

Senator Osten, Representative Tercyak, Senator Markley, Representative Smith and members of the Labor and Public Employees Committee,

My name is Tim Phelan and I am the President of the Ct Retail Merchants Association. CRMA is a state wide trade association representing some of the world's largest retailers and the state's main street merchants. I am here today to testify in opposition to HB 5069, AAC Low Wage Employers

CRMA opposes this bill for a number of reasons. The bill as drafted clearly seeks to penalize our industry by imposing a new, targeted tax on our members. In our opinion this tax is arbitrary and unfair. Retail in Ct provides one in every 5 jobs in the state. Those jobs are real jobs, with real career paths. Careers' in management, finance, logistics and loss prevention just to name a few. **Ct is also home to some of the country's leading retailers like Ethan Allen, Brooks Brothers, Subway Corp, and Bob's Stores to name a few.** And many of the leading retailers in the country have critical and strategically place distribution facilities located here in our state. This bill clearly ignores those contributions and worse yet, sends a chilling message to our industry the Ct General Assembly does not care about those contributions and would rather penalize those job creators by creating a new way to tax them.

In addition to employing thousands of Ct residents, from high school student's seeking their first job, to college graduates looking for career opportunities, to mid-career individuals looking for a career change, Retailers are major contributors to local economies. Beyond being among the largest property tax payers in the towns they are located, retailers large and small are part of the fabric of the local community by contributing to local charities and community organizations like Little Leagues and supporting local PTA drives. Why this committee would choose to single them out by imposing a new fee on them is very troubling to us.

There are also some specific issue we have with some assumptions made in this bill. Specifically, Sec 1 (b) of the bill which seeks to combine franchisors and franchisees and treat them as one. These two parties, are separate legal entities. Although franchisors act to set standard operating procedures, and can provide other services, ultimately it is the owner of the individual franchise, the small business owner, who is responsible for hiring and wage decisions at his or her location. These are two separate businesses working together to preserve a franchise brand and this relationship is at the core of the franchise business model. The bill as drafted would force one business to pay taxes on another completely independent, business' employees. That is wrong.

Again, I would remind the Committee that individual franchisee owners are small business people, many with deep roots in Ct; this bill would harm their business by drastically increasing their cost of doing business. Like all of our members, franchisees provide jobs – real jobs for thousands of Ct residents. They should not be penalized like they are in this bill for doing that.

In addition, I might add that some of the world's largest franchisor's began and remain here in CT. **As I mentioned earlier, CRMA member Subway Corporation calls Ct home with their base of operation right here in Milford, Ct.** The Ct General Assembly should not be penalizing their successes by imposing a specific, targeted tax on their business.

In closing I wanted to remind the committee once again what retailers contribute to Ct economy: they provide jobs and career opportunities; they contribute to local communities and charitable organizations. But more than that,

we want to remind the Committee, that retailers cannot simply move there business to another state like other industry. They are rooted here in the State. They should not be penalized for that.

Thank you for your time. I would happy to answer any questions you might have