



April 1, 2015

2015 Actual & Potential Tax, Fee & Compliance Costs

- 1) Upward pressure on wages with Minimum Wage annual increases (passed 2014 legislature)**
Many members pay well above Min. Wage but increased their staff's wages anyway
- 2) Annual Increase in "Catamount / Health Assessment"**
Still in place even though the program ended, now used to subsidize VT Health Connect Operating Costs
Original assessment in 2007 = \$365.00 per FTE annually
2014 assessment was \$564.00 FTE annually
45% increase
- 3) Extreme pressure on retailers and related businesses in border towns because of VT wage & tax policies that significantly surpass other border states policies; examples: minimum wage, sales tax, Property tax**
- 4) Property Taxes continue to be a burden on businesses.**
- 5) Additional stress on businesses in the Vernon area with the closure of VT Yankee**

Actual & potential increased taxes, fees and regulatory expenses:

- 1) Governor's proposed .7% payroll tax to raise \$90 million
** 4/1/15 VRGA realizes there is not a great deal of support at the moment for this tax but we're mindful that it may come back into consideration late in the session*
- 2) Sugar Sweetened Beverage Tax, estimated to raise \$24 million
 - * Loss of sales due to Sugar Sweetened Beverage tax, especially in state border areas*
 - * Arbitrary tax, dietary sugar sources exist in many, many forms throughout our state*
 - * Hidden tax since it is levied at the distributor level*
 - * Legislature has considered the tax three times prior to this year*
 - * Dramatically different from tobacco tax (tobacco basically a single product, easy to identify, taxed at the consumer level***4/1/15 VRGA realizes this tax has been reduced as a percentage but broadened, we continue to be extremely concerned with any new tax*

3) GMO labeling (passed last year)

Retailers are liable for a much larger share of the law than anyone expected:

- * Deli. In-store prepared foods, bulk foods
- * Affects all retailers, not just grocery or deli, general stores with bulk foods: granolas, candy, nuts, vegetables etc... signage, 3 years of documentation and compliance per source vendor

Examples: grocers husking corn moves GMO label & documentation responsibility to grocer
Roasting Maple Walnuts: ingredients: walnuts & maple sugar; retailer responsible for labeling
Since product was roasted in-store

Bulk nuts, granola, candy, vegetables, flours etc... all require individual signs stating GMO content

4) Mandatory Paid Leave: for many employers, when an employee calls out sick, that employee is replaced for the day at overtime pay rates. There is no extra staffing capacity in many businesses. It is absolutely inaccurate to state that there is no cost to the employer for Mandatory Paid Leave.

- * New employer mandate that further constrains an employer's ability to offer the benefits that their employees value most

5) Health Care Assessment is indexed, set to increase every year: 2014 was \$532 annual / FTE

6) Appliance retailers required to carry more energy efficient products:

- * Affects retail price points
- * Product mix and overall gross profits affected
- * Possibly limits the consumer's choices
- * State of Vermont is dictating and managing inventory for an entire retail sector
- * *4/1/15 VRGA realizes this bill has not been taken up*

7) Increased State Unemployment costs as taxable base wage increases in 2015 by \$400.00

- * Base wage was \$16,000, increases to \$16,400
- * Impacts employers with many part time staff & seasonal staff more dramatically since wages above \$16,400 are exempt

8) New costs to upgrade to new secure credit card equipment

Required to meet new federal data security requirements even though the actual breaches most often occur not at the retailer level but at one of the many processor levels between the retailer & their bank

9) Bag Tax

- * Another tax for retailers to administer
- * Record keeping and submitting forms and reports to the state cost businesses wages for this work to be done

10) Increased utility costs

- * Shut down of Vermont Yankee
- * With re-evaluation of Vermont's renewable energy policy, the loss of tradable energy credits will at the least cause uncertainty for energy prices and potentially affect the entire rate structure for Vermont

** VRGA realizes this is an on-going legislative process to modify current utility pricing*

As of April 1, 2015, VRGA is monitoring and is very concerned with new taxes & fees proposed to finance clean water, to make up the budget deficit, to implement new programs (SSB Tax, Mandatory pre-school, mandatory recycling etc.).

The loss of a proposed spending increase to market the state to tourists is also of great concern. Tourism has relatively little impact on state infrastructure and services while supporting state revenues with Sales taxes and Rooms & Meals taxes.

Health Department Fee Increases for FY 2016 budget as approved by the House Ways & means Committee

Restaurant/Food Service

Seating capacity of 0 to 25; from \$85.00 to \$175.00

Seating capacity of 26 to 50; from \$145.00 to \$250.00

Seating capacity of 51 to 100; from \$245.00 to \$400.00

Seating capacity of 101 to 200; from \$305.00 to \$500.00

Seating capacity of over 200; from \$390.00 to \$575.00

Home Caterer; from \$95.00 to \$150.00

Commercial Caterer; from \$200.00 to \$225.00

Limited Operations; from \$95.00 to 125.00

Food processor

Gross receipts of \$10,001.00 to \$50,000.00; from \$115.00 to \$175.00

Gross receipts of over \$50,000.00; from \$155.00 to \$275.00

Seafood vending facility - from \$125.00 to \$225.00.

Shellfish re-shippers and re-packers - from \$285.00 to \$375.00

Bakery

Home Bakery; from \$55.00 to \$150.00

Small Commercial; from \$125.00 to \$200.00

Large Commercial; from \$250.00 to \$350.00

On-going & Future:

VRGA is concerned with the continuing escalation of health care costs, health insurance rates and future impacts of the further implementation of The Affordable Care act. Specifically within the ACA, the “Cadillac tax” that will be assessed on many health insurance policies. Currently many Vermonters and most state employees have plans that will fall into this category. Vermont’s Joint Fiscal Office has already projected the first year cost in 2018 to be in excess of \$9,000,000. Couple this with the rise in operating VT Health Connect and one can see yet another expense the state cannot afford.

VRGA remains alarmed at the legislature’s desire to increase existing taxes and create entirely new taxes every year to make up for excessive spending. Just as business has to take a long term approach to growth and only grow within existing revenue to add employees, to invest in innovation, make capital purchases or other goals; the Vermont Legislature needs to take a slow and systematic approach to achieving their desired goals. Adding programs too quickly or expanding existing programs without adequate long-term funding only burdens Vermonters and Vermont businesses. Vermont needs a thriving business community in all sectors. Once our economy is healthy and robust again, we can all work together to address the issues of the day.