



March 7, 2019

**Written Testimony of the Connecticut Association of Theatre Owners
in Opposition to:
Senate Bill No. 2 AN ACT INCREASING THE MINIMUM FAIR WAGE
House Bill No. 5004 AN ACT INCREASING THE MINIMUM FAIR WAGE
House Bill No. 7191 AN ACT INCREASING THE MINIMUM WAGE**

Before the Joint Committee on Labor and Public Employees

On behalf of CATO (Connecticut Association of Theatre Owners), an association representing Movie Theatres throughout Connecticut, we respectfully submit these written comments in opposition of raising Connecticut's Minimum Wage. Together with NATO (National Association of Theatres Owners), we represent forty-six cinema complexes in the state, with a total of 406 screens, and over 1,500 Employees. Our position is based on the following concerns:

- Theatre owners are already struggling to keep their doors open because of external pressures on the industry, as well as the high costs to operate in Connecticut. A minimum wage increase will have an immediate negative effect on Connecticut's movie theatres.
- The cinema industry is a leader in employing young first-time job holders, as well as individuals with disabilities and elderly persons seeking to supplement their income— workforce demographics that generally have difficulty finding employment. Seventy-five to eighty-five percent of any theatre's workforce are part-time employees, and the majority of them are going to school, and under the age of twenty. The majority of cinema employees do not independently support themselves nor their families.
- Both SB 2 and HB 5004 would eliminate the section related to a sub-minimum wage rates for learners, beginners, and persons under the age of eighteen, and HB 7191 would limit the sub-minimum rate to just ninety-calendar days. While well intended, a ninety-day sub-minimum wage is an administrative nightmare. Including a sub-minimum wage for all workers under the age of eighteen, regardless of how many hours or how many days they worked, would be helpful for both theatre owners and young job-seekers.
- Theatre minimum wage employees typically receive wage increases within the first year of their employment with a cinema. Those who choose to make a career out of working in cinemas are promoted into management positions where they can earn sufficient wages to support themselves and a family.
- Mandated wage hikes have the unintended effect of increasing competition for entry-level jobs, thus making it difficult for low-skilled and young workers to find employment and receive "on-the-job" training. Basically, raising the minimum wage increases the size of the obstacle a job seeker must cross to justify being hired.
- Additionally, minimum wage increases do not occur in a vacuum: Theatre owners are also contending with increased mandatory costs such as rising rents, insurance costs, real estate taxes, and utilities. Theatre complexes of varying size each spend between 30,000 – 120,000+ employee hours per year operating their theatres.

- Movie theatres operate on slim margins. The prices theatres charge for tickets and concessions are based on what the market will allow, and not on the underlying costs of goods. When the cost of goods—including payroll and benefits—increase, theatres cannot simply pass these increases on to the consumer. Attempts to increase prices to offset payroll increases is thwarted by the nature of the cinema business. Since the film company gets an average of 60% of the admission ticket sales, theatres have to raise the ticket price by a dollar if they need 40 cents to cover increased costs. Higher ticket prices in turn will reduce attendance and consequently reduce both box office and concession sales. Theatres simply cannot afford to raise prices, and instead, the increased costs come right off the bottom line.
- Theatres cannot absorb further costs without making changes in their staffing or benefits. This negatively impacts employees due to reductions in head counts, hours worked and benefits provided, as well as moviegoers from a service and cost of entertainment standpoint. For a smaller cinema, a reduced staff could result in closure. Larger theatres will turn increasingly to more cost-effective technology and self-serve machines that reduce employee hours.
- For all the reasons stated, another aggressive increase in the state's minimum wage is not warranted, and will ultimately reduce the number of jobs for Connecticut's workers.

We urge you to vote unfavorably on raising the minimum wage in Connecticut.

Respectfully Submitted,

Doug Murdoch
Executive Director
