



CONNECTICUT

TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS
BY
ANDY MARKOWSKI, CONNECTICUT STATE DIRECTOR
OPPOSING HB-6557; AAC THE INCOME TAX AND THE ESTATE TAX
BEFORE THE
FINANCE, REVENUE & BONDING COMMITTEE
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The National Federation of Independent Business (NFIB), Connecticut's and the nation's leading small-business advocacy association, respectfully submits the following comments opposing HB-6557, An Act Concerning The Income Tax And The Estate Tax:

"Adjusting" (See Statement of Purpose), or more specifically *INCREASING* the income tax rates and imposing an estate tax surcharge does absolutely nothing to stimulate the economy and provide immediate relief to small business owners—something desperately needed especially during the current difficult economic times. Providing economic relief and certainty to Connecticut's job creators should be the number one goal of the legislature this session. Tax policy should be used to help stimulate, not stymie, job growth and the state's economy.

When it comes to proposals to raise the income tax rates, there are two aspects of the issue that are far too often overlooked: First, the increasing application of the individual income tax, as opposed to corporate taxes, as a "business" tax and the resulting impact on the state economy; and, secondly, the stark contrast between the state's substantial financial assistance to certain targeted economic sectors and large businesses and the attention paid to the widely dispersed, but long-standing domestic small business sector that provides jobs for a majority of the state's workers.

For example, as the Connecticut General Assembly rewarded the profitable film industry with millions of dollars of tax credits and benefits, the income tax rate remained unchanged for small and independent businesses. Many struggling small businesses have been and still are, in effect, subsidizing large profitable companies.

The state income tax rate has become an increasingly significant part of small business' cost of doing business in Connecticut. More and more small and independent businesses are paying their taxes just like individuals due to the growth in sole proprietorships, partnerships and Subchapter S corporations. As more small and independent businesses pay individual income taxes, fewer state revenue dollars are derived from the corporate taxes. **The Connecticut personal income tax rate thus has far a greater impact on job growth and other macro-economic factors, particularly in the critical small business sector. Reduction in the rate will spur new job growth among the state's job creators, while an increase in the rate will only further stagnate our state's economy.** NFIB/Connecticut therefore urges the legislature to reject HB-6557.

Q. Which one of the following taxes would you LEAST want increased regardless of the government that levies it?

