



Testimony of Eric W. Gjede
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Before the Committee on Labor & Public Employees
Hartford, CT
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Testifying in opposition to HB 5069: AAC LOW WAGE EMPLOYERS

Good afternoon Senator Osten, Representative Tercyak, and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am assistant counsel at the Connecticut Business and Industry Association (CBIA) which represents more than 10,000 large and small businesses throughout the state of Connecticut.

CBIA opposes HB 5069 because it is a direct attack on both large and small employers. Furthermore, it adds credibility to the nationwide belief, as demonstrated in a variety of recent surveys, that Connecticut is a bad place to do business.

This bill imposes a punitive tax on employers with 500 or more employees, or franchisors with franchisees that collectively employ 500 or more employees, for their failure to pay an above-market union wage. The tax is \$1.00 per hour, per employee. Therefore, if all 500 employees of a business are making less than or equal to the standard wage, and employees work an average of 20 hours per week, an employer could face a tax of \$10,000 per week. It is the state of Connecticut's prerogative to require paying the standard wage to its own service providers – but it is intrusive and over-reaching for the state to dictate the exact wages and benefits private businesses must pay their employees. This type of policy will not help attract more job-creating businesses to this state.

While the proponents of this bill believe this is targeting big business, and it is, it also impacts small businesses and low-skilled workers. To pay the penalties imposed in this bill, individual franchise owners will have to increase their prices or reduce costs by cutting back on employee hours. The result is less jobs and opportunities for low-skilled workers, the sizeable majority of which are teenagers or individuals relying on these jobs to attain skills needed for future job advancement.

Concepts like this contribute to the perception that Connecticut is a bad place to do business. Businesses across the country look at legislation like this and make the choice to grow their business elsewhere. The result is lost job opportunities for Connecticut citizens, and the loss of good corporate citizens that give back to their local communities.

CBIA is embarking on a campaign to change these perceptions of Connecticut. We hope you will demonstrate you are with us by taking no further action on this bill.