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TESTIFYING IN OPPOSITION TO HOUSE BILL 5004

An act to increase the minimum far wage.

Senator Kushner, Representative Porter, Senator Osten, Representative Hall, Senator Miner, Representative Polletta and members of the Labor and Public Employees Committee:

The Lumber Dealers Association of Connecticut (LDAC) strongly opposes House Bill 5004, which would increase the minimum wage to \$15 per hour by Jan. 1, 2022 and will automatically adjust it each year based on the consumer price index.

LDAC represents independently-owned small businesses selling building materials to contractors, builders, renovators, and owners. Our members are often family-owned businesses and generational. They pride themselves on providing their employees with benefits and flexibility, including paid time off, health insurance, and retirement savings programs. Our businesses do not provide these benefits because of a mandate, but to recruit and retain quality employees. LDAC members value their employees and would like to continue to support their employees; however, as the state continues to increase the minimum wage, it makes it harder and more expensive to do business in the state. The implementation of more and more mandates forces our members to make difficult decisions on hiring and future benefits to offer employees.

Our members already pay above the current minimum wage of \$10.10 per hour to attract more qualified and hardworking employees. A minimum wage increase would turn many of our members' employees into minimum wage earners or create a wage compression issue where employees expect to be paid more because the minimum wage increased. Small businesses cannot absorb these added costs, especially with the razor thin profit margins in our industry. Increasing the minimum wage to \$15 per hour would force small businesses to increase their prices, reduce benefits offered to their employees, and/or change their hiring practices. With the cost of construction already on the rise, increasing the cost of building materials to offset rising labor costs would be even more detrimental to the industry. Homeownership, commercial, and even transportation projects would see significant price increases across the board. Our members do not want to cut benefits to their employees, such as contributions toward health care premiums or retirement savings programs. The result would be just a theatrical increase in wages with no actual gain for workers; and leads to the possibility for less purchasing power, as the increased costs of goods and reduction in benefits would offset any wage gains.

Additionally, employers will be forced to change their use of part-time and seasonal workers. In the summer, many of our members hire high school and college students to assist in the lumberyard during the construction industry's busiest time of the year. These jobs are entry level, assisting in the yard or working in the retail store, and are not intended as careers. The positions provide students with an opportunity to earn money while also exposing them to the lumber and building materials industry. As such, it is unreasonable to expect employers to pay young students \$15 per hour to perform menial tasks and assist in a lumberyard for a short period of time.

Increasing the minimum wage to \$15 per hour will severely restrict a small business' ability to expand and grow. If small businesses are not able to grow, then our local and state economy will suffer. Creating another obstacle for small businesses to thrive, let alone operate in Connecticut, will only perpetuate the state's standing as one of the worst business environments in the country.

We urge you to oppose this legislation and protect our State's small businesses.

The LDAC has 86 member companies and represents independent lumber and building material dealers, manufactures, wholesalers, distributors, and other associated businesses in the state of Connecticut. The lumber and building materials industry employs more than 36,000 Connecticut residents and has an annual payroll of \$1.9 billion.



NRLA Mission: To unite, lead, represent, train and provide a forum for the successful evolution of the independent lumber and building material dealers of the Northeast.