

Sen Fonfara, Representative Berger, Senator Franz, Representative Davis and members of the Finance Committee, I am Tim Phelan and I am President of the Ct Retail Merchants Association. As you know, 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 support of Section 3 of HB 5636 AAC Municipal Taxing Districts, the Sales Tax, the Apprenticeship Tax Credit, Certain Fees and the Tax Credit Report and in opposition of Section 4 of the same bill.**

With respect to Section 3, we thank the Committee for agreeing to insert this language into a bill and for giving us a chance to go on the record for our support for this initiative. The language in the bill would fix a current inequity in the state's law as it relates to bad debt. Under current laws if a customer who uses a credit card owned by the retailer fails to pay their bill, the retailer is entitled to a credit or refund of the sales tax. However, if the same customer uses a private label credit card, neither the retailer nor the private label credit card company is entitled to a credit or refund of the tax.

I would add that if this committee were to adopt this language it would not only give retailer's a fair resolution to an currently unfair and unequal treatment on the collection of sales tax, but it would also send a positive signal to the many national retailers that have stores in Ct. Ct would be leader in the region by being the first state to identify and resolve this issue on behalf of retailers, who as you know, play such an important role in CT's economy.

While we strongly support and thank the Committee again for raising the issue in Sec 3, we are vigorously opposed to Sec 4 of this bill. And strongly urge the Committee to reject this language.

This Committee and the General Assembly as a whole have looked thoroughly at the scheme that is laid out in Section 4 and have universally rejected it. The language would impose a system and an additional cost on retailers for no good reason. The vast majority of retailers doing business in Ct, collect and remit sales tax within the time frames that are called for in CT state statute. This, so called real time sales tax collection called for in Sec 4, does NOTHING to increase compliance but rather would INCREASE cost and liability to the retailers, while forcing new administrative costs on the State DRS.

I think it is important to add that this new system would NOT COLLECT any NEW Revenue. It would simply impose a new system on retailers who ALREADY comply with the rules of the road.

CRMA is happy to work with this Committee on finding better ways for delinquent tax payers pay up. We just feel very strongly, that the approach in Sec 4 of the bill would only penalize the retailers who are collecting and remitting the sales tax ON TIME .

Thank you for your time and I would be happy to answer any questions you might have on either parts of the bill we have talked about.