

TESTIMONY OF Mary Ellen Hadelman

March 7, 2011

Joint Committee on Finance, Revenue & Bonding

SB 1007 AAC THE GOVERNOR'S RECOMMENDATIONS ON REVENUE

Good Afternoon Chair persons Senator Daily Representative Widlitz and members of the committee my name is Mary Ellen Hadelman. I am the owner and president of Chase Parkway Volvo Subaru located in Watertown, Connecticut. My father started this business and I am now the second generation owner of this business. I am here to testify in opposition to sections of SB 1007, the Governors Recommendations on Revenue. I am also the past chairperson of the board of the 245 member Connecticut Automotive Retailers Association (CARA). In the interest of respecting your time, the Association did not ask 245 dealers to come here today to testify rather I, along with just 2 of my colleges in this business, Chip Gengras and Richard Koppelman are here to express the concerns of all the other dealers and the 12,500 employees of these dealerships.

In a nutshell these **New Car taxes equate to losses for Connecticut - not gains.**

The decision to repeal an important tax exempt incentive that allows consumers to use their automobile to buy another car and the additional 3% tax on certain vehicles over 50K is NOT well thought out! It is short sighted - while it may initially seem to add more dollars to the state budget - it will result in fewer cars being sold, **producing less sales tax**, and more **people losing their jobs** and benefits.

Taxing higher priced cars at 9.25% and taxing the trade-in value of a car (down payment) at 6.25% will mean a BIG LOSS not a gain to the state:

CARA estimates State revenue loss as follows:

\$19,250,000 in lost sales tax on parts and service business.

\$91,200,000 in lost sales taxes as consumers defer purchase, purchase less expensive vehicles and in the case of the 3% additional tax register vehicles out of state

\$1,700,000 in state income taxes due to job loss at dealerships

We estimate State Job losses as follows:

Dealerships will lose 735 jobs. We will lose sales and the salespersons jobs. We will lose auto tech jobs because people who buy at out of state dealerships will service the vehicles out of state.

Dealership employees will lose \$41,160,000 in wages and the State will incur \$21,200,000 in unemployment compensation costs

Consumers... your constituents will lose:

Consumers will on average pay an additional \$1,012.20 dollars on the price of a 5 year auto loan because of the lost value of the trade-in down payment and as the coupon tax pushes up the price of the vehicle.

Consumers...your constituents lose safety:

Many people don't realize that Car Dealers are mandated as part of the license process to do a full safety inspection on used cars. As more consumers opt for private party sales due to the lost trade-in exemption; used vehicles will go on the road without brakes, tire, steering and other safety features being inspected. DMV performs safety inspection on cars 10 years of age and older. The cost for DMV to do safety inspections rather than dealers would certainly only further exacerbate the state budget deficit.

I urge you to remove these proposed taxes from the budget proposal.