



April 1, 2014

Representative Helen Head
Chair
House General, Housing & Military Affairs Committee
Vermont State House
115 State Street
Montpelier, VT 05633

Dear Representative Head and Members of the Committee,

Thank you for the opportunity to submit written testimony on H. 552. We appreciate your attention to our thoughts on this issue.

The Lake Champlain Regional Chamber of Commerce and GBIC together represent more than 2,500 businesses. The majority of these are small businesses owned by Vermonters. Our organizations share your concerns about growing wage disparities and the ability of working Vermonters to earn a living and raise a family here. While we support working on increasing the wages of all Vermonters, we have concerns about the impacts H. 552, as introduced, would have on employers and employees. We ask that the Committee consider Governor Shumlin's proposal to increase Vermont's minimum wage to \$10.10 by 2017 as a stepped approach that allows Vermont employers time to plan for the increases while moving forward on our shared goals. This is not to say that moving to a wage of \$10.10 by 2017 will be easy on all Vermont employers- it will not. Many businesses continue to struggle and the increase envisioned in this bill is only one of many being considered by the Vermont Legislature this year in addition to other business cost pressures.

We have several concerns with H. 552 as introduced. Moving to a minimum wage of \$12.50 next January, could actually reduce the number of jobs available to Vermonters. Employees earning the minimum wage can be those with a tenuous connection to the workforce- someone just starting out or someone that needs an opportunity to re-enter the workforce. Increasing the wage employers are required to pay these employees by more than 40% could result in employers taking that chance less often. Another concern with moving to a minimum wage of \$12.50 is that such an increase might benefit an employee hired today at the expense of a long-term employee by reducing the employer's ability to provide wage increases. The number of opportunities for students to get on the job training could also be negatively affected as many employers would find it difficult to increase their internship budgets in order to make the same number of opportunities available.

We also have concerns with the more than three dollar increase to the tipped minimum wage included in H. 552. When many people think of the Burlington area, it is the diverse array of locally-owned or operated restaurants that add to the area's vibrancy. The bill before you doubles the tipped minimum wage, a measure that if enacted could shrink the profits of many locally-owned restaurants significantly. One restaurateur explained that he has 20,000 hours of waitstaff per year. If you raise the tipped wage by a dollar, it costs him \$20,000 in wages plus

corresponding increases in other costs like payroll tax. If you raise the tipped wage by three dollars, you eliminate his profits altogether. As you know, restaurants operate on slim margins and can find it difficult to raise prices. We have serious concerns about the increase to the tipped minimum wage envisioned by H. 552.

In summary, we ask that the Committee consider our thoughts on this bill in the spirit in which they are offered- a desire to work together for what is best for Vermont and Vermonters. We believe that Vermont employers play an incredibly important role in ensuring that Vermont continues to be an incredible place to work and live. Their ability to increase wages while maintaining and growing jobs needs to be taken into consideration as you work on H. 552.

Sincerely,

Catherine Z. Davis
Vice President for Strategy & Public Affairs
Lake Champlain Regional Chamber of Commerce and GBIC