



CONNECTICUT FOOD ASSOCIATION

March 8, 2016

Statement of the Connecticut Food Association - Environmental Committee

Wayne Pesce, President, Connecticut Food Association

In opposition of raised bill 391: AN ACT CONCERNING THE RECOUPMENT OF STATE COSTS ATTRIBUTABLE TO LOW WAGE EMPLOYERS

The Connecticut Food Association (CFA) proudly advocates on behalf of the food retail industry. Its mission is to cultivate Connecticut's grocery industry through economic development, nutrition & wellness, environmental stewardship and community service. CFA membership covers the spectrum of diverse venues where food is sold, including single owner grocery stores, large supermarket chains, food distributors, food manufacturers, and specialty food purveyors.

On behalf of Connecticut's grocery retailers, I urge you to oppose SB 391: To recoup state costs relating to services provided to workers who earn a low wage.

While its intentions are honorable, this bill is an imperfect example of why Connecticut's business climate has a perception of being uncompetitive. This type of legislation exists nowhere else in the United States for good reason and it adds an unintended disincentive to do business in our state.

Proponents believe every person making under \$15 per hour also receives state assistance. This is not true. The fact is many of our part time employees are teens working their first jobs, retirees, or individuals working a second job to supplement a more substantial income and not in need of state services.

This is pure and simple- a tax on companies who have been successful in growing their businesses, creating jobs, and providing benefits to their employees. It not only penalizes major publicly held companies but also penalizes family owned and operated grocery stores that have invested and grown their businesses in Connecticut.

Most of our stores are unionized and those that are not pay similar wages and benefits because they compete for the same labor pool. Our unions pride themselves on meeting the needs of their members by negotiating a beneficial wage and benefit package for the good of the employee. By taxing wages, there is less money available to allocate to wages and benefits paid directly to our workforce. Historically, unions representing the supermarket industry oppose these bills.

The grocery industry is a penny profit business with a bottom line yield of 1 to 1.5%. If 250 employees of a business are making less than \$15 per hour, and each works an average of 20 hours a week that **results in a tax of \$5,000 per week for that business**. How can Connecticut businesses stay competitive?

President
WAYNE PESCE

OFFICERS
Chairman

MICHAEL GOLD
Big Y Foods, Inc.

First Vice Chairman
CHUCK JOSEPH, SR.

Joseph Family Markets
Second Vice Chairman

DEAN DUMAS

Coca-Cola Company
Secretary

BRUCE DULEY
BRD Consulting, LLC

Treasurer

DAVID HESS
Adams Hometown Markets

Assistant Treasurer
TIMOTHY DEVANNEY
Highland Park Market

DIRECTORS

KEVIN ARMATA
Windsor Marketing Group
TODGE ARMATA

Ted's IGA Supermarket
CHRIS BUCHANAN

Wal-Mart Stores, Inc.
SALVATORE J. CINGARI

Grade a Markets
RICHARD COHEN
Waverly Markets, LLC

JOHN COPPOLA
Alpha 1 Marketing Corporation
GARY DAVIS

Davis IGA
BRYAN DEVOE

Fitzgerald's Foods
DONALD E. DIEHL
McCormick & Company, Inc.

ROBERT FUSCO, JR.
Roberts Food Center

HARRY GARAFALO
Garafalo Markets LLC

BOB HEWITT
Price Chopper

GARY KELLEY
Garellick Farms

TODD KELLY
Eastern Sales & Marketing

DIANE KENNEDY
Kraft Foods

ROGER KEROACK
Crown Supermarket

ROBERT LABONNE, JR.
LaBonne's Markets

BRIAN MACWHORTER
Imperial Distributors, Inc.

GEORGE MOTEL
Bozzuto's, Inc.

JAMES NILSSON, JR.
Geissler's Super Markets, Inc.

JIM ROWE
Davidson Company Inc.

JOHN SABBAGH
C&S Wholesale Grocers, Inc.

MARK SHAMBER
United Natural Foods, Inc.

DENNIS SILVA, JR.
Dari Farms Ice Cream, Inc.

JOHN STOBIEFSKI
Stop & Shop Supermarkets

DAN TEGOLINI
Guida's Dairy

THOMAS YANDOW
FreshPoint CT

VASILY ZHUK
Pepsi-Cola Bottling Group

433 South Main Street, Suite 309, West Hartford, CT 06110

email: ctfood@ctfoodassociation.org · www.ctfoodassociation.org · (860) 216-4055

CONNECTICUT FOOD ASSOCIATION

Connecticut's population is not growing. Connecticut's economy is at best flat with few jobs being created and unemployment above the national average. Due to these economic conditions, retail sales are not strong and are expected to stay weak. **Brick and mortar stores are losing market share to on-line retailers. This tax would further subjugate the food industry's ability to recover and create additional jobs.** Multi-state retailers would allocate their investment resources to other states. This tax does not make sense in today's economic environment.

A tax of this magnitude would leave **our industry no choice but to reduce other benefits and raise grocery prices.** Connecticut consumers should not be facing higher food prices in today's difficult economic climate.

The proposed law sends the wrong message to **business's in Connecticut that seem to be under consistent headwinds** trying to do business in our state.

I urge you to vote no on SB No. 391