

Kelly's Restaurant and Lounge  
84509 HWY 11  
Milton-Freewater, OR 97862

April 13, 2015

House Business & Labor Committee  
Senate Workforce Committee

Re: Opposition to proposals to increase statewide minimum wage

Dear House Chair Holvey and Senate Chair Dembrow,

Kelly's Restaurant and Lounge, a member of the Milton-Freewater, OR Chamber of Commerce, ask that you oppose efforts to increase Oregon's minimum wage further. Increases in the minimum wage to proposed levels would hurt local businesses, result in fewer businesses and jobs, and would not benefit our community.

An increase to proposed levels of \$15 an hour, \$5.75 more than current, is too high for most small businesses to continue operations. As a small business owner, I have 15 employees, with pay rates ranging from \$9.25 to \$13.00 an hour. A few of my employees are at minimum wage and the average wage of my employees is \$11.00 an hour. At \$15 an hour I will pay each full time employee \$8000, more per year than at \$11.00 an hour. \$8,000 multiplied by 15 employees is an increased cost of **\$120,000** to my business, just in wages. That \$120,000 does not include payroll taxes that will be assessed as well. At the current revenue levels my restaurant maintains, the extra \$120,000 in wages will put Kelly's out of business and will put 15 employees out of work. Kelly's is not the only small business that will succumb to wage increase, only putting more businesses and people out of work.

The only way for Kelly's to stay in business would be to raise its prices commensurate with the wage increase, making the wage increase counterintuitive. A higher wage seems like a solution, but you will have huge inflation as a result. To survive, businesses will raise prices to offset the wage increase, effectively making the wage increase null, meaning the extra money people will get will be used to pay higher prices for goods and services.

As a small business owner, I urge you to consider the entire state when making your decision. There is more to Oregon than the Portland metro-area, and small businesses in your rural areas will suffer by closing their doors, laying off people, or raising prices to essentially make the wage increase void.

Sincerely,

Shannon Hall  
Owner, Kelly's Restaurant and Lounge

