

## TESTIMONY OF Richard Koppelman

March 7, 2011

### Joint Committee on Finance, Revenue & Bonding

#### SB 1007 AAC THE GOVERNOR'S RECOMMENDATIONS ON REVENUE

Good Afternoon Senator Daily Representative Widlitz and members of the Committee. My name is Richard Koppelman of Greenwich Connecticut. I am here to testify in opposition to S.B. No. 1007 AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE.

This is a bad idea...it might be politically ok to say "let's tax the rich people's cars... they can afford it" but in reality you and I both know that it will not raise much revenue because those who can afford to buy high end vehicles will simply do so in another state. Connecticut is a small state with three neighbors who don't have this tax and many, many other states like Florida and New Hampshire where people have second homes and will just avoid paying the tax altogether by buying and registering their cars outside our state.

This 9.25% tax will not raise more for the state but it will certainly raise unemployment. It will cost jobs in the dealerships that sell and service these vehicles. It will raise costs and lose jobs in small business that must purchase numerous trucks that cost over \$50,000. Just think of all the small business people in your districts that purchase snow plow trucks to run plowing businesses in the winter and lawn service in the summer, the home repair people, the plumbing trucks and so many delivery vehicles for flowers and food service. This tax applies to them as well. Unfortunately, for these people they do not have the "LUXURY" to buy a plow truck in Florida for a business they are running in Putnam, Connecticut.

I do sell high end vehicles. And I employ 79 people to help me do this. The impact of this tax on my business, Miller Motorcars and Putnam leasing, will be devastating. We do about \$167,000,000 dollars in business which is down from 3 years ago when we did \$200,000,000. Our combined payroll is \$8,000,000 and in 2010 we collected \$1,700,000 in sales tax for Connecticut. Out of our total of 79 employees we have 44 living in CT, with 9 in Stamford. If this new tax is passed and my business slumps, I will be forced to reduce employment. My sales people and my auto techs will suffer. It will have very little real impact on my wealthy customers who have many options open to them... unfortunately; me and my employees do not. Our business and jobs are here in Connecticut.

Did anyone consider what this means for local property taxes. If not... consider this... we are building two buildings at the present time. One is in Greenwich for a new Luxury brand called McLaren. We will have to hire about 5 additional people for this brand. The building is costing us \$3,500,000 and presently we pay \$18,500 in property tax on the old building but I am sure it will be going up when the new one hits the Grand list. We pay an additional \$111,000 on other buildings in Greenwich. We are relocating our service department to Stamford (McGee Ave). We are building a new 30,000 square foot service facility costing \$6,000,000. Stamford will gain property taxes on this facility and the small businesses nearby that sell lunch and coffee will have some new customers. The decision to build a new facility was based on growing our business due to increased sales which would have also increased our service business. Now I have my doubts! This bill will truly kill our business as sales drop because of a new very high 9.25 % tax. I planned to hire about 15 additional staff. Let's hope this proposal does not pass and force me to lay-off rather than hire more people.

Let me just conclude Madame Chairpersons by saying that what you all decide to do will affect the lives and livelihoods of the 79 people that work for me, please do not think for one moment that this is about taxing rich car buyers... this about hundreds of jobs and real hard working people in dealerships and in other small businesses in this state.

Thank you for your time and for your public service.