

February 17, 2009
Pasquale F. Nuzzolillo
Managing Member, Ceo

Re: H.B. #6424

Hello committee members, my name is Pat Nuzzolillo, and I am an owner and the chief executive of Diversified Vending LLC. I am here to testify in support House Bill # 6424.

Our company focuses on partnering with our customers in order to provide them with quality goods and services. We partner with our employees, providing them with health insurance, annual bonuses, paid vacations, and a comfortable work environment. Expanding the sales tax exemption to candy, confectioners and soft drinks would make a dramatic difference to my company and all of the other licensed vending companies in Connecticut. It would mean having an additional partner, The State of Connecticut.

In order to succeed in retail business a company must convey value to the consumer. Facing year over year manufacturer price increases we were forced to pass on a portion of these increases to our customers, diminishing the perceived value of our goods sold. I feel that the requested tax relief will provide operators with an opportunity to create the necessary value people are looking for. Operators will see an increase in customer loyalty which translates into increased sales and profits.

Pricing transparency is another issue at hand regarding the existing sales tax. At the point of sale customers are not aware that they are actually paying a sales tax. This hidden cost built into the existing retail price is deceiving to the customer and unfair to the operator. This places our industry at a disadvantage to those who can clearly differentiate between the actual product price and the sales tax charged. Support of this bill will even the playing field for us.

From a bottom line standpoint, this requested tax relief would represent a significant increase in profitability for vending companies. Industry reports show a national average of 3% profitability. Assume 50% of the items we sell are taxable at 6%. This relief represents a profit increase of 3%, doubling the national average. This increased profitability will allow operators to further grow their business, create more jobs, and purchase more goods and equipment. This proposed relief will provide a lasting effect on our local economy, it will drive spending, enable growth, and create tax paying jobs.

Our economy depends on individuals and companies spending money and investing for the future, this relief will be a catalyst for operators to continue to reinvest in their companies. Investments in new equipment, facilities, vehicles, technology and most importantly in people will be facilitated by this proposed relief. The state also stands to expand its revenue base from additional personal income and property taxes related to this growth. This relief can be win for the consumer, a win for the state, and a win for local businesses.

I am hopeful that this committee will support house bill # 6424 for the reasons stated above.

Sincerely,

Pasquale F. Nzzolillo