

Frilling, Tara

From: Peter Blake <peteblke@aol.com>
Sent: Friday, May 08, 2015 1:44 PM
To: Sen. Fasano, Len
Cc: Frilling, Tara; Krautler Patricia; jagargiulo@gmail.com
Subject: Tax Hike - Public Hearing Testimony

Dear Senator Fasano and Representative Klarides:

I am contacting you on behalf of over 1,000 drycleaning and laundry businesses throughout the state of Connecticut to express our extreme opposition to the expanding of the state's sales tax to include drycleaning and laundry. These businesses employ over 6,000 workers in the State. We urge you to take drycleaning and laundry off the list of services being proposed in the expansion of the sales tax.

This measure would severely impact an already distressed industry comprised of mostly small business owners and blue collar workers. The industry has endured severe hardships over the last several years and we have seen a distressing amount of businesses closing their doors and this measure could force even more businesses to fail leading to an even greater employment problem.

Here are just a few of the reasons why a tax on drycleaning and laundry services is inappropriate:

- Drycleaning and Laundry services are essential and necessary, like food, drugs, and transportation.
- During World War II, drycleaners and laundries were classified as essential services and given high priority so that they could obtain scarce supplies to do their job.
- Over 85% of all drycleaning and laundry services are performed on garments worn to work, or are a matter of hygienic necessity.
- Sales Tax on drycleaning and laundry services is a regressive, double tax since sales tax was paid when the clothing was purchased without regard to a person's income.
- A sales tax will result in less drycleaning and laundry volume which will lead to greater unemployment and fewer jobs. It will also further stress a greatly distressed industry.
- Small businesses are at peak levels for failure, and this expansion of the sales tax will drive those numbers even higher.
- Drycleaning and Laundry are directly related to a person's ability to get and hold a job. We estimate that 85% of drycleaned garments are worn to work and 90% of laundry is for shirts and home use items that are a matter of hygienic necessity.
- Based on the 2010 Census figures, almost 48% of the total labor force is women and almost 73% of those jobs are occupations that traditionally call for office attire, which makes drycleaning and laundry a necessity.
- Many garments purchased by consumers today have to be professionally cleaned, there is no substitute.
- The Drycleaning industry already pays a 1% gross receipts surcharge to the DRS for purposes of funding the State's Drycleaning Remediation fund, so this expansion will be a duplication of charges
- The anticipated revenue increase for the expansion of the sales tax is overstated. If the sales tax proposal does in fact go through, the state will lose the revenue it currently collects on sales tax for all the supplies, solvents, and products used in the drycleaning and laundry process.

Please consider all the above points and understand the negative effect expanding the sales tax to include drycleaning and laundry would have on our industry, small business operators, and the people of Connecticut.

This tax proposal is an unfair burden to the tax payer, and will have very negative impacts on the citizens you represent. I would appreciate the opportunity to discuss this with you in greater detail at any time. I can be reached at 800-442-6848 or by e-mail: peter@nefabricare.com.

I look forward to your response,

Peter Blake
Executive Vice President, NEFA

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