

To: Sen. LeBeau, Rep. Berger and Members of the Commerce Committee
From: Mary Ellen Dombrowski, Executive Director
Glastonbury Chamber of Commerce
Date: March 6, 2008
Re: **SB- 400, An Act Eliminating the Business Entity Tax**

The Glastonbury Chamber of Commerce is a private, non-profit, membership-driven association originally founded in 1902. Today, the chamber is composed of more than 600 businesses, organizations and individuals.

The Glastonbury Chamber of Commerce **strongly supports SB-400, An Act Eliminating the Business Entity Tax.**

The vast majority of our members are small businesses, which are the backbone of our economy. We must take steps to nurture the growth of these small businesses to create jobs and add value to our communities.

When the business entity tax was adopted in 2002, it was understood that this was a short-term fix to a looming budget deficit. But now, small businesses are facing turbulent economic times and need our help. While \$250 doesn't sound like a lot, repealing what is considered a nuisance tax on small businesses would shine a spotlight on the state's commitment to small business growth.

Connecticut needs to take steps to nurture the growth of its small businesses. Repealing the business entity tax is a good first step.

Some argue that Limited Liability Companies and other business entities pay no other taxes except the Business Entity Tax. This is simply not true. LLCs, LLPs and other pass through entities pay state and federal income taxes on the net income generated by the entity. In addition, Connecticut businesses pay dozens of state and local taxes every year, including sales and use taxes, property taxes, unemployment compensation taxes, insurance premium taxes, licensing fees, registration fees, workers' compensation and Second Injury Fund assessments, etc.

Small businesses are facing uncertain financial conditions in today's economy. Although small business owners generally put in extremely long hours, it is often difficult to generate a profit when faced with escalating energy, fuel, health insurance, liability insurance and wage costs. Many of these companies are extremely frustrated when they have weathered a difficult and unprofitable year only to find that they owe the state \$250 for merely existing. Other start-up companies which have not yet turned a profit face the same frustration.

The state needs to provide some relief to small businesses. A very simple way of doing this is by repealing the nuisance tax on LLCs, LLPs and other pass through entities. We therefore urge support for SB-400. Thank you.

