



Connecticut Retail Merchants Association



Northeast Fabricare Association
Drycleaning & Laundry Institute

Dear Legislator:

As a business owner and employer in Connecticut, **I strongly urge you to take action in the 2020 session of the Connecticut General Assembly to repeal the tax** that has been imposed on dry cleaning and laundry services.

For thousands of Connecticut consumers, and more than one thousand dry cleaning and laundry retail outlets in communities throughout our state, this targeted sales tax is adding insult to injury. **It is anti-business, anti-jobs and anti-consumer.**

While it was instituted as a potential means of raising revenue for the state, the impact is damaging to prospects for an economic recovery in Connecticut, and does considerably more harm than good to residents and business owners. Here's why:

- **The tax is having an adverse impact on consumers that use our services**, and is directly and adversely affecting our industry, which has already faced fiscal challenges in recent years. Collectively, we currently employ more than 6,000 people in Connecticut, and our businesses contribute in many ways to our state economy, as well as to the well-being of our local communities.
- **The sales tax on dry cleaning and laundry services is a regressive, double tax** - since sales tax was already paid when the clothing was purchased, without regard to a person's income. This equates to paying an additional tax on a piece of clothing EVERY TIME a consumer has it cleaned.
- **The new tax is destined to result in diminished dry cleaning and laundry volume**, which will lead to greater unemployment and fewer jobs. Ours is a very price sensitive industry, and the additional 6.35% in cost to consumers will mean less volume as consumers respond to the state-imposed increased cost - and potentially fewer customers.
- **The tax poses a direct negative impact on a person's ability to get and hold a job.** Industry estimates show that 85% of dry cleaner garments are worn to work and 90% of laundry is for shirts and home use items that are a matter of hygienic necessity. In fact, many garments purchased by consumers today have to be professionally cleaned, there is no substitute.

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- **Dry cleaning and laundry are a necessity, for women and men.** Almost 48% of the total labor force is women, for example, and almost 73% of those jobs are occupations that traditionally call for office attire, based on 2010 Census figures.
 - **This tax, in effect, translates to a tax on safety,** because it also impacts the uniform rental and service industry, which provides uniforms and safety garments for the public.

The anticipated revenue from this expansion of the sales tax is overstated. As has already become evident in another tax imposed last year – the tax on plastic bags – revenue estimates often bear little resemblance to reality, once imposed. In this instance, the state will likely lose a portion of the revenue it has previously collected from the sales tax for all the supplies, solvents, and products used in the dry-cleaning and laundry process.

It should also be noted that the dry-cleaning industry already pays a 1% gross receipts surcharge to the Department of Revenue Services for funding the State's dry-cleaning Remediation Fund, so this expansion of the sales tax is yet another duplication of charges, on this industry.

This tax is a trifecta of harm for Connecticut - hurting consumers, and imperiling businesses and jobs. Already, costs of doing business have risen far faster than the industry's capacity or willingness to raise prices. This selective sales tax on our industry adds greater stress to an already challenging fiscal reality in Connecticut, even as a tighter economy is widely forecast.

This combination - a loss of jobs and potential closing of businesses, resulting in even greater job losses – is one that we, like you, would prefer to avoid. That is why action to repeal the tax is imperative. It is an unfair and counterproductive burden on taxpayers, adversely impacting the residents and businesses that you represent, and not in the best interests of our state.

We, the undersigned business operators in the dry cleaning and laundry services industry in Connecticut, request your support and advocacy for immediate action to repeal the tax.

January, 2020