



July 16, 2019

National Taxpayers Union urges all Representatives to vote “NO” on H.R. 582, the “Raise the Wage Act of 2019.” This legislation would increase the federal minimum wage to \$15 for all workers, index the minimum wage to inflation, and eliminate the tip credit. Its enactment will stifle job creation, levy new burdens on our nation’s small businesses, and harm those this legislation claims to help.

H.R. 582 is an economically damaging proposal that would severely harm small and mid-sized family businesses by significantly increasing labor costs. By more than doubling the minimum wage, these businesses may have to slash employee hours, lay off workers, or shift to automation to offset the higher associated costs. These effects have already materialized in dozens of cities that have begun to implement a \$15 wage floor. In fact, the consequences of doubling the minimum wage were recently confirmed by the CBO, which projected as many as 3.7 million workers could lose their jobs if this legislation becomes law.

Increasing the marginal cost of labor typically causes employers to reduce the size of their lower-skilled workforce. With fewer entry-level job opportunities available, first-time workers could face a more difficult time obtaining their jobs and the invaluable skills from that experience. For millions of people, first-time jobs are the first rung on the ladder to success and a path to the middle class. However, a higher minimum wage could raise barriers to the middle class, and according to CBO, “low-wage workers might face long-lasting reductions in family income if a minimum wage increase keeps them from developing skills.”

Additionally, H.R. 582 fails to account for the difference in purchasing power among the states. A top-down “one size fits all” approach would disproportionately impact mom and pop shops in rural and suburban areas of the country due to their less expensive cost of living. While a higher minimum wage case could be made in more expensive areas of the country, there is no economic justification for such a high wage in less expensive states. Proponents also claim this legislation will help workers, but ironically, the “Raise the Wage Act” would actually reduce overall family incomes by \$9 billion by 2025, according to CBO.

Ensuring American workers continue to see higher wages should be front and center on the minds of lawmakers. Rather than raising the minimum wage to an arbitrarily determined \$15 per hour, Congress should focus on policies that boost job growth to put upward pressure on wages in a sustainable manner.

Roll call votes on H.R. 582 will be included in NTU’s annual Rating of Congress and a “NO” vote will be considered the pro-taxpayer position.

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