that approach, we urge you to oppose this bill. Please contact Alex Halper at ahalper@pachamber.org or 717-645-8730 with questions or to discuss.