

Mr. Chairman and members of the Committee, my name is Arik Spencer with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, representing small and large businesses, local chambers, and trade and industry associations across the state. We stand in **Opposition** to House Bill 1507.

An increase in the minimum wage does not automatically mean a benefit to the worker or economy. Whenever the government steps in to regulate how a business operates, there are ripple effects throughout the entire business community.

Mandated wage increases can result in fewer jobs as businesses must evaluate the cost increase and determine how they will pay the difference, as the expense has to be offset somewhere on the balance sheet. Without an increase in demand for the offered products or services, businesses must reduce costs to maintain acceptable margins for the operations to stay viable.

It is not acceptable to think that a business can raise its consumer prices just to offset this new increase in expense. There are numerous factors that a business must consider when determining costs/pricing. Even if we agree that raising the prices to offset this expense would be acceptable to the marketplace then we must agree that it would not have the intended affect as the workers wage increase would be lost to the increase in costs to the products or services that these workers need or consume.

For a business to find success it must pay employees a competitive wage to attract and maintain a skilled, motivated, and experienced workforce. GNDC believes that the market should be allowed to determine the wages paid. A worker who has developed the skills and training necessary to perform certain job functions can, and should, be able to negotiate for a higher wage due to the increase in value that they bring to the position. A business can, and will, adjust the wages of employees to maintain the quality workforce necessary to operate in a competitive marketplace.

Any increase in the minimum wage can also limit opportunities for those in entry level positions or those with limited skillsets. It is through the practice of giving an employee an opportunity to learn on the job and increase their knowledge and skills that they are achieve higher compensation. By arbitrarily setting an entry wage for businesses to pay, employers then have to determine if their organization can continue to offer the opportunity to those workers, thus limiting the possibilities of jobs or training for individuals. The increase in the minimum wage again can have an adverse effect on those that it is intended to help.

GNDC has continuously supported efforts to improve North Dakota's workforce and business environment through the expansion of opportunity, education, and business diversification. GNDC believes advances in these areas will result in better wages, margins and growth. It is with this in mind that GNDC respectfully requests a Do Not Pass on HB 1507. I would stand for any questions that the committee may have.