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To: The Senate Workforce Committee

My apologies for writing at the last minute, however, I only learned of this hearing 30 minutes ago.

You are investigating a statewide increase of the minimum wage from \$9.25 to \$13.50. That's a 46% increase and you need to know we can't accommodate that and remain intact. The last seven years have largely destroyed our ability to absorb increased costs. Our business lost 27% of it's gross in the economic downturn starting in March of 2009. We are struggling to stay in business as it is. We reduced our work force from seven to five people and we are now just starting to see a modest recovery. Please don't harm us now.

There are numerous businesses like ours in this state who are only now starting to recover and we are responsible for roughly 70% of the workforce! My people account for 38% of the cost of running our business. This wage increase will increase that to 50% maybe above. Sure, we can raise prices to recover much of it but, the public will reduce their purchases for some time thereafter and in that gap between then and a return to normal purchasing we will go out of business. We can't withstand a 6 month to 1 year lag, we don't have the money.

Larger businesses have a greater elasticity in their ability to absorb radical cost fluctuations, small business does not. Even if you believe that eventually the higher wage will be absorbed by a general rise in prices the damage will still occur. Disturbing the equilibrium of the marketplace will disrupt it. The disruption will destroy many of the smaller businesses that now are the largest part of that marketplace.

The net effect of this action will be many fold: A decline in employment opportunities for those who can least afford it. Reduction of tax revenue due to lost jobs. An increase in the demand for state support of both the unemployed and underemployed.

This is not the way to improve the lives of Oregonians. We need more jobs not fewer and we need to improve the climate for those who provide 70% of our jobs.

Please help us.

Sincerely,

Karl Hughes