



Testimony of Eric W. Gjede  
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Before the Human Services Committee  
March 8, 2016

**Testifying in opposition to SB 391**  
**AN ACT CONCERNING THE RECOUPEMENT OF STATE COSTS ATTRIBUTABLE TO LOW WAGE EMPLOYERS**

Good afternoon Senator Moore, Representative Abercrombie, Senator Markley, Representative Wood and members of the Human Services 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 companies throughout the state of Connecticut.

CBIA opposes HB SB 391 because it is based on the false notion that *all* employees working for big box retailers and franchise restaurants (although this bill includes all types of franchises) are receiving state services. Furthermore, this bill will only serve to drive down the weekly wages of low-skilled employees who will never see a dollar of the punitive tax imposed by this bill.

This bill taxes employers with 500 or more employees, or franchisors with local franchisees that collectively employ 500 or more employees, for their failure to pay a \$15.00 an hour wage. The tax is between \$0.10 to \$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.

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, businesses 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 continuously increasing cost of employing individuals in Connecticut is precisely why a recent survey of CBIA members indicated that 47% had automated or contemplated automating more jobs than they had previously anticipated.

Businesses across the country look at legislation like this and make the choice to grow their business elsewhere. In fact, one periodical characterized a nearly identical bill from last session as "Connecticut's novel way to kill jobs". We believe the result of this bill will be lost job opportunities for Connecticut citizens, and the loss of good corporate citizens that give back to their local communities.

We urge the committee to take no action on this bill.