

Senator Fonfara, Representative Berger, Senator Franz, Representative Davis and members of the Finance Committee, I am Tim Phelan and I am the President of the CT Retail Merchants Association. CRMA is a statewide trade association that represents some of the world's largest retailers and the state's main street merchants. I am here today to testify **in opposition to SB 946, AAC Revenue Items to Implement the Governor's Budget.**

While we appreciate the efforts of the Governor, to lower the overall sales tax rate below any other State in the region the offsetting changes he proposes we feel will put Connecticut Retailers at a competitive disadvantage with those surrounding states.

The proposed changes in Senate Bill 946 which permanently imposes sales tax on clothing and footwear from \$1 would make Connecticut stand out in the region. For example, while Connecticut would have a lower sales tax under Senate Bill 946 neighboring Rhode Island would still have an advantage over Connecticut because they do not impose any sales tax on clothing and footwear.

Meanwhile our neighbors to the north, Massachusetts, would also continue to have a competitive advantage over Connecticut due to their clothing exemption policy being \$175. So again, while we appreciate the Governor's efforts, on balance, we would prefer the restoration of the clothing exemption allowance that was scheduled to resume in July even at the modest level of \$50.

The same holds true for the changes the Governor proposes for the Sales Tax Free Week. Our members have found that consumers very much enjoy the advantages they receive during the sales tax free week. In fact, our Association has repeatedly asked the General Assembly to consider expanding the Sales Tax Free Week beyond clothing and footwear. Lowering the threshold from \$300 to \$100 as proposed in SB 946 would be harmful to consumers and retailers.