

**Greater North Dakota Chamber
House Industry, Business, and Labor Committee
HB 1341
February 2, 2021**

Mr. Chairman and members of the committee, my name is Matt Gardner, Director of Government Affairs for the Greater North Dakota Chamber (GNDC). GNDC is the largest statewide business advocacy organization in the state. GNDC stands in opposition of HB 1341.

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.

In the case of a mandated wage increase this can be seen in fewer jobs, or even job reductions as a business 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 products or services offered by the business, it must reduce costs to maintain margins that are acceptable for the business to stay viable.

It is not acceptable to think that a business can raise its prices just to offset this new increase in expense when there are numerous other factors that a business must consider when determining pricing. Even if we would think that raising the prices to offset this expense would be acceptable to the marketplace then we would also have to 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 they need.

For a business to find success it must pay its employees a competitive wage to maintain the 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 job and business. 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 skills. 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 then given higher compensation. By arbitrarily setting an entry wage for businesses to pay they then have to determine if they can continue to offer the opportunity to those workers, thus limiting the possibilities of jobs 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 the workforce, business environment and create opportunities for all in North Dakota. It is through the expansion of opportunity, education and business diversification that GNDC believes all will benefit in better wages, margins and growth. It is with this in mind that GNDC respectfully requests a Do Not Pass on HB 1341. I would stand for any questions that the committee may have.