

February 6, 2018

To The Senate Economic Development, Housing and General Affairs Committee:

I am the majority owner and President of Sugarbush Resort located in Warren, Vermont. I am writing to you about the proposed increase in the minimum wage to \$15 per hour by 2022 as this would have a tremendously negative impact on Sugarbush. We currently employ 155 people full time, and they are eligible for our health care benefits and also receive numerous other benefits such as discounts on food, day care, rentals, season passes, health club membership and golf privileges. We also have a 401-K which we contribute to. The vast majority of our full time employees are already paid at least \$15 per hour and those that are not will likely be at that level by 2022.

However, seasonally we employ another 800 in the winter and nearly 150 in the summer months and many of these are paid less than \$15. They too receive many of the same benefits as the full time employees. Many of these employees are students or weekend and holiday employees and many have full time jobs elsewhere. Many also reside outside of Vermont and work here weekends or portions of the season. Most of these are not supporting a family of four with their seasonal employment. Increasing the minimum wage to \$15 for all employees by 2022 is an annual rate increase of 10% or more than triple the rate of current inflation. This would have a material adverse impact on our bottom line as it would create compression and increase the wages of all of our staff. This would cause us to reexamine our benefits, invest in labor saving technology and take other actions to keep us sustainable. Having less free cash would also mean that we have less cash available for future improvements to remain competitive and sustainable and less ability to support our community needs.

We are in a very competitive industry and our State already adds costs to our business which resorts in other States so not have. For example, Vermont charges a 6% sales tax on tickets and season passes where many other States do not. Our equipment purchases are also taxed where in other States they are not.

Our energy costs are higher than other NE States as are our worker's compensation premiums. A number of costs are based on payroll so these costs will increase as well.

Passing along the increase wage costs by raising prices is just not realistic in this environment. I am sure you are aware of the consolidation in our industry with Colorado based Vail now owning Stowe and Utah based Powder Corporation owns Killington. A new conglomerate, Alterra, headquartered in Colorado, now owns Stratton. These companies can shift many of their marketing, IT and Finance employees to Colorado where a locally owned and operated business such as ours cannot. This may cause locally owned business to consider other options.

I know that the discussion of a \$15 minimum wage is undertaken for many good reasons, but it will be extremely harmful to businesses such as ours which is one of the largest employers in Washington County. I would ask that you consider distinguishing between full time and part time and seasonal employees and also not increase the wage rate for tipped employees, many of whom already earn far more than \$15 per hour. There is no reason to increase the burden on employers. As you know, if tips do not take them above the minimum wage then employers must, so there is no harm to them.

I would close by also noting that we are in an extremely tight labor market now and all in the ski industry are struggling to find enough employment. The market place is bringing wage rates up, and we believe that works better than having a minimum wage of \$15 imposed over such a short time frame.

Thank you.

Sincerely yours,

Win Smith
President
Sugarbush Resort.