



**S.260 proposed \$2 occupancy charge for the clean water fund
House Ways and Means Committee, April 17, 2018
Ronda Berns, Vice President of Tourism, the Vermont Chamber of Commerce**

Please consider this letter as official testimony regarding the proposed \$2.00 per night occupancy charge for the clean water fund in S.260. The Vermont Chamber expresses our opposition to this proposed occupancy fee recognizing that any additional fee that is tourism-targeted will hurt the hospitality industry which operates in a highly competitive and vulnerable marketplace.

We represent nearly 1,500 members throughout the state with about half of the business in the tourism industry. Our representation and knowledge of this industry is deep and broad.

Vermont's tourism industry is a significant contributor to the state's economy and to the Vermont brand. In 2015 the state collected 141 million in rooms and meals tax. The number of people employed in the hospitality industry is 31,400 and the industry supports 910 million in wages for Vermonters. An occupancy fee would produce a negative effect on this essential Vermont industry's ability to perform in a highly competitive marketplace.

Valuable group meeting and tour business would also be threatened, which is price sensitive and highly competitive and additional fee would slow growth in this sector. Meeting and tour planners make their location decisions based on the total cost of the program. Competition from our neighboring states for this lucrative business is fierce. An increase to the cost of a room would affect the Vermont's hotel lodging industry's ability to secure this valuable business.

The industry across the United States has and will continue to see negative effects of the federal immigration bans that were implemented last year on the international traveler. With the uncertainty of what will come next from the federal government, the tourism industry has seen a decrease in demand. The International market alone contributes over 5% to Vermont's economy and the total impact of a decreased travel from the international market will be a negative factor for future revenues growth in this market segment.

The tourism industry is still absorbing the new mandates from last year. Overtime pay, sick time, the increases to health care and payroll taxes, minimum wage increases, new health and safety regulations has tourism business owners wary. Cumulatively, these new taxes and mandates will add uncertainty and concern for the tourism industry. They will have to seriously consider all the added costs before they hire more staff, renovate or expand their business.

The proposed occupancy fee would contribute to the vulnerability of the tourism industry therefore we oppose this bill.