



Wednesday, April 8, 2025

Marc Sherman, Founder and Owner

Outdoor Gear Exchange, located on Church Street in Burlington with a satellite location in Waitsfield and a website at gearx.com has been a retailer in the specialty outdoor space since opening 30 years ago. In that time we have grown, purchased our own building, and weathered economic events such as 9/11, the financial crisis of 2008, the economic collapse during 2020 when COVID struck, and has since been managing through the past five years of uncertain economic outcome, global conflict, and waning consumer confidence.

We grew our sales and staff significantly through 2021 though more recently jettisoned a failing business unit and reduced our staff by over 50% with sales on track to be 40% of our peak in 2021. Through this we have maintained our position as a pillar of the outdoor retail community locally and nationwide as well as a cornerstone of Burlington's thriving downtown.

I would like to take a moment today to testify on the concerning anticipated impacts of the recent "Universal Tariffs" imposed by the Trump Administration. These tariffs will impact our business and Vermont's economy at a time when local businesses of all types are already challenged.

- 85% of our goods are made overseas or from component parts that come from abroad
- Tariffs directly increase prices at the maker/wholesale level, which pass on up the chain and end up passed on to consumers
 - We have already begun to see cost and MSRP price increase coming through from our vendors in real time with more expected for Fall goods that will begin landing in May and June and ship to us in July and August
 - Costs per unit will go up to us and be passed on to customers
 - Financing will need to accommodate this (if the price of our goods goes up by 25% we will either need to acquire 25% more financing or reduce the size of our order in units to maintain a steady total cost
 - Likely reduce breadth of offerings to be able to maintain a critical depth in the products we do stock
 - This doesn't take into account reduced spending expectations on behalf of customers which will further reduce our spending

- This will reduce our total gross profit dollars and reduce our ability to maintain and/or create jobs (as well as limiting our ability to increase wages to our existing employee base) - at our scale we have a minimum payroll to operate effectively and if sales won't support that, then we can't continue to operate indefinitely
- We've had uncertainty and instability in unprecedented ways since Covid.
 - Through 30 years of business we've seen the most volatility and unpredictability in the past 5 years.
 - Customers are spooked and cautious with spending - we've seen this for the past 6-12 months with uncertainty surrounding the election and conflicts in Ukraine and the Middle East
 - It is getting and will continue to get worse with the uncertainty of how tariffs will impact people day to day
- While the final resting spot for Canadian Tariffs remains uncertain - we feel that the damage to the cross border relationship will impact Canadian tourism and with that their contribution to our sales on Church Street and throughout the state's tourism industry - especially in busy summer weeks such as the Canada day in early July, Canadian Construction Holiday in August, and Canadian Thanksgiving concurrent with Indigenous Peoples day. "Elbows up" signs seen around the state suggest that Vermonters may be more aligned with Canada's frustrations than not.
- With anticipated declines in foot traffic from lost Canadian tourism, potential reduced regional tourism due to economic uncertainty, and the impact of decimated savings and retirement accounts, there is a real and tangible risk that we and other local Vermont communities see decreased vibrancy in downtowns.
 - As we know, reduced foot traffic makes room for more concerning behaviors to become more present. I can only speak for Burlington but we feel like things are improving and have concerns that the impacts of tariffs discussed above may slow or reverse the progress which stands to further multiply the potentially detrimental effects of these tariffs on Burlington's and Vermont's economy.

Thank you for taking the time to hear from me and the other businesses that have testified. We hope that there may be some sort of relief available to help us weather this newest storm and that the state can allocate funds towards marketing and PR campaigns to promote support of local retail and hospitality businesses.

Moreover, we hope that the Governor who has among if not the highest approval ratings of the nation's governors can work through the national governors group and with our congressional delegation to make it clear that these recent tariffs will only serve to depress the national economy and benefit no-one.