



Testimony on H.107 – Paid Leave
House Ways & Means
Submitted by Erin Sigrist, VRGA President
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VRGA represents over 750 members across the state. Our membership is inclusive of a variety of business types and models, collaborative and extremely diverse. Members including general retail, grocery stores, convenience stores, distributors, food producers, and business service members. VRGA creates a unified voice for its engaged membership to influence legislation through lawmaker and public education. Our benefits are fundamental to our members' economic success and to their positive community impact.

VRGA is made up of small businesses that serve as stewards in every community across Vermont. These downtown business support local organizations; hire young adults with little to no experience and train them with the foundation of real world experience.

VRGA has polled its members regarding H.107, An act relating to paid family leave and received feedback about the bill and various benefits currently offered by employers. Eighty percent of respondents report that they offer employees at least one of the following benefits: health care, dental insurance, extended paid time off, short and long-term disability, retirement plans, flexible work arrangements, and additional training/education. An overwhelming 90% of respondents *do not* support the creation of a mandatory paid leave program; however, 80% of respondents *support* the creation of a voluntary paid leave program.

We are looking at over \$100 million in new taxes on employers and employees if this bill passes as is, as we face the longest economic expansion in history, with the lowest unemployment since 1976 and as Washington Post reported earlier this month a forecasted population decrease until at least 2040. The Vermont Department of Labor reported earlier this week that "this level of unemployment is impeding economic growth. The lack of available individuals to work means Vermont businesses are having difficulty growing, and it is becoming harder for businesses to maintain current workforce size if an employee quits" (or leaves)

The small businesses across this state – the very essence of Vermont - are facing a shaky landscape. How will these entry level employers fill positions when an employee leaves for 12 weeks?

Operating on finite margins has become the industry norm among Vermont's small retailer. The average margin for a small grocery store hovers around 2%. It's only slightly higher for a general retail store.

In addition to this new mandated benefit and \$100 million payroll tax, the legislature is considering a \$15 minimum wage, increasing taxes on various products that retailers sell, and facing another potential property tax increase on top of the 4.5 cent property tax increase they faced last year.

These small businesses can face upwards of 14 different licenses, registrations, or annual fees in addition to:

- Employee wages – which are already increasing due to the sheer demand
- Payroll taxes that can range from an additional 10%-21% of wages

- Credit card fees – which can equate to thousands of dollars a month
- Rent/mortgage
- Electric
- Heat
- Internet/cable
- Web maintenance
- Employee benefits – health care, dental, paid vacation
- Mandated benefits

The cumulative impact of the various demands on these small businesses are nearing or have crossed the threshold of many employers' ability to sustain a business. In 2008 and 2009, we could identify about 245 country stores, general stores, village stores and country markets. Today, we're down to about 180 of these rural stores. Out of that group – we see between 70 and 75 country stores. Just this last week, many Vermonters watched closely as one of those general stores asked for help as they struggled to keep their doors open.

This very committee reviewed similar paid family leave proposals last year and concluded that the extravagant proposal you received from the House General Committee (12 weeks at 100% wage replacement) had to be reduced and that a .93% payroll tax was not affordable.

H.107 proposes the most generous leave program in the country.

It's much easier for large businesses to absorb the increasing costs of mandated benefits. Report last month that Artificial Intelligence could eliminate 40% of jobs within 15 years.)

A vibrant landscape must include businesses of all types and sizes, including the entry level retailers and small businesses around the state that have played a vital role in Vermont's landscape since its inception. Imposing additional demands on the small businesses will speed the loss of many more of these essential retailers around the state.

As a representative of entry level employers, I ask that you consider the types of businesses that have come in to show support of this program. They employ skilled labor, bring in hundreds of millions of dollars and are absolutely an important asset to the state. Many, if not all of them offer some form of this program already, but would not have been able to pay these benefits when they started these businesses. When benefits become mandated, business consider the costs and have to decide how to adhere to these mandates. Will I need to eliminate a different benefit? Will I need to reduce my hours? The small businesses across the state work within a very small box with very few resources.