Testimony of Jim Hall, President & CEO, The Vermont Country Store S.71– An Act Related to Consumer Privacy and Online Surveillance Senate Institutions Committee

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As the President & CEO of The Vermont Country Store, a leading family-owned retail business based in Vermont, I am respectfully submitting testimony for the record about S.71, An Act Related to Consumer Privacy and Online Surveillance.

Founded nearly 80 years ago, The Vermont Country Store is family owned and run entirely in Vermont with operations spanning four counties (Bennington, Windham, Windsor, and Rutland) that occupy six facilities. We have retail stores located in Weston and Rockingham, as well as a liquidation outlet that operates in Rutland's historic Armory building. The majority of our customer service team members work remotely throughout Vermont. We have onsite call centers in our Rutland location and in our Manchester administrative office building.

Our largest presence is in the Airport Industrial Park in North Clarendon, where we own over 40 combined acres between two buildings with over 200,000 square feet. These facilities support our warehousing, order fulfillment, bakery, and manufacturing operations.

We are a major employer in Vermont with over 450 employees, and nearly 400 more working for us seasonally to support our peak fall foliage and Christmas seasons. We work hard, do right by our customers, and have a long history as strong supporters of the communities where our employees live and work.

We serve our customers through our stores, which are among Vermont's most popular tourist attractions, our nationally distributed catalog, and our website, which accounts for the majority of our sales.

Because online sales are fundamental to our continued success and future growth, we support consumer data privacy legislation and have been actively doing so at the federal level since 2021. However, we are extremely concerned about the significant risk of harm that S.71, would have on our business.

- Ambiguous language throughout the bill makes compliance open to legal interpretation.
- 2. Rather than limiting enforcement actions to the Attorney General, the inclusion of a Private Right of Action (PRA) provision invites opportunistic lawsuits by unscrupulous attorneys whose business models are to drive settlements for their own financial gain, rather than to achieve regulatory compliance.

We have been the target of numerous legal actions originating in other states pertaining to product labeling, taxation and other laws that contain similarly ambiguous language. We receive an ongoing stream of demand letters, legal notices of "intent to file" and/or filings, which are all intended to shake us down for settlement fees. The legal fees incurred to manage and settle these claims are exorbitant. It is imperative for Vermont to prevent this situation from occurring in consumer data privacy legislation.

There is another approach that works for consumers and for business. S.93, currently in the Senate Economic Development Committee, would ensure strong consumer data privacy protections while being acceptable to Vermont businesses.

- 1. The bill is modeled after Connecticut's data privacy statute and is consistent with New Hampshire and Rhode Island, creating a regional standard.
- 2. Like S. 71, S.93 includes strong consumer protections.
- 3. Private Right of Action is precluded.
- 4. Enforcement of the law would be handled by the Vermont Attorney General.
- 5. The combined effect is both pro-consumer and fair to businesses.

The Vermont Country Store operates in a highly competitive marketplace where we are much smaller than most of our competitors in the catalog industry. Significant increases in core operating costs for paper, printing, postage and shipping have made it increasingly difficult to make catalog mailings profitable. We have pivoted to digital advertising as the most cost-effective way to sustain and grow our business, but our future is by no means assured.

In the past two years, a number of our competitors have either gone through bankruptcy or gone out of business. The following catalog titles are examples you may be familiar with: Acorn, Signals, Bas Bleu, Harriet Carter, Carol Wright Gifts, Dr. Leonard's and Healthy Living all went bankrupt, resulting in significant job losses and were subsequently absorbed by other companies.

Understanding the environment in which we operate, you can see why it is critical that we prevent exposure to high expense costs in areas that are not supporting our future growth and success. I ask you to take this opportunity to support a data privacy statute that can protect Vermonters without harming The Vermont Country Store and the 450 families whose livelihoods depend on our business.