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**Testimony of Josiah Neeley  
Southwest Region Director, R Street Institute  
Texas House Committee on Business and Industry  
March 21, 2017**

Chairman Oliveria, members, my name is Josiah Neeley, and I am the Southwest Region director for the R Street Institute. I am here today to speak against H.B. 285, H.B. 475 H.B. 924, H.B. 937, H.B. 994, H.J.R. 56 and H.J.R. 57. I have brought with me today copies of a study conducted for R Street Andrew Hanson of Marquette University and Zachary Hawley of Texas Christian University titled “Job Killing Effects of \$15 Minimum Wage by Metro, Industry, and Occupation.” I will briefly summarize the results of the study here.

It’s important to note that whatever the minimum wage rate in statute, in reality, the minimum wage is always zero. If someone cannot find a job, they make nothing. When government increases the costs of employing people through actions like the minimum wage, this makes businesses less likely to employ workers.

This study looks at the differing impacts that a \$15 –an-hour minimum wage would have in different parts of the country. Many of the localities that have approved high minimum wages have high pre-existing wage rates. This means the impact from a \$15 minimum wage will be less in those areas than in areas with lower average wages. In San Francisco, for example, around one in four workers currently makes less than \$15 an hour. By contrast, more than 60 percent of employees in Brownsville, Harlingen and McAllen make less than \$15 an hour. Indeed, the average hourly wage for Texas as a whole is only \$16.16.

Because of this, Texas employers would face a substantial increase in labor costs if a \$15-an-hour minimum wage were to go into effect. Employers of low-wage workers in both Dallas and Houston, for example, would see labor cost increases of more than 60 percent.

Faced with these increased costs, employers would be forced to lay off workers, cut hours and perhaps even go out of business. We estimate that a \$15-an-hour minimum wage would cost 110,000 jobs in the Houston metro area alone, with an additional 87,000 lost jobs in the Dallas area. These areas would see an increase in the unemployment rate of 3.7 percent. And these are just two examples. Other areas of the state would see large job losses, as well.

The free market is not only the most efficient way of setting wages, it is also the most humane. I am happy to answer any questions.