

Testimony by Tim Phelan,
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(formerly the Connecticut Retail Merchants Association)



General Law Committee
February 29, 2024

RE: SB3, SB201

The Connecticut Retail Network represents retail businesses, both small and large, across the state. There are roughly 42,000 retail establishments in Connecticut, and in total, the retail industry produces approximately 14% of Connecticut's total GDP. Retail businesses are an indispensable segment of the Connecticut economy, supporting more than 470,000 jobs and contributing more than \$34 billion to our state's economy. More than 98% of all retail companies are small businesses, employing fewer than 50 people.

Today, the Connecticut Retail Network submits testimony regarding **Senate Bill 3, AN ACT CONCERNING CONSUMER PROTECTION, and Senate Bill 201, AN ACT CONCERNING THE ATTORNEY GENERAL'S RECOMMENDATIONS REGARDING PRICE DISCLOSURE, SERVICE AGREEMENTS, THE NEW HOME CONSTRUCTION GUARANTY FUND AND THE CONNECTICUT UNFAIR TRADE PRACTICES ACT .**

The retail industry has a number of concerns regarding these bills, as they would impact retail businesses and our customers. Regarding Senate Bill 3, the section of concern is Section 3; regarding Senate Bill 201, it is in Section 1 of the bill.

First and foremost, we are aware that the Federal Trade Commission recently announced a notice of proposed rulemaking on pricing and fees, which significantly overlaps, and in places would conflict, with the proposed legislation.

As the FTC has noted, their objective in promulgating a rule on this subject is to avoid a patchwork of state-by-state requirements that would drive up compliance costs for businesses. And conflicting requirements could also create inconsistencies that would not be in consumers' best interests. It would not be prudent, therefore, for the Connecticut legislature to move forward with legislation in this area. Rather, it should be delayed until overlapping FTC rulemaking proceedings are complete so as to avoid any conflicts and ambiguities between state and federal law or regulations.

Additionally, the proposed legislation could, even if inadvertently, harm merchants and drivers that depend on these platforms for additional revenue and earning opportunities. Given the legislation's broad applicability and vagueness in some respects, delivery

platforms may have to restructure their pricing or displays to comply with this legislation in ways that may not be intuitive to the consumer or will harm the overall consumer experience in a competitive industry, potentially turning away potential or existing customers. And retailers are certainly acutely aware of the importance of the consumer experience, every step of the way.

I should add that increasingly, in response to consumer interest and demand, retailers are utilizing these services. Having a disconnect, in effect, between the consumer experience with retailers they are accustomed to doing business with, and the businesses that would be impacted by this legislation, would be counterproductive for both the retailer and the consumer.

Imposing standards and requirements that could be unclear or confusing for consumers, complicating consumer decisions and reflecting on others in the purchasing process, would not achieve the goals of the legislation.

Therefore, on behalf of retailers across Connecticut, we ask that the members of this Committee consider these comments as you review the provisions of both SB 3 and SB 201. Thank you.