



The Voice of Small Business®

CONNECTICUT

TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
IN SUPPORT OF
SB-400, AA ELIMINATING THE BUSINESS ENTITY TAX;
SB-399, AAC REGULATORY RELIEF FOR SMALL BUSINESSES;
HB-5780, AAC THE JOB CREATION TAX CREDIT
BEFORE THE COMMERCE COMMITTEE
MARCH 6, 2008

The National Federation of Independent Business (NFIB) strongly supports SB-400, AA Eliminating The Business Entity Tax; SB-399, AAC Regulatory Relief For Small Businesses; and HB-5780, AAC The Job Creation Tax Credit. These three pieces of legislation, individually and collectively, would be of great benefit to small businesses and their workers by providing much needed tax and regulatory relief, and proving to small-business that Connecticut lawmakers are truly concerned about the overall economic climate.

A non-profit, non-partisan organization, NFIB is Connecticut's and the nation's leading small-business advocacy association. In Connecticut, NFIB represents thousands of small- and independent-business owners and over 25,000 of their workers involved in all types of retail business, industry and services. The average NFIB member has five employees and annual gross revenues of about \$350,000. In short, NFIB represents the small, "Main Street", "Mom and Pop" business owners from across our state. On behalf of those small- and independent- employers in Connecticut, I urge you to support SB-400; SB-399; and HB-5780.

NFIB strongly supports SB-400 and urges the legislature to permanently eliminate the business entity tax. For some time, small businesses have been recognized as the engines of growth for Connecticut's economy. As a result, the state made strides in supporting the start up and growth of small businesses. Unfortunately, during difficult budgetary times 2002, the Business Entities Tax was enacted. This tax started as a *temporary* \$250 tax on small businesses to help defray a budget deficit. It was *intended to be sunset*, recognizing that it was particularly burdensome to Connecticut's small businesses.

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This tax is one of many that is heaped upon small businesses and makes it difficult for individuals to start or expand a small business. Having \$250 back would enable small-businesses owners to invest in their businesses. Small business owners would use this money to purchase new equipment or supplies; help defray monthly health insurance premiums or energy bills; or put towards increased marketing or advertising.

NFIB is in favor of SB-399, which would help identify and ease regulatory pressure on small businesses. A problem most frequently cited by small business is complying with regulations, many with unclear or confusing instructions. NFIB has consistently advocated for common sense approaches to ensure that rules are easier to read and understand. Overall, small businesses need to be able to recognize what they must do to comply with a regulation. Regulatory simplicity can save small business and the State of Connecticut time, effort and money. Cumbersome regulations have the effect of a hidden tax, discouraging expansion and causing expensive delays for both start-up and existing companies. Cutting bureaucracy and red tape will give small businesses the freedom they need to focus on running and expanding their business -- not complying with big government.

NFIB also applauds the committee for taking into account the experience and expertise of state-wide business groups in the composition of the task force, as well as small-business owners. See Section (1)(c)(1) & (7) As the largest state-wide small-business advocacy association, NFIB/Connecticut would be proud and willing to provide someone for consideration for appointment to this important task force.

On the federal level, we maintain a close working relationship with the various agency "ombudsmen," the go-betweens for small businesses within the regulatory agencies, as well as the office of the U.S. Small Business Administration's National Ombudsman for Small Business. When members have concerns, we work closely with these offices to see that those concerns are resolved. In Connecticut, we hope to do the same, and passage of SB-399 would go a long way towards this overall effort.

NFIB urges passage of HB-5780; a job creation tax credit for any net new job would promote the creation of new jobs by small businesses. For many small businesses, the availability of this tax credit could be the deciding factor in whether to expand and hire new employees. In the current time of economic uncertainty, enactment of this important tax incentive will make our state business climate more competitive with surrounding states and encourage our small-business community to invest and expand here in Connecticut.

Enactment of these important measures would be a crucial step towards supporting Connecticut's small-business owners and their workers. **NFIB therefore urges lawmakers to pass SB-400; SB-399; and HB-5780.** If you have any questions, please contact me at the numbers provided. Thank you.