



An Emmet Street, LLC Enterprise

Senator LeBeau, Representative Berger, Senator Frantz, Representative Alberts, and members of the Commerce Committee; Good afternoon, my name is Michael Pohorylo. I am employed by Quality Vending in Bristol, and I am here today to testify in support of S.B. 177 an act to expand the tax exemption for the vending industry.

I would like to report on how this legislation would positively impact Quality Vending and our 28 employees, and, in turn, positively impact the economic condition in our State. Please be sure that most of the points that I raise will hold true for all the other vending companies throughout the State. By passing this legislation, Quality Vending will be able to immediately invest the money we save into the following:

- Purchase new technology to make us a more efficient business – and add two new jobs to oversee and run this new system.
- Incentivize our drivers to enable them to increase their salaries resulting in more spending in the local economy.
- We would make improvements to our building's heating system, parking lot, and commissary – things that have been put off for years due to lack of funds. Local contractors and suppliers would benefit from this.
- Replace some of our aging fleet of route trucks, many of which have two hundred to three hundred thousand miles on them.
- We would be able to offer full time employment to our commissary staff. Currently, our staff is made up mostly of part time workers with no benefits. Adding benefits such as paid sick time and paid vacations would increase their amount of disposable income.

The vending industry has suffered though some lean times in recent years. As our cost of fuel, insurance, and utilities have risen, it has been nearly impossible to raise our vend prices to keep pace. Our customers strongly object to price increases – stating that since their employees' incomes have remained stagnant, increases of any amounts in our vending machines would hurt them. They also threaten us with boycotts of our machines or replacing us with another vendor should we increase prices.

Our National Association of Automatic Merchandisers (NAMA) has reported that net profits for vending operators have dropped from an average of 5 – 6 % in year 2000 through 2006 to less than 1% last year. This is yet another sign of how we are not recouping the increases in our cost of doing business. Many companies can add fuel surcharges to their invoices to offset increased fuel costs – our business cannot do that.

Many vending companies in Connecticut including us have to compete with companies from Massachusetts – a state where the sales tax is only imposed on items selling for \$3.50 or more. Almost all of the items that we vend in our industry are below that level which equates to our competitors to the north paying no sales tax at all. Now they can use their savings to offer newer equipment to customers in Connecticut that we are competing over.

I urge you to pass S.B. 177 and help us and the other vending companies in Connecticut put more money back into our State's economy.

Sincerely,

Michael Pohorylo
Quality Vending