

To: Commerce Committee

From: Brenda Koboski

Date: March 6, 2008

**Re: SB-400, An Act Repealing the Business Entity Tax**

I would like to comment on the business entity tax. As a bookkeeper for small businesses, I see firsthand the inequity of the tax on small "mom & pop" companies.

Many of my clients are really sole proprietorships but have registered as an LLC for fear of and lawsuits that could put their personal assets at risk. I have clients who have gross sales of over \$1 million who pay the same as a client with gross sales of \$1,000.

In one case, the business entity tax put my client at a net loss for the year. This does not seem conducive to supporting small businesses in the state of Connecticut. When the economy starts to go sour and bigger companies are forced to lay off workers, many take the opportunity to start their own business.

There is incredible sticker shock when they find out about the business entity tax, the unemployment tax, and the cost of worker's compensation insurance in Connecticut. I have seen a client have to go out of business because of the cost of worker's compensation insurance, putting about 10 people out of work.

Thank you for the opportunity to comment.

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