



**State of Connecticut**  
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**VICE CHAIRMAN**  
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TRANSPORTATION COMMITTEE

**To: Senator Gary LeBeau, Co-Chair  
Representative Jeff Berger, Co-Chair  
Members of the Commerce Committee**

**From: Representative Ed Jutila, 37<sup>th</sup> District**

**Date: March 6, 2008**

**Re: Testimony in Support of the Elimination of the Business Entity Tax (SB 400)**

Senator LeBeau, Representative Berger, Members of the Commerce Committee, thank you for this opportunity to testify before the committee today. For the record, I am State Representative Ed Jutila and I represent the 37<sup>th</sup> District which includes the towns of East Lyme and Salem.

I am here to testify in support of **SB 400 - An Act Eliminating the Business Entity Tax**. When I took office in 2005, the first bill I introduced was a bill to eliminate this tax. I am pleased to see that the idea has picked up so much support this year, including support from the Governor, Secretary of the State and many other legislators.

Small businesses play a pivotal role in shaping and sustaining the economy in the state of Connecticut, creating an estimated two-thirds of our net new jobs, and accounting for about half of total private employment. In addition, the smallest employers (fewer than 20 employees) produce the most net new jobs relative to their share of total employment. Initial start-up costs are one of the major impediments to small business creation and failure.

My own experience as a former small business owner is what caused me to seek the elimination of this tax. My wife Donna and I owned a small Hallmark Card gift shop in downtown Niantic for several years. During that time I obtained a great appreciation for the role of small businesses in our economy and the many obstacles they encounter. I understand well the impediments to the growth and sustainability that the owners of small businesses face.

When trying to make ends meet, even the smallest amount of cash flow can make a difference. In the grand scheme of things, \$250 may not seem like much money. But for a small business trying to gain traction, especially retail businesses, it can make a big difference. That \$250 could

be used for any number of things such as advertising, new equipment or introducing a new product line.

Eliminating this burdensome tax will help foster small business creation and job growth in our state, and send a message to the business community that the Connecticut General Assembly is working to improve the business climate here.

In closing, I would like once again to thank the committee for this opportunity to testify. I would be happy to try to answer any questions that anyone might have.