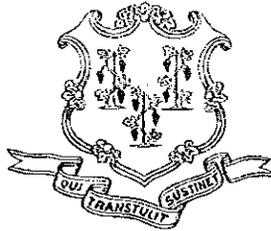


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**Testimony to the Commerce Committee  
SB 903 An Act Encouraging Connecticut Manufacturing**

**February 15, 2011**

Good morning Chairman LeBeau, Chairman Berger, and members of the Commerce Committee. Thank you for the opportunity to speak in support of Senate Bill 903 An Act Encouraging Connecticut Manufacturing. In a moment I will present testimony from Schick, the multinational manufacturer of personal care products headquartered in the 14<sup>th</sup> Senate District. Schick executives could not be here today because they are occupied with the tasks of daily management and production.

Each year, Schick employs several hundred temporary workers to conduct the seasonal assembly of certain products. As you would expect, for each worker, Schick pays income tax expenses to the State. In addition to this, they incur a special 6% tax on the total cost of temporary labor. In 2010, this 6% tax on labor cost Schick nearly \$800,000. In discussions with the Office of Fiscal Analysis, it was discovered that while Connecticut's tax on temporary labor affects manufacturers across the state, the burden falls disproportionately on Schick. (The estimated tax burden borne by Schick comprises 85%-90% of the total amount of this tax).

I'd like to point out that Schick has the capability to perform these operations in both Ormond Beach, Florida and Ashboro, North Carolina. While I understand it may be challenging to cut any tax in this tough fiscal climate, I urge you to consider the impact to our economy if Schick relocated operations. If you account for the economic contribution of Schick's income tax, payroll tax, unemployment compensation payments and the \$27 million dollars it spends annually on Connecticut vendors, the fiscal impact of losing Schick would be far greater than eliminating the tax on temporary labor. Schick's ten largest Connecticut vendors across the state receive payment for services from Schick in amounts ranging from half a million dollars to 8.5 million dollars. Schick is the largest client of the temp agency that recruits and hires Schick's annual temporary labor and would be tremendously compromised by the loss of Schick's business. Additionally, the jobs provided by Schick should be considered as part of the equation when determining Schick's economic contribution. Schick employs over 700 permanent employees from West Haven, Milford, Bridgeport, New Haven, Stratford, Shelton, Ansonia and several other communities. Its 100-600 temporary laborers are predominantly from Bridgeport and New Haven.

I believe a repeal of the tax on temporary labor - *when that labor is used in the direct manufacturing of a product*, as proposed by SB 903, is an investment in our state's overarching mission to preserve jobs and grow our struggling manufacturing industry. By supporting SB 903 and repealing this tax on temporary labor in manufacturing, Connecticut will be able to compete on a level playing field with the majority of states. I believe that SB 903 is part of the solution to reviving our state's economy and demonstrates to businesses and manufacturers that Connecticut has listened to their concerns and is able to respond with a solution.