



March 23, 2017

Senator Ann Cummings  
Chair, Senate Committee on Finance  
State House  
Montpelier, VT

Re: \$2.00 per night occupancy charge for affordable and sustainable housing

Dear Senator Cummings:

Please consider this letter as official testimony regarding the proposed \$2.00 per night occupancy charge for affordable and sustainable housing. 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 them in the tourism industry. We are the only official partner of the American Hotel & Lodging Association. 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.

The valuable group meeting and tour business would also be threatened, which is price sensitive and highly competitive and 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 is already seeing the negative effects of the Federal Immigration Bans that were implemented in this year. With the uncertainty of what will come next from the Federal Government, the tourism industry has begun to see cancellations of groups from Canada due to the concern over border crossings. The International market alone contributes over 5% to

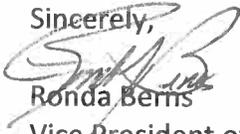
Vermont's economy and the total impact of a travel ban will be a negative factor for future revenues growth in this market segment.

Bills introduced this session that would affect tourism include the proposed increase to the meals, rooms and alcohol tax with a \$5 surcharge for Water Cleanup, 12 weeks of paid leave and the new health and safety regulations. Cumulatively, these new taxes and mandates will add uncertainty and concern for the tourism industry.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Ronda Berns', is written over the printed name.

Ronda Berns  
Vice President of Tourism  
Direct: 802.229.2259