

**TESTIMONY OF THE**  
**CONNECTICUT COALITION OF PROPERTY OWNERS**  
**CONNECTICUT MESSENGER COURIER ASSOCIATION**  
**LUMBER DEALERS' ASSOCIATION OF CONNECTICUT**  
**GREATER DANBURY CHAMBER OF COMMERCE**  
**MILFORD CHAMBER OF COMMERCE**  
**THE NORTHWEST CONNECTICUT CHAMBER OF COMMERCE**  
**YMCAS OF CONNECTICUT PUBLIC POLICY COMMITTEE**

Before the Legislature's Labor & Public Employees Committee  
Thursday, March 3, 2011  
3 PM, Room 2A  
Legislative Office Building  
Hartford, Connecticut

**SB 988 AN ACT CONCERNING THE SOLVENCY OF THE UNEMPLOYMENT  
COMPENSATION TRUST FUND.**

The seven organizations listed above are filing joint testimony regarding the Department of Labor's proposal, set forth in SB 988, to restore solvency to the unemployment compensation trust fund. At this time, the organizations cannot support the plan as presented.

Collectively, the above organizations represent more than 3,500 employers. They employ approximately 100,000 men and women in Connecticut.

SB 988 would increase the Unemployment Compensation Trust Fund Reserve goal from the current \$625 Million to \$1.1 Billion. As a result employers who pay on a compensatory basis would see a significant increase in their fund balance tax. The organizations recognize that the Trust Fund solvency needs to be restored so that Connecticut does not have to borrow in the future from the federal government. However, this proposal will be in addition to the cost of repaying the federal government. The cost of paying the interest alone on Connecticut's federal borrowing is estimated to be more than \$40 per employee.

Now is not the time to burden Connecticut's struggling employers with even more unemployment compensation costs.

Consider the higher costs of doing business that Governor Malloy's proposed budget asks employers to assume as their portion of the shared sacrifice necessary to restore fiscal stability:

1. higher sales tax (businesses pay approx. 40% of sales tax revenue)
2. higher personal income tax (S corporations and LLCs)
3. higher estate taxes (affect transfer of small businesses)
4. higher gasoline and diesel taxes
5. a "throwback rule" on corporations
6. an additional 2 years of the 10% corporation business tax surcharge
7. higher real estate conveyance tax.
8. higher electricity taxes, and
9. higher taxes on hospitals (affects the cost of health insurance).

Additionally, consider that there are many other proposals pending that would further increase employer costs, such as further mandated insurance health insurance coverage, and mandatory paid sick leave for part-time workers. While some may argue about the magnitude of each of these increases, there is no question that all of them will drive up the cost of doing business at the very time that we are trying to come out of the deepest recession Connecticut has seen since the Great Depression.

Yes, many of these will affect individuals as well, but unemployment compensation is entirely paid for by employers. Thus, SB 988 proposes to pay back the federal debt and put away a significant amount for future recessions at the time when employers can least afford it.

Again, the organizations don't think that this is the time to sock away some extra. The proposal is too expensive for the present. It would be far more appropriate to consider increasing the reserve goal when unemployment is significantly reduced from the current 9%.

The organizations agree that the federal debt must be repaid and we must begin to build up the reserve fund. We disagree with the pace of that effort. Unfortunately, SB 988 is like asking a two income family where one of the members has lost their job to pay off their 30 year mortgage in 15 years. They know that it would be better to pay off the mortgage sooner, but how can they do it when they are struggling?

**Please consider the totality of what Connecticut employers are being asked to shoulder for the next two fiscal years and reject SB 988.**

This completes my testimony. Thank you for your consideration.

Submitted by:  
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