



New England Convenience Store
Association

Testimony of Connecticut Chapter of New England Convenience
Store Association
Committee on Finance, Revenue and Bonding
March 15, 2010

RE: SB 436; An Act Concerning Municipal Revenue (Local Option Taxes)

Co-Chairs Daily and Staples, members of the Committee, thank you for the opportunity to voice our opposition to An Act Concerning Municipal Revenue. The Connecticut Chapter of the New England Convenience Store Association (NECSA) represents approximately 400 convenience stores throughout the state. Our members range from single store operators to chains with multiple locations in the state. These retailers work hard to stay in business in ever changing and difficult times. Our members are opposed to this bill for two significant reasons.

First, the competitive disadvantage that a tax increase in specific towns will have on the retailers in those communities could be extremely significant. If the tax on an item is known to be higher in one town than another a customer will choose to do his/her shopping in the less expensive community. The difference would be most evident in communities with stores along the border of another town. While many customers have a favorite location that they frequent to purchase convenience items customers are also price sensitive and will switch loyalty to a less expensive store if necessary. Even if the tax increase is for a limited time the damage may be done and that customer lost. This tax is also detrimental in that the communities who are eligible to institute a tax are ones where retailers pay extremely high property tax already, thereby, decreasing their overall profitability.

The second reason NECSA members are opposed to this legislation is the problems it will create for retailers with multiple locations. If a retailer has a store in a community that passes a local option tax while the rest of the company's locations are at a lower tax retailers will have to keep separate records. It would be difficult for managers and staff who work at multiple locations to know what the tax rate is as it could easily vary from town to town and year to year. Our members experienced many angry and disgruntled customers in the past when the cigarette tax was increased and the bottle deposit law was expanded in 2009. Customers who did not know about the increase and attempted to purchase an item with exact change were told they no longer had enough money. The same thing will happen with a local option sales tax. A single item in a company with multiple locations could cost up to five different prices depending on where it is purchased.

NECSA's Connecticut members urge you to oppose Senate Bill 436; An Act Concerning Municipal Revenue and help our already struggling small businesses stay afloat. Thank you for your consideration.