



March 1, 2017

To: Honorable Council President Bernard C. "Jack" Young, Labor Committee Chair Shannon Sneed, and members of the Council

From: Al Hutchinson, President CEO, Visit Baltimore

Re: Council Bill 17-0018, Labor and Employment – City Minimum Wage

As the 501(c)6 membership-based Destination Marketing Organization charged with driving economic impact through the attraction of conventions, group and leisure visitors, Visit Baltimore had initially taken no formal position on Council Bill 16-0655 – electing instead to defer to the allied organizations representing industry sub-sectors within our membership. Since this time, we have gained additional insights as to how such a bill could not only adversely affect businesses and residents engaged in our meetings and tourism industry but also threaten our destination's overall competition position. As such, we would like to share our official position on Council Bill 17-0018 as follows:

- 1. Visit Baltimore stands behind the oppositions positions taken by the Maryland Hotel & Lodging Association, the Restaurant Association of Maryland and the Maryland Retailers Association.** These allied associations represent the core of our hospitality and tourism industry as well as a significant majority of Visit Baltimore's membership network (57%) – we trust their voices as the subject-matter experts for how legislation will affect their respective business operations. Furthermore, concerns raised by these organizations were echoed by the members of the Baltimore Convention & Tourism Directors. *According to a June 2016 e-survey of Visit Baltimore's Board of Directors, 89.7% of respondents either strongly opposed or somewhat opposed a Council Bill imposing a \$15 Minimum Wage in Baltimore City. These respondents represented the sub-industry sectors including Accommodations, Restaurants/Caterers, Agencies/Non-Profits, Event Management and Healthcare.*
- 2. Visit Baltimore is concerned that this legislation will threaten Baltimore's competitive position in general and, in particular, our appeal as a "high value" (value defined as spanning Financial, Convenience and Service factors) convention and meetings destination.** According to reports by City agencies and organizations including the BDC, in addition to overall increased labor costs, the bill would most likely lead to increased prices for goods and services, reduced employment and possible relocation or closure of some businesses. This is worrying because:
 - Industry reports show that the top barriers to meeting ATTENDEES are cost, time and

destination appeal. The prospect of increased costs of goods/services being passed onto visitors (e.g. via higher ticket prices, increased rates or new hotel fees, etc.), and/or, a decline in customer service associated with changes in staffing levels or hours of operation, could negatively affect an individual's decision to attend in Baltimore.

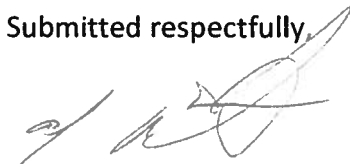
- Industry reports also show that, after establishing exhibit hall/space availability, destinations are mainly compared by their hotels – in particular room prices and quality; and, that rising labor costs are factored into booking decisions by MEETING PLANNERS. If Baltimore's minimum wage were to be significantly above those in both our Peer and Like-Market Convention Competitive Sets, and if our hotels or other professional service contractors (e.g. those providing temporary support staff, etc.) were to raise prices or stop offering value added incentives, it could minimize the appeal and value gained from meeting here.

Baltimore's collective tourism impact was \$283 Million in CITY taxes/fees generated in 2015 (revenues saving EACH Baltimore household \$660 in annual tax contributions) with a further \$2.8 Billion pumped back into the community through salaries earned. Any drop in investments and/or in visitors would be of detrimental consequences to these economic, employment and overall quality of life returns.

- 3. Visit Baltimore is concerned that this legislation will limit opportunities for Baltimore City residents to participate in Baltimore's hospitality and tourism community.** The hospitality and tourism industry accounts for 7.4% of all area employment, and, is generally recognized as providing entry level positions coupled with on-the-job training to create a viable pathway for upward momentum in both career and wage growth. Increasing minimum wage in the City, absent a more widespread regional increase, will make hospitality jobs in Baltimore City more attractive not just to City residents. This is particularly worrying for Baltimore's young people and residents from underserved or at-risk communities, individuals who would likely face competition from more experienced workers already performing comparable jobs elsewhere and for whom transportation into the city is a viable option.

For all of these reasons, and while we understand the intended merits of the bill, we would seriously caution any increase in Baltimore City's minimum wage as proposed and certainly absent a regional or State requirement.

Submitted respectfully,



Al Hutchinson
President & CEO



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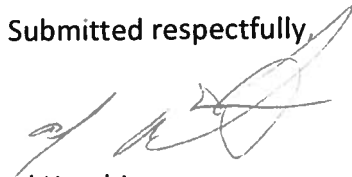
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