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March 28, 2025

Representative Marc Mihaly, Chair
House Committee on General and Housing
Vermont State House, Room 31
Montpelier, VT 05633-5301

H.261 (Rep. Priestley)

Dear Chair Mihaly and Committee Members,

The National Federation of Independent Business (NFIB) represents nearly 1,000 small businesses in Vermont. Our members operate in every industry - from family farms to main street shops - and are typically very small, with 80% employing fewer than 20 people.

We write to share our members' concerns with H.261, which would reduce the standard workweek from 40 hours to 32 hours.

This is a time of great uncertainty for many small businesses. In the most recent edition of NFIB's *Small Business Economic Trends (SBET)*, the Small Business Uncertainty Index recorded its second highest reading ever.¹ Small business owners are increasingly expecting worse business conditions and pulling back on plans for capital investment and hiring.

Nearly one in three small business owners rank labor cost or labor quality as their single biggest challenge. In Vermont, there are two job openings for every unemployed person and labor force participation is only now approaching pre-pandemic levels.^{2,3}

H.261 will exacerbate the labor cost and scarcity problems that plague small business owners. Having to find additional staff or pay eight hours of overtime – in addition to overtime small employers currently pay – to keep orders filled, customers served, and the doors open will harm the Main Street economy.

Nonpartisan research also finds that higher labor costs result in fewer jobs, fewer hours, and lower average pay for workers.⁴

¹ Small Business Economic Trends (SBET), *NFIB Research Center*, February 2025, https://www.nfib.com/news-article/monthly_report/sbet/

² U.S. Bureau of Labor Statistics, "Number of unemployed persons per job opening by state, seasonally adjusted," accessed 3/24/2025 <https://www.bls.gov/charts/state-job-openings-and-labor-turnover/unemployed-persons-per-job-opening-by-state.htm>

³ Federal Reserve Bank, Labor Force Participation Rate – Vermont, accessed 3/24/2025, <https://fred.stlouisfed.org/series/LBSNSA50>

⁴ "Economic Impact Evaluation of Minneapolis's and St. Paul's Minimum Wage Ordinance," Federal Reserve Bank of Minneapolis, December 2, 2024, <https://www.minneapolisfed.org/topic/minimum-wage>. The study controls for the effects of the pandemic and civil unrest.

Consider a small business that employs ten Vermonters for an average of 40 hours per week at the statewide hourly wage (\$34.89). Currently, the business must pay \$13,956 in wages per week, not including any overtime.

Under H.261, the employer must hire additional part-time employees – an impossible task in many industries – or find an additional \$1,396 per week (\$72,571 per year) to keep operating at the same capacity.

Thank you for the opportunity to comment and for considering our members' perspective.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', with a stylized, cursive flourish.

John L. Reynolds
Vermont State Director
National Federation of Independent Business
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