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November 5, 2018

Mayor Carter and Saint Paul City Council Members,

The Midway Chamber of Commerce has been closely following the minimum wage debate over the past year. We hosted a public event focused on the conversation and engaged in many formal and informal discussions with members and elected officials that led us to our position.

Our members have been vocal in their desire to reduce poverty in Saint Paul and to seek effective solutions. The Midway Chamber believes there are better poverty reduction methods and there are unintended consequences that may accompany the minimum wage increase, negating its stated goal of reducing poverty. Members have employees who have turned down promotions, extra hours, and pay raises in order to keep their existing public benefits and not fall off the "benefits cliff." This paradox will only make it harder for some families and individuals to get out of poverty.

We understand this ordinance is highly likely to become law. Having heard from our hospitality members and their employees, we strongly support a tip credit which will eliminate the unintended consequence of many tipped employees making less money even with a higher hourly wage or, possibly losing their job.

Saint Paul has a reputation as a difficult business climate, while also having a higher poverty rate than similar communities. In the 2017 *East Metro Pulse* report by the Saint Paul Foundation, 21% of Saint Paul residents live in poverty including 33% of Saint Paul residents of color. Over the past few years, members of the City Council have acknowledged Saint Paul's reputation and strived to make it better. Implementing a tip credit would be another step in the right direction and would be a sign the City Council is listening to the concerns of small businesses.

On behalf of our members, our local community, and the entire City of Saint Paul, our Board strongly requests you to modify your position to alleviate these unintended consequences thus enabling our City to work for all of its residents.

Respectfully,

Chris Ferguson – Board Chair

Chad Kulas – Executive Director