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TESTIMONY ON THE PROPOSED BUDGET

By Stan Sorkin, President
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The Connecticut Food Association is the state trade association that conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 240 member companies—food retailers, wholesalers, distributors, and service providers in the state of Connecticut. CFA's members in Connecticut operate approximately 300 retail food stores and 145 pharmacies. Their combined estimated annual sales volume of \$5.7 billion represents 75% of all retail food store sales in Connecticut. CFA's retail membership is composed of multi-store chains, regional firms, and single store independent supermarkets employing over 30,000 associates. The majority of CFA members are family-owned supermarkets.

Our goal is to create a growth oriented economic climate that makes Connecticut competitive with surrounding states.

Keeping our goal in mind, we are extremely disappointed that two legislative committees signaled that growing the size and cost of state government is a higher priority than growing Connecticut's economy and creating more jobs.

The supermarket industry success is based on a vibrant economy which results from a growing population base, job creation, increasing disposable income, and a tax structure that is competitive with surrounding states. This combination of unsustainable spending levels and massive tax increases that passed committee, combined with the evisceration of the state spending cap, will do serious and lasting harm to the Connecticut economy, our valued workforce, and our industry.

The reality is Connecticut's reputation as a place to do business will worsen, eroding jobs and revenues, and making the service cuts that were proposed earlier this year minuscule compared to what will follow as investment and jobs leave the state.

Connecticut lost population last year—not because we don't tax enough services or tax rates are too low—but because people with capital to invest went to more favorable locations, and others left to find better job opportunities. Adding more costs, such as business to business taxes, onto those who create jobs and those who fill them will only make matters worse.

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What kind of state do we want to have? Other states are working to lower tax rates, not raise them. We have to break the cycle of deficits followed by tax increases followed by deficits and more tax increases. It is corrosive to the capital and talent we need to add jobs.

The only way to solve Connecticut's fiscal problems is to grow our economy—to give companies the confidence that their resources will be devoted to creating jobs—not consumed by tax hikes. The billion-dollar-plus increases proposed by legislative Democrats are far above working families' ability to pay, and they are far from the only option before us.

The legislature has to come up with a better plan, one with sustainable spending reforms and no debilitating tax increases. That requires the full legislature—Democrats and Republicans—to take the best ideas from both sides of the aisle and work with the administration to develop a budget that encourages investment in Connecticut. Start with sustainable spending reforms that deliver the core services of government in the most cost-effective way—and with a far lower bottom line—and build a strategic tax policy that encourages investment in our economy.

Connecticut can—and must—do better.