

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



**Committee on Finance, Revenue and Bonding**  
**March 6, 2024**

Co-Chairs Senator Fonfara and Representative Horn, Ranking Members Senator Martin and Representative Cheeseman, and Vice Chairs Senators Miller and Moore and Representative Farrar, and members of the Finance Committee, I am Tim Phelan, President of the Connecticut Retail Network.

Thank you for the opportunity to testify on House Bill 5041, An Act Exempting Certain Articles of Children's Clothing from the Sales and Use Taxes. Connecticut's retail industry supports this legislation, and its stated purpose to exempt articles of children's clothing costing under one hundred dollars from the sales and use taxes.

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.

As you know, retail business work diligently to provide responsive customer service, and take pride in understanding our customers. This legislation, in our view, would be well-received by our customers – your constituents – and would make a difference in family budgets, particularly as families navigate inflation and the uncertainties of the economy.

This legislation is not complicated, it is straight forward. It gives families a break. It will help families balance their household budgets, making fundamental items – children's clothing – more affordable. Families would decide how to use those savings. Some may be able to make an additional purchase in our stores. And if they do, that would benefit their families, our retail stores, and the state, if the additional items purchased are not children's clothing under \$100, and therefore would have the sales tax applied.

But let's get back to the focus of this bill. Exempting articles of children's clothing costing under \$100 from sales and use taxes. On behalf of retailers across Connecticut, we ask that the members of this Committee support this proposed legislation, which will make a difference on the bottom line for our customers and their families.

Thank you.