

TESTIMONY SUBMITTED BY:
Diana O'Donoghue, Executive Director
Connecticut Chapter
New England Convenience Store Association
Environmental Protection Committee
February 18, 2009

RE: Testimony In Opposition to HB 5504

Dear Environmental Protection Committee Members,

Thank you for the opportunity to submit testimony on behalf of the Connecticut Chapter of the New England Convenience Store Association (NECSA). NECSA represents 300 convenience stores and petroleum operators throughout Connecticut. NECSA's membership consists of independent, family owned convenience stores, independently owned franchise stores as well as chain-operated stores.

NECSA's convenience store members oppose the passage of HB 5504 and ask that you vote against this bill.

HB 5504 astronomically increases the dairy license fee on retailers pursuant to a schedule that is dependent on the average number of gallons sold on a daily basis by retailers. The current annual dairy license fee for retailers is \$30.

This bill increases the retail dairy license on its lowest tier to \$500 annually on a small business owner who sells 49 or fewer gallons of milk a day. **That is a 1600 percent increase in the current fee.**

If a convenience store sells 50 gallons to 100 gallons per day, then the fee would increase to \$1,000 annually and the fee proposed in HB 5504 continues to increase in increments and caps at \$3,000 for 400 gallons sold in a day.

This proposed fee increase is unconscionable and seriously costly to convenience stores in Connecticut. It would be particularly devastating to independent businesses. For example, if a store sells less than 50 gallons and is subject to the \$500 annual fee, some NECSA members have reported that to cover that fee, that retailer based upon their average milk margin, would have 7 weeks of sales where the gallons sold mean zero profit to the retailer.

If the product cost increases due to higher costs, they estimate that it could mean up to 10 weeks with a zero profit margin. How can a small business survive without any profit margin on milk which is one of the top 10 biggest selling products in convenience stores?

One may predict that if this bill were to pass, then the milk sale price will be raised by convenience stores. That is a likely possibility and the expected result would be fewer milk sales being made at our members' stores with a smaller product margin which would result in a serious negative financial impact on the store.

Additionally, if Connecticut consumers are burdened to pay more per gallon of milk at convenience stores, then they may decide to go buy their milk at a Big Box retailer or a supermarket where many more gallons of milk are sold daily. How is it in the best interest of Connecticut consumers and local Connecticut small businesses to be subjected to this massive increase of the dairy license fee?

Convenience store chains would also be detrimentally harmed by this proposal. They employ thousands of Connecticut citizens. NECSA members estimate that this fee schedule would equate to 6 weeks of no profit margin for retailers who have slightly higher daily sales that fall within the volume for the \$1,000 annual fee proposed. The result of this proposal will directly impact their ability to remain profitable and maintain their staff.

While NECSA members understand that the state is in a difficult financial circumstance, this bill would cause serious financial harm to Connecticut convenience stores and likely to consumers. Therefore, our members respectfully ask you to oppose House Bill 5504.

Thank you for your consideration of our serious concerns about this bill.