

Testimony S.205
Friday, February 28th, 2014

Marc Sherman
Owner
Stowe Mercantile
The Boutique

Board Chair
Vermont Retail Association

Reducing waste and furthering the effort to recycle existing materials is an issue that all businesses can understand and support. However, the effort to further this goal through this bill is problematic.

1st Point:

This is a new tax on tourism and tourists

Vermont Department of Tourism and Marketing, 2011 report cites these statistics:

- \$1.7 billion in spending by tourists
- 73% of all tourists are from outside VT
- 38,000 jobs are supported by tourism

Most importantly; the retail industry in Vermont is more than 2.3 times dependent on tourism than the national average

Tourists do not travel with reusable bags therefore they do not have an option to avoid incurring this tax

Additionally, there is discussion for a .5% increase in rooms and meals tax to pay for clean water / water quality restoration – another tax primarily on tourists

We need to foster tourism and not discourage it with further taxes and fees

2nd Point:

Our members and all retailers bordering New Hampshire are already at a competitive disadvantage and this furthers that disadvantage

We hear constantly from retailers who are continuing to lose sales to merchants across state boundaries which jeopardizes their businesses. Particularly small scale merchants are struggling to stay alive in the border towns; assessing another tax continues the decline they're experiencing.

3rd Point:

Many merchants do not have the ability to track and report another tax.

My business still operates with “old style” cash registers, not a point of sale system

Many small scale merchants do not have the available funds to invest in new hardware & software that will track another tax. The cost of entry level Point of Sale systems starts at \$25,000 and escalates from there. Additionally; there is typically increased payroll expense incurred in order to input every inventory item the store receives.

If I have to purchase a new system, I will immediately have to reduce benefits to my staff. My staff receives:

- Wages of \$12 - \$15 per hour frontline staff
- \$3.00 more per hour for weekend hours
- 100% paid health Insurance
- 12 holidays paid at overtime rates (open for business 362 days/year)
- Paid time off
- 50% discount on products we sell

The economy is still fragile and most retailers cannot absorb a major expense

4th Point:

On-line sales are not subject to this tax. On-line sales continue to make Main Street retailing an even harder business sector to survive in than it was just a few years ago.

- On-line sales produce more waste than Main Street shopping does
- On-line sales continue to reduce revenue to Main Street retailers
- On-line sales are still exempt from sales tax furthering the disadvantage to Main Street retailers

5th Point:

Voluntary donation system in place

There is a growing list of merchants making a donation every time a guest declines a bag

Marc Sherman owner Outdoor Gear Exchange

Andrew Brewer owner of Onion River Sports

Other Montpelier merchants: <http://www.montpelierlive.org/bagthatbag>



Myself with Stowe Mercantile & Boutique



We all make a 5 cent donation for every bag declined, our staff are trained to promote this and we honor it.

Guests love this! Knowing that a donation is being made to a local charity really bolsters their experience in each of our stores.

Proposal:

Allow Vermont Retail Association and Vermont Grocers to lead a voluntary effort to reduce the use of bags by our customers while fundraising for local charities.

I'm glad to discuss any further ideas the committee may have on this issue.

Thank you for your time,

Marc Sherman

Comments from Vermont Retail Members:

“another incentive for people to buy online” which is worse for the environment and further jeopardizes small business

“tax the bag manufactures”

“Stop taxing individuals and businesses, create an incentive instead”

“The legislature is slowly marking the demise of smaller communities in the state” losing stores and jobs to New Hampshire & Massachusetts

“The cost to small businesses for the proposed 10 cent tax will be huge! Businesses will have to institute new computer software to track the sale of paper and plastic bags so they can remit the tax to the State. The State will have to create a new department of workers just to process the bag tax returns. And how will this be policed????”

“Actually I am not sure why the legislature is talking about all these issues: paid leave, 10cents per bag fee, and increasing minimum wage, when small businesses are finally getting back on their feet after this terrible recession. Let us get health care squared away, then tackle the inequities in unemployment insurance, and then move on to other ideas that help the people of Vermont who need it most.”

“Hi. I would be OPPOSED to this legislation. I'm a staunch liberal Democrat. I'm a business owner. I understand the need for taxes and I happily pay my far share. However, at some point you have to say ENOUGH tax on individuals and businesses who are doing their level best to work with the State on the various initiatives to make Vermont a better place to live.”