



Connecticut Retail Merchants Association
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Senator Fonfara, Representative Widlitz, Senator Franz, Representative Williams and members of the Finance Committee. I am Tim Phelan and I am President of the CT Retail Merchants Association. CRMA is a statewide trade association representing some of the world's largest retailers as well as the states main street merchants.

I am submitting testimony today on behalf of the CRMA in support of SB 843 "ACC Revenue Items to Implement the Governor's Budget" which includes the restoration of the clothing exemption allowance to \$25 in 2014 and to \$50 in 2015.

The restoration of the clothing exemption allowance is a welcome inclusion in the Governor's revenue package. It provides valuable relief to CT families as well as allowing the many CT retailers who sell clothing and footwear to remain competitive against online sellers and surrounding states.

As the Committee knows, until such time as Congress takes the necessary steps to force online or remote sellers with no physical presence in the state, to collect CT sales tax, those online retailers have a built in 6.25% price advantage against local brick and mortar retailers who must charge and collect CT sales tax. The Governor's tax package restores this important exemption to begin to try and level the playing field for CT retailers as well as to give a benefit to those CT residents that choose to shop local.

Equally important as the competition against on line retailers, the restoration of the clothing exemption will reposition CT in a better place to compete against our neighboring states. For example RI, (no sales tax on clothing and footwear, Massachusetts (\$125 exemption level) and NY, (\$110 exemption level) all have higher clothing allowance and all lure CT residents to leave the state and shop in those states. This is particularly true along the border towns of CT. CRMA is hopeful that the restoration of the clothing exemption allowance would again, make shopping local a viable and cost effective alternative for those seeking savings by keeping those sales in CT.

Thank you for your time and consideration of our thoughts on this issue. I would be happy to answer any questions you may have or meet with you to discuss this in more detail.