

# TESTIMONY

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SAL RISALVATO

Executive Director

New Jersey Gasoline-Convenience-Automotive Association

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A-2612/S-3/S-583

Minimum Wage Increase with Automatic Adjustments

Oppose

November 19, 2012

**Testimony of Sal Risalvato**  
**A-2612/S-3/S-853: OPPOSE**

Sir Chair, Vice-Chair, and Honorable members of the committee, my name is Sal Risalvato, Executive Director of the New Jersey Gasoline-Convenience-Automotive Association (NJGCA). There are over 2800 gasoline retail locations in New Jersey, most of which are independently owned and operated. These are America's quintessential small businesses and they will be hurt by this legislation.

An increase in the minimum wage is something which the small businesses NJGCA represents simply cannot afford to pay for. Even though we continue to struggle through a difficult economy, and even though unemployment and underemployment are far too high, many gasoline retail stations have difficulty filling all their open positions. That may be hard to believe in an economy where unemployment is so high, but it is true. Even though unemployment remains at record high levels, many small businesses struggle to find workers to apply for or keep coming to work. Potential employees don't show up for interviews, and many simply stop showing up for work after a few weeks of pumping gas. It is for this reason that most retailers pay their attendants more than minimum wage, so that they can attract interest and keep their employees. Increasing the minimum wage will raise the threshold of what the employees expect to be paid, forcing the cost of labor to increase at every level.

Every time the minimum wage is increased it hurts businesses. Enshrining automatic increases into state law ensures that businesses will feel this pain almost every single year going forward. One of the chief advantages of having a minimum wage set by our elected leaders every few years, after much debate, is that they can use their judgment to determine if the economy and the business community are financially capable of sustaining a wage increase. When the economy is in a deep recession and unemployment skyrockets, as it did just a few years ago, the last thing businesses need are larger government-mandated expenses.

Paying individual employees more money per hour means that there is less money for businesses to grow and hire more employees. When businesses hire more employees they lower the unemployment rate and allow people to no longer rely on government unemployment checks to survive, which in turn means the government has more funds available for services such as education or infrastructure.

I believe that other small businesses in other less skilled and lower wage industries have the same difficulty too; however, I can only speak with authority about the gasoline retail business.

It should be common knowledge that motor fuel retailers operate on extremely small profit margins, but unfortunately it is not. Retailers typically make only a few cents off each gallon of gas sold. When the price of gas goes up, as it has the last two months, the amount of money a retailer makes typically shrinks as the cost of inventory and credit card fees eat away at profit margins. Retailers do everything they can to keep their prices low in order to attract cost-conscious customers in a hyper competitive marketplace. Increases in the price per gallon of gas also mean an increase in the cost of a truckload of gas.

Both retailers and motorists are dangling at the end of strings and are at the mercy of oil producers, refiners, and speculators regarding the price of gasoline. The rollercoaster ride that gas prices have been on for the last two years means that thousands of motor fuel retailers throughout the state are living in fear that the sky may fall on their heads at any moment. Many are still recovering from the problems caused by Hurricane Sandy and will need every cent they can get together to stay in business, rebuild their business, and invest in future preparedness. The last thing motor fuel retailers need right now is an increase in their labor expenses, and the last thing motorists need is for that cost to be passed to them at the pump.

Thank you.