

**Finance, Revenue and Bonding Committee**  
**JOINT FAVORABLE REPORT**

**Bill No.:** SB-10

AN ACT MAKING ADJUSTMENTS TO STATE REVENUE AND CONCERNING THE

**Title:** AMBULATORY SURGICAL CENTERS TAX.

**Vote Date:** 4/5/2018

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/2/2018

**File No.:** 623

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

**SPONSORS OF BILL:**

Sen. Martin M. Looney, 11th Dist.

Sen. Bob Duff, 25th Dist.

Rep. Joe Aresimowicz, 30th Dist.

Rep. Matthew Ritter, 1st Dist.

Sen. Heather B. Somers, 18th Dist.

**REASONS FOR BILL:**

This bill would allow for implementation of the Governor's budget.

**RESPONSE FROM ADMINISTRATION/AGENCY:**

- Heather Somers, State Senator 18<sup>th</sup> District
- In opposition, specifically of sections 10, 11 and 14 of this bill which implements changes to the Ambulatory Surgical Centers Tax. Ambulatory Surgical Centers that provide same-day diagnostic and preventative procedures and surgical care to outpatients are an important and growing area of medical care and allow patients to get back to their regular lives much faster; instead of increasing the burden on these centers, consider working to empower these surgical centers to grow. This bill will put a burden on their shoulders and a negative impact on a growing industry that provides important care and services that increase the quality of life for many CT residents.
  
- Secretary Ben Barnes, The Finance Committee- testimony in support of bill with revisions

- Barnes writes in support of SB 10. It addresses 3 out of 4 of the Governor’s goals that are drafted in his proposal. This bill contains a majority of the revenue elements of the plan for the 2018-2019 budget. Under this bill General Fund revenue would increase by \$193.4 million in FY 2019. Special Transportation Fund rev. would increase by \$27.1 million in FY 2019. Tourism Fund revenue would increase by \$4.0 million.
- State of Connecticut Judicial Branch
  - The Branch is not taking a position on SB 10, but provided written testimony that includes concerns with Section 9 of the bill as drafted which allows the Office of Policy and Management (OPM) to increase state fees by up to 50%.
  - Requesting that:
    - If the committee acts favorably on this bill, that it clarifies whether the proposal applies only to statutorily-established fees or if it impacts fees established by the Judicial Branch, including the infractions schedule and the Client Security Fund Fee.
    - If the proposal applies only to statutorily-established fees, fees paid to marshals for service of process, and to court reporters and monitors for transcripts could be raised.
    - The entry fees to initiate a lawsuit and the fees to apply for various diversionary programs could also be raised.
- Jonathan Steinberg, State Representative 136<sup>th</sup> District
  - Steinberg feels that the current administration has a poor relationship with the state’s hospitals, but that a lot of ground was successfully made up recently to restore “a cordial and honorable rapport”. The increase of the tax on hospitals takes away from all this work and takes advantage of the hospitals, dishonoring the commitment and promises that were made. Steinberg understands that the budget is dire, but feels the current legislation is playing games at the hospital’s expense.

**NATURE AND SOURCES OF SUPPORT:**

- Nate Brown, Operating Engineers Local 478
  - Brown writes that implementing this bill to accelerate the current car sales tax would provide an immediate fix to the shortfall in the Special Transportation Fund. When it is implemented, the state will be able to begin planning for more efficient transportation facilities and networks to attract new businesses, retain existing employers, grow the labor force, and create a more fiscally stable environment in Connecticut.
- City of Middletown Public Works Department, Recycling Division
  - Testifying in support of the sections 27 & 28 to expand the bottle deposit. This will save municipalities money, will provide a better quality product, and will increase recycling rates.
- Container Recycling Institute
  - CRI writes in support of sections 27 & 28 of SB 10, claiming that the bill will generate approximately \$7.5 million per year in new revenue for the state of Connecticut. This bill would also strengthen the Connecticut container deposit program; the most

effective recycling program in the state.

- Connecticut Construction Industries Association
  - CCIA submitted their testimony to urge the Committee to take this short-term immediate action to preserve the level of service provided by the State's transportation system and to protect the solvency of the Special Transportation Fund (STF). Immediate action must be taken to devote new revenues to transportation, even as the legislature considers longer-term solutions such as tolls and authorities. Without such immediate measures there will be significant reductions in the capital and operating programs of the Connecticut Department of Transportation (DOT). The CCIA claims that the current situation is dire.
  
- Connecticut Department of Transportation
  - The CT Department of Transportation supports this bill. These revenue actions will facilitate a balanced STF budget that funds the immediate projected transportation needs of the state, while addressing the short- and long-term financial stability of the STF.
  -
  
- Connecticut Green Bank
  - The Green Bank supports the policy vision of cleaner, cheaper and more reliable energy sources for Connecticut – while creating jobs and supporting local economic development. By restoring the RGGI and the CEF, CGB feels the State of Connecticut would be sending a signal that it wants private investment in its clean energy economy and would restore the confidence the Green Bank lost as a result of the sweeps. As the Green Bank model espouses, private investment leads to economic growth, economic growth leads to job creation, and with more deployment of clean energy, families and businesses will lower the burden of energy costs.
  
- Susan Eastwood, Chair of the Ashford Clean Energy Task Force
  - Strongly supports the Governor's proposal to expand Connecticut's existing container deposit law to include juices, teas, sports drinks and other non-carbonated beverages not currently covered by the law, as well as establishing a 25-cent refundable deposit on wine & liquor bottles over 50 mL in size.
  
- Emil Frankel, Member of the Transportation Finance Panel
  - Writes in strong support of SB 10; feels that immediate action must be taken.
  
- Kathy Golas, League of Women Voters of Connecticut
  - Writes in support of SB 10, particularly the bottle bill. Golas feels that modifying the law to add additional beverage containers would increase the number of containers recycled through redemption and reduce the collection and disposal cost of the containers.
  
- Greenwich Recycling Advisory Board
  - GRAB writes in support of the bottle bill. The original bottle bill has been an effective tool in reducing litter and recovering recyclable material.

- Jim Lohr, Deputy Director, NECLMP
  - Lohr writes in support of SB 10, specifically sections 15 + 16. NECLMP believes that accelerating the transfer of the sales and use tax on motor vehicles into the special transportation fund (STF) is a viable, short-term solution to the immediate crisis of the STF that deserves your support
- Bill Lucey, Soundkeeper, CT Fund for the Environment
  - ***Supports SB 10 sections 27 & 28, which expand CT's existing container deposit law to include juices, teas, sports drinks and other non-carbonated beverages***
- Melissa Marshall, Coordinator CT Cross Disability Lifespan Alliance
  - Support **S.B. 331 (RAISED) AN ACT CONCERNING THE ASSESSMENT OF A FEE ON CERTAIN EMPLOYERS**. Marshall feels that it is fair that employers whose wages are low enough to require employees to receive Medicaid absorb this burden
  -
- Roy Merritt, American Society of Civil Engineers
  - ASCE writes in support of SB 10, stating that the additional revenue for transportation will allow some of the state's most critical projects to move forward.
- Cameron Staples, Transportation Finance Panel
  - Support for Senate Bill 10: An Act Concerning Revenue Items to Implement the Governor's Budget. Specifically, we wish to highlight the critical importance of affecting those revenue changes that will ensure the short-term solvency of the Special Transportation Fund. Staples feels that immediate action must be taken – even as the legislature considers longer-term funding solutions – to establish sustainable revenue streams for the STF. Without taking such action, Connecticut will be unable to preserve the level of service provided by the State's transportation system, improve its ailing infrastructure, avoid harsh fare increases, and to sell the Special Tax Obligation (STO) bonds that are necessary for its capital program.

#### **NATURE AND SOURCES OF OPPOSITION:**

- American Lung Association  
 The ALA is concerned because the tobacco-related revenue stream that is annually brought in by the state (approximately \$500M/year) is typically used to educate our youth on the dangers of tobacco use (Program is called: Tobacco and Health Trust Fund), but lately it has been used as a "rainy day fund" filling gaps in the general fund as needed. The ALA writes requesting that this be changed immediately; that it is imperative that even a small portion of the revenue be used to educate our youth of the dangers of tobacco use.

In addition, while increasing the tax on cigarettes has proven to be an effective way to decrease consumption, there are other products that are just as, if not more dangerous, including but not limited to: cigarettos (\$2.50/pack) and fruity cigars (\$0.99). Instead of limiting the tax to just cigarettes, perhaps consider the opportunity to increase cost across the board.

- Smoke-Free Alternatives Trade Association

Over 100 small family-owned retail vapor product businesses will be “absolutely devastated by passage of this tax”; according to SFATA, these businesses cannot survive the addition of a 75% excise tax to all future inventories.

Supporting figures:

- The American Cancer Society agrees that supporting “all attempts to quit the use of combustible tobacco and work with smokers to eventually stop using any tobacco product, including e-cigarettes,” is in the best interest of public health.
- The National Academies of Science, Engineering and Medicine recently released a report concluding that vapor products “contain fewer numbers and lower levels of toxic substances than conventional cigarettes” and may help adults transition away from smoking. As owners of vapor product retail stores, we can attest to the positive experience of our customers, many of whom struggled for years to put down cigarettes before finding a better alternative in vapor products.
- This Committee should carefully consider the example set by Pennsylvania. In the months following the Pennsylvania Legislature’s passage of a 40% wholesale tax in 2016, over 125 small businesses – more than one-third the total number of stores in the state – closed their doors.

- Atlantis Management Group

Owns & operates 40 convenience stores in CT. Writing in opposition of Section 22 of SB 10 (raising the cigarette excise tax to 230 mills; propose alternative solution).

We stand behind CEMA’s proposal: as mentioned, there are two taxes involved – the excise and sales tax. The governor is proposing increasing the excise tax to 230 mills/cigarette. What we’re proposing instead is raising the minimum markup from 8% to 18%.

This accomplishes several things:

- It generates an additional \$8.1 million in sales tax revenue for the state compared to 2017.
- It generates additional margin revenue for retailers, which an increase in the excise tax alone would not, which we calculate will generate additional income tax of \$7.5 million
- Raising the price per pack will result in lower consumption, just as an increase in taxes would do, with public health benefits.

- Brett Barry, Senior Policy Advisor for Clean Energy

- North America’s largest provider of natural gas motor fuels
- Alternative fuels are beneficial to the environment; they protect the clean air of the future. These fuels are also much more expensive than the harmful gaseous fuels that other companies are using. Barry writes requesting that the tax on alternative fuels remain

the same when harmful gaseous fuels go up.

- Keith B. Bishop, Bishop's Orchards
  - Opposition of the \$.25 deposit on wine bottles; Bishop expresses that this would be incredibly expensive for CT Farm Wineries; they would have to find a way to retrieve bottles that have already been sold which would make the cost of the product significantly increase. In addition, they will have to redesign the labels to reflect the change, arrange to have the bottles picked up for recycling, maintain additional paperwork, as well as tackle storage and sanitation issues. The costs of this and the compound problems that come with it will add high costs to the business, driving consumers across the border or to online retailers. This will make it impossible to remain competitive.
  
- David M. Bittner, CPA MBA, Senior Vice President and Chief Financial Officer; Trinity Health Of New England
  - In section 11 of **SB 10, An Act Concerning Revenue Items To Implement The Governor's Budget**, the Administration proposes to repeal the scheduled reduction in the hospital tax to \$384 million effective July 1, 2019. This proposed change violates an essential element of the historic agreement between hospitals and the state that was included in the bi-partisan budget last session.
  
- Wine & Spirits Wholesalers of Connecticut
  - WSWC writes in opposition of this bill stating that the expansion of the bottle bill to include wine & spirit containers will have devastating effects on CT's wine & spirits industry and the state's economy. This bill will act as a tax on consumers, making CT non-competitive in the industry, driving the sale of wine and spirits to our neighbors across CT's border.
  
- Patrick Charmel, President & CEO, Griffin Hospital
  - Charmel writes in opposition, claiming that this proposed bill violates an essential element of the historic agreement from last session between hospitals and the state that was included in the bi-partisan budget.
  
- Connecticut Beer Wholesalers Association
  - The Connecticut Beer Wholesalers Association believes that it is unquestionably inequitable to expand Connecticut's bottle law to include additional products and require Connecticut companies to incur the tremendous expense of the functions that are required to operate the bottle law without allowing the industry to retain the unclaimed bottle deposit monies.
  
- Connecticut Energy Marketers Association
  - CEMA Proposal: while Section 29 of the governor's budget proposes raising this excise tax by 7 cents over four years, we alternatively propose converting the variable gross earnings tax to a fixed cents per gallon rate, resulting in stable, assured revenue to the state. We propose that fixed rate to be 16 cents per gallon. Every cent per gallon tax

raises about \$15 million in tax revenue for the state, as shown by the most recent figures for the excise tax. A 16 cents/gall gross earnings tax would raise more tax revenue than the GET did in the most recent fiscal year, it would protect against downside volatility in the price of gasoline, and it would practically guarantee stable budgeting forecasting, again not unlike the excise tax. In addition to budgeting stability for the state, such a tax change for the GET would also result in budgeting stability for businesses and households. Tax uncertainty and unpredictability is one of the reasons CT has an unfavorable business climate.

- Connecticut Food Association

- The Connecticut Food Association (CFA) advocates on behalf of the food retail industry. Many of CFA's members feel as if they are being punished for providing this service and the law has become a burden for them. Current bottle return machines are not designed for the beverage containers included in this bill. Connecticut's 2009 expansion to include water bottles in the deposit system was not a success. Improving Connecticut's comprehensive recycling infrastructure to be more cost-effective and simple is our ultimate goal. We need a 21st century model that brings various stakeholders together, allows the state to keep a portion of the monies and most importantly, improves an outdated law.

- Connecticut Lodging Association

- CLA opposes SB 10 to raise the occupancy tax to 17% for lodging and 13% for Bed and Breakfast establishments. Some supporting figures:
  - Connecticut's 15% occupancy tax, is already the highest statewide hotel tax in the nation.
  - Convention and meeting market is threatened as high taxes cause dramatic rate increases for groups.
  - At a higher tax level, tourism will plateau at the consumer's pain and will see a significant decline in occupancy and ultimately, hotel tax revenues.
  - Connecticut has been known as a drive-through state. Raising occupancy taxes only threatens CT to lose visitors to our neighboring states.

- Connecticut Orthopedic Society

- COS writes in opposition, asking that the Legislature consider these points before passing SB 10:
  - #1 No state in our union levy's a gross tax on any medical service. As an organization we advocate for the repeal of this unjust legislation. Why is Connecticut the only state to tax Ambulatory Surgical Centers?
  - #2 Elimination of the million dollar exclusion will burden the smallest surgery centers that provide care to your state constituents at a lesser cost.
  - #3 The failure to exclude Medicare and Worker's Compensation patients as a stop gap measure before tax repeal, is a disservice to the seniors and industry in our state.

- Connecticut Realtors
  - CT Realtors write in opposition of SB 10, claiming that by increasing the sales tax on real estate, Connecticut will effectively penalize homeowners and landlords for selling their property. Commercial property owners will also be hit with these tax increases if they decide to expand or downsize their business property. This action could lead to more citizens and companies are leaving the state.
  
- Connecticut Vineyard and Winery Association
  - Opposition of the \$.25 deposit on wine bottles; CVWA expresses that this would be incredibly expensive for CT Farm Wineries; they would have to find a way to retrieve bottles that have already been sold which would make the cost of the product significantly increase. In addition, they will have to redesign the labels to reflect the change, arrange to have the bottles picked up for recycling, maintain additional paperwork, as well as tackle storage and sanitation issues. The costs of this and the compound problems that come with it will add high costs to the business, driving consumers across the border or to online retailers. This will make it impossible to remain competitive.
  
- Container Recycling Institute
  - CRI feels that expanding CT's bottle bill makes sense and could result in upwards of \$7.5 million in additional revenue to the state, as well as \$2.3 million in avoided solid waste disposal costs annually. Expanding the bottle bill to include non-carbonated drinks could capture up to 162 million additional beverage containers annually.
  
- Costello, Thomas CFO, The Siemon Company, 300+ employees
  - Writes requesting that SB 10 please not be passed. Costello believes that the state must come up with a plan to address the deficits; their current plan seems to be placing further burden up on the state residents and business owners.
  
- Gaurag Desai, President of Lotus Hospitality
  - Strongly opposed to SB 10, specifically increasing room occupancy tax to 17%; CT now has the highest room tax in the country. Desai expressed that CT is unable to be a competitive state in so many industries due to the taxation & this legislation.
  - 50% of our guests at our 6 properties are local guests from Connecticut that want to enjoy a "staycation" at a local hotel, are having work done in their home, are in between apartments, or too far to travel back home for the night for a work assignment.
  - Connecticut is too expensive to attract tourists from out of state & they choose other options with more attractions; a 5 day vacation in CT costs 10% more than any neighboring state

- Connecticut has the weakest performing hotel industry in New England and amongst the weakest in country. Hotel performance is measured by RevPAR (Revenue Per Available Room) and Connecticut had a RevPAR in 2017 of \$71.79. By contrast the other states in New England had the following RevPAR's: MA - \$127.03; RI - \$98.52; NH \$81.44; VT \$87.55; ME - \$77.45. This information is directly from Smith Travel Research. Increasing our occupancy tax to the highest in New England will only make the state's lodging industry perform ever worse.
- Distilled Spirits Counsel
  - The Distilled Spirits Counsel requests that SB 10 not be passed for the following reasons:
    1. Distilled spirits are already overtaxed
    2. The economic impact on this will destroy over 500 jobs
- John Ferari, Owner of J House Hotel and Restaurant
  - Ferari writes in opposition of the tax hikes on the hospitality industry. He feels they will discourage visitors even more to overnight in the state of Connecticut, a state that is already in a challenging position with the current budget situation. Ferari feels that tourism is an essential economic driver for the well-being of the state, and that the industry should be supported.
- Kathleen Flaherty, Executive Director CT Legal Rights Project, Inc.
  - Writes in opposition of SB 10
- Betsy Gara, Executive Director of COST
  - Gara writes in opposition, expressing that the ongoing fiscal challenges in CT have placed an untenable burden upon property tax payers; as a result, many towns have been forced to 1) issue supplemental property tax bills; 2) reduce services and personnel; and/or 3) draw down on fund balances. Unfortunately, given that municipal aid could once again be on the chopping block, towns are facing tremendous uncertainty in crafting and adopting local budgets. This uncertainty is also raising concerns with bond rating companies, which have recently downgraded the bond ratings for many towns, triggering increased borrowing costs and making it more costly to move forward with building and infrastructure projects.
- Eric Gjede, Connecticut Business & Industry Association-CBIA
  - Gjede requests that the state keep in mind that when it comes to taxes, Connecticut businesses need predictability and to remain competitive. SB 10 currently contains roughly \$190 million in tax and fee hikes.
  - Comments:
    - Section 18 of the bill creates a corporate surcharge of 8% beginning in fiscal 2019. While we understand that this is lower than the current surcharge rate of 10%, this surcharge was to be eliminated in 2019. When implemented in 2012, the corporate surcharge was supposed to be only a temporary measure.

- Section 19 removes the \$2.5 million unitary tax cap for all non-manufacturing businesses. This cap was implemented only three years ago, and SB 10 already suggests altering it. This could have the impact of imposing far higher taxes on non-manufacturers doing business in multiple states.
  - Section 33 repeals a newly enacted brownfield program that incentivizes investors to clean up contaminated sites and helps put them back into usage. This sends up a red flag warning to developers and entrepreneurs that Connecticut has an unpredictable business environment, making the state and unnecessarily risky place to invest.
- Samuel Gold, Executive Director, Lower CT River Valley COG
  - RiverCOG opposes the provision of S.B. 10 to eliminate RPIP and encourages the state to use this opportunity to rededicate the RPIP fund to the COGs and regional services. Gold writes that reducing municipal aid, while not providing modest funding to COGs to help municipalities to consolidate their services and the startup capital needed to get regional shared services off the ground, is counterproductive and worsens the impact of state cuts, particularly on property tax payers.
- Jay Hibbard, VP- Government Relations Distilled Spirits Council
  - Hibbard writes on behalf of the Distilled Spirits Council of the US, in opposition to SB 10, specifically the imposition of a 25-cent per container tax on distilled spirits. Spirits only account for 4% of all bottles moving through the state, which would have little or no impact on the solid waste stream. Hibbard feels that current taxes on distilled spirits are already unjustifiably high, and as an industry it is challenging to remain competitive in Connecticut. The higher prices will significantly impact the industry and drive consumers to make purchases across state borders or online.
- Jim Horan, CEO of Connecticut Association for Human Services
  - Horan writes that SB 10, as a revenue package, is critical to CAHS's policy goals of ensuring fiscal stability, generating economic growth, and reducing inequities.
  - **CAHS opposes Governor Malloy's proposal to eliminate the property tax credit for middle-income seniors and households with dependents.**
  - **CAHS supports the Governor's proposal to raise cigarette taxes, the hotel occupancy tax, and the option to increase the sales tax to 7 percent for restaurant transactions.**
  - **CAHS opposes raising the base rate for the sales tax from 6.35 percent to 6.9 percent, as this is regressive and hurts low-income consumers the most.**
- Joe Horvath, Assistant Policy Director, Yankee Institute
  - Horvath writes in opposition of SB 10, expressing that new taxes and tax increases should be an option of absolute last resort, and there are other budget-balancing methods Connecticut should consider before imposing new or higher taxes. Horvath goes on to discuss the problems that currently exist in each section of the bill and the effects implementation will have on our economic future.
- Carroll Hughes, Executive Director- CT Package Stores Association
  - CT Package Stores opposes SB 10, specifically, the bottle bill. Hughes writes that it will be increasingly difficult to remain competitive as an industry and this bill will drive consumers out of the state and online to make purchases.

- Charlie Johnson, CEO of Hartford Healthcare
  - Johnson writes in opposition of section 11 of **SB 10, An Act Concerning Revenue Items To Implement The Governor’s Budget**. He goes on to explain that the Administration proposes to repeal the scheduled reduction in the hospital tax to \$384 million effective July 1, 2019. This proposed change violates an essential element of the agreement between hospitals and the state that was included in the bi-partisan budget.
  
- Genese Leach, Policy Manager- Audobon Connecticut
  - Audobon CT hopes that the state of CT will keep 2 things in mind this year when making budget decisions:
    - Consider and adopt a state budget that does not further raid ratepayer clean energy funds from the **Regional Greenhouse Gas Initiative, Connecticut Green Bank or Connecticut Energy Efficiency Fund**.
    - Second, the **Community Investment Act** is the only dedicated fund intended to support investments in Open Space, Farmland/Dairy Support, Historic Preservation and Affordable Housing. Further sweeps and disproportionate cuts could seriously jeopardize the future of the program and the reinvestment opportunity in our communities.
  
- John Lombardo, General Manager, Saybrook Point Inn, Marina & Spa
  - Lombardo writes in opposition of SB 10, stating that tourism has been a measured bright spot in Connecticut’s economic recovery; This is not the time to take it off track.
  - Some statistics to consider:
    - 4.7 percent of all jobs in the state are directly or indirectly related to the lodging industry in Connecticut
    - \$811.8 million in tax revenue for state and local governments is generated by lodging industry hotels, motels, resorts, or lodges in 2014
    - 11,508 lodging jobs in 2014
    - \$356 million in private sector employee wages
    - In 2014, 4.7 percent of all jobs in the state were directly or indirectly related to the lodging industry, with hotels, motels, resorts, or lodges generating \$1.5 billion in tax revenue for state and local governments
    - \$1.5 billion in total sales activity is generated across the state interlinking with other industries, such as transportation, restaurants, agriculture, manufacturing and recreational activities and venues.
  
- Motor Transport Association of Connecticut, Inc.
  - MTAC writes in opposition of SB 10, expressing that they cannot support a fuel tax increase, as well as no free ride for out of state truckers.
    - Some statistics about the trucking industry:
      - 85.8%: number of Connecticut communities that depend exclusively on trucks to move their goods
      - \$3.2 billion: total trucking industry wages paid in Connecticut (2016)

- 59,390: trucking industry jobs in Connecticut (2016)
  - \$53,430: average annual salary in Connecticut (2016)
  - \$8,258: average annual CT-imposed highway user fees paid by tractor trailers
  - \$8,906: average annual fed-imposed highway user fees paid by tractor trailers
- National Federation of Independent Business
  - NFIB writes in opposition of Sections 29 & 30 of Senate Bill 10, stating that small business owners have little confidence in the state’s ability to manage the special transportation fund based on the past track record. Because of this, they cannot support new or higher taxes.
- National Waste & Recycling Association
  - Write in support of the proposal to extend the bottle deposit to wine and liquor containers since these containers are made primarily of glass; NWRA feels that any proposal that encourages the removal of glass containers from the recycling stream represents a tremendous benefit to the recycling industry and could be part of a realistic and sensible path forward to actually improve recycling in Connecticut.
- Ray Noonan, Associate Fiscal Policy Fellow, CVFC
  - Noonan is opposed to SB 10, stating that this budget plan fails to correct existing structural flaws that over time will limit revenue growth and forestall our state’s ability to fund key priorities such as early childhood, transportation, and workforce development. They urge the legislature to consider revenue options that do not ask more from low-income families.
- Redemption Centers of Connecticut
  - The Redemption Centers of Connecticut view the effort to modernize Connecticut’s 38 year old Bottle Bill as a constructive goal & offer support, however there is a substantial concern over the Governor’s proposal, outlined in Section 27 and Section 28, being silent on addressing the status of the handling fee associated with redeeming bottles and cans. RCC requests that the legislature consider adding language to SB 10 to increase the handling fee to \$.035 for all redeemable containers.
  - By ignoring the issue of the handling fee, redemption centers are being called upon to accept a higher volume of redeemable bottles and cans with the expectation that operating costs and labor costs will not increase. The expected increase in volume associated with the governor’s proposal will have the unintended consequence of overwhelming the recycling ecosystem and forcing redemption centers to go out of business.
- Peggy Roberts, Greater Mystic Chamber of Commerce

- Roberts & the 700+ members of the Mystic Chamber of Commerce, urge legislators to reject the tax increase on tourism. The state's occupancy tax is already the highest in the nation at 15 percent. Because of this, it can be difficult to compete with lodging establishments in nearby Rhode Island, New York and Massachusetts for vacation dollars. Without these visitors staying here, our restaurants, retailers and attractions will suffer. Next will come the impact on jobs and local businesses that support the community.
- Daniel Rubino, Town Fair Tires Centers
  - Rubino writes on behalf of Town Fair Tires Centers in opposition of SB 10 regarding the tax per tire in the state of Connecticut. Rubino shares that this will drive consumers to shop out of state and online to purchase tires, punishing local brick and mortar locations.
- Jonathan Shaer, Executive Director, NECSEMA
  - **In opposition of the cigarette tax increase, the gas tax increase and the expansion of the bottle bill all included in SB 10 – the Governor's Budget Recommendations, as well as the cigarette tax increase proposed in HB 5095. For the following reasons:**
    - **Smuggling and other illicit activity increase**
    - **Cross border sales increase**
    - **Retailers lose sales**
    - Increases to the tobacco excise tax and to the state gas tax would raise what are already among the nation's highest in their respective categories
- Jeff Shaw, Director of Public Policy- Advocacy- The Alliance
  - Testimony in opposition of SB 10: Section 9 states that the Office of Policy and Management may increase by up to fifty percent of any existing state fee, provided the total amount of the increase in fees shall not exceed \$20 million. Nonprofits provide services directly to the public so that the State does not have to, saving the State many millions of dollars, doing their part to make Connecticut a more economically healthy place. Assessing them for fees or other costs only serves to take funding from the missions they serve.
- David Spross, VP- State Government Relations, RAI Services Co.
  - Reynolds American Inc. (RAI) and its subsidiary companies are opposed to S.B. 10 & H.B. 5095, which would increase the excise tax on cigarettes and create a new tax on vapor products, also known as electronic cigarettes or e-cigarettes. Lawmakers should reject these proposals because they will result in lost jobs, create undue burden for lower-income workers, and exacerbate cross-border smuggling.
- Brian Stebbins, President RJ Reynolds Vapor Co.
  - Stebbins is in opposition of SB 10, which would create a new 75% tax on vapor products. He feels this bill will unfairly burden small business owners in the state and deter adult cigarette smokers from making the healthier choice of switching to vapor products.
- Judy Sullivan, Executive Director- Old Saybrook Chamber of Commerce

- Sullivan feels raising the occupancy tax would be a big mistake and that we should work on attracting tourism to the state instead of driving it away.
- Tom Swan, Executive Director, CT Citizen Action Group
  - Specifically support sections 27 & 28 of SB 10 that update the beverage container redemption law. This is an example of a proposal that increases revenue, but also advances other policy goals increasing our recycling rates and saving municipalities money on waste disposal.
- Carrie Wade, Director- Harm Reduction Policy, R Street Institute
  - Opposed to the proposal to tax e-cigarettes at 75% of the wholesale cost. From a public health perspective, Wade feels it is important to incentivize people to use less harmful products and keep the total cost of e-cigarettes at a price that will encourage people to not choose combustible cigarettes.
- Western CT Health Network
  - In opposition of section 11 of **SB 10, An Act Concerning Revenue Items To Implement The Governor's Budget**. The proposal to repeal the scheduled reduction in the hospital tax to \$384 million effective July 1, 2019 violates an essential element of the agreement between hospitals and the state that was included in the bi-partisan budget
- Yale New Haven Health System
  - In opposition of SB 10 which proposes to repeal the scheduled reduction to the hospital tax, an important component of the bipartisan agreement reached last year which raised the hospital tax to allow for a long overdue increase in the historically low Medicaid rates and contributes millions to the State's general fund to help manage the fiscal challenges facing our State. YNHHS currently pays over \$300 million in hospital taxes, making us the largest tax payer in the state. The state gains \$650 million per year from this tax, and the agreement lowered the hospitals' loss from \$438 million to \$209 million.

**Reported by: Kate M Sulick**

**Date: 5-2-18**