

Ericka Canales, Co- Owner
Long Trail Veterinary Center, Williston, VT
longtrailvets@gmail.com - 802-363-0705 (cell)

Small Business Perspective Testimony - S. 32 Min. Wage Bill

Thank you for the opportunity to provide testimony to this committee.

Vermont has been more proactive in encouraging entrepreneurship, trying to attract large companies with incentives to employ our residents, and attract new people with the remote workers rebates. These new opportunities are fantastic for our State, but we are still lacking support for our existing small businesses with 20 or fewer employees if fiscal measures are going to continue to be mandated on our small operating budgets.

I am 41 years old and my husband, 45, is a native from Rutland. We chose to come back to Vermont versus going to more known business friendly states to start a veterinary business at the age of 34. We were the youngest veterinary owners to start a practice from scratch in the state till just last year. It has been 8 years before another couple in their 30s attempted to do the same. The only other 45-and-under owners are another husband-wife team who inherited an existing practice.

The purpose of my testimony is three-fold to provide:

1. Perspective as a representative of an important demographic you are trying to keep and grow in Vermont;
2. Perspective from a profession you may have not heard from, the Veterinary Industry;
3. And a call for greater foresight to avoid the consequences that will ensue if our Assembly continues to think of each bill separately, creating a compounding pile of negative fiscal impacts on small businesses.

The obstacles my generation and future generations face in Vermont in order to start or continue to employ our residents are far greater than our predecessors. Creating a \$15/hr min. wage would likely cause the following impacts on the working middle-class owner if no consideration is given now for small business support:

1. Perception will continue to grow that Vermont is not small business friendly;
2. Many Vermont small businesses are husband and wife teams and have no outside income or benefits to offset these business losses;
3. It would lead to a reduction in entry-level opportunities, leaving unskilled or inexperienced workers unable to get their first job. For example, college students who are looking looking for more field experience to help them get into vet school will not be able to apply for vet assistant positions since they are not listed as exempt from this raise- only high school students are. We actually are already see the decline/loss of the specific receptionist job class in most hospitals as an entry-level position in light of previous impacts.
4. Full-time employees with benefits will see decreased hours to avoid the increased overtime wage cost (\$37.5/hr OT for entry level and \$42-47/hr OT for more experience),

5. The efforts taken to retain employees at a full-time level will turn back towards part-time categorization since a dollar can only be sent in one direction.

While my generation still has 15-20 years in the workforce, I do not see how we can keep our business sustainable and solvent till retirement in this unfriendly business environment. The direction that legislative efforts are trending has already begun to create un-recoupable costs on small businesses, while out-of-state larger corporations are more than able absorb them. The cost for veterinary "services" will continue to go up with following and other similarly proposed legislative initiatives. Our concern is that our State has lost sight of the total combined fiscal impacts originating from its decisions. For example:

1. Vermont's health insurance tax and the general massive health care costs;
2. The already approved increased min. wage scale to \$12/hour;
3. This session we have the proposed financial mandatory leave insurance, requiring businesses to offer extended paid leave without a large enough workforce to provide adequate technical care and revenue coverage for loss of personnel;
5. This session the veterinary profession is specifically being confronted by the Tax Department with an implementation of a "Pet Tax," a removal of a tax exemption provided to small animal hospitals and the public on medical sales and use since the 1970s. This change adds about a \$20K tax for a start up hospital in their first year and about an additional \$8-10K in ongoing operating years for your average 2 doctor practice. In addition, this would cause a new sales tax on the public that would in essence counter some of the gains of the \$15/hour pay. (*More to come on this once the Tax Department's bill is filed and the proposed counter bill*)

The veterinary industry has already felt increasingly tighter margins, due to the higher cost of overhead from buildings, equipment, products, staffing, etc that are necessary because of the advancement and expectation in medical standard of care. Out of state online companies are decreasing our revenues at an increasing rate, impacting about ability to keep client costs down and provide our employees with a variety benefits. If Vermont's legislative climate compounds these issues by continuing to eat at the fabric of small businesses, over the next 3-5 years you will see a flood of large out of state corporate investors purchasing animal hospitals instead being passed to resident employees. This is something that is already trending nationwide and is building momentum in Vermont. These groups are competing on such a level that our smaller in-state businesses cannot begin to offer in salary, benefits, and product purchasing power.

Since Vermont is already ahead of the curve by passing a bill that would achieve \$12/hr and is 6th in the country for wage advancement, it seems the State's efforts should be putting the horse in front of the cart by focusing on best supporting the small businesses as the vehicles that are trying to grow our GDP and employ our fellow residents. Please consider rethinking this bill to address how to build a stronger foundation of incentives or rebates to get people here for our businesses to employ, not more financial implications that will lead to the sell out of our profession.

Please feel free to follow up with any questions you may have on this matter, and suggestions for the leave insurance bill, or the proposed "Pet Tax".