



**Testimony
Robin Wilson
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Quinnipiac Chamber of Commerce
Before the Finance, Revenue & Bonding Committee
March 2, 2009**

RE: HB-6557, AN ACT CONCERNING THE INCOME TAX AND ESTATE TAX

The Quinnipiac Chamber of Commerce urges lawmakers to reject HB-6557, An Act Concerning the Income Tax and the Estate Tax.

Increasing the income tax undermines the competitiveness of many small and midsize businesses that are organized as pass through entities, such as Limited Liability Companies, partnerships, sole proprietors and S-Corporations. These entities pay state and federal income tax on net revenues generated by the company, regardless of whether such revenues are distributed to business owners.

Connecticut simply cannot respond to the state's budget crisis by raising taxes without risk of pushing the state further into recession. According to the state Department of Labor, the deepening recession is causing job losses in almost every industry sector and region of Connecticut. We lost 29,300 jobs in 2008 and our unemployment rate jumped from 4.8% in December 2007 to 7.1% in December 2008.

Further increasing business taxes will lead to reductions in the number of jobs across all sectors. A study addressing the impact on the New Hampshire economy of closing a budget gap through increased business taxation concluded that "even a small additional increase in business taxation leads to more than just a small bump in economic performance. Indeed, it creates a significant drag on the state's economy. It will cause crucial reductions in jobs, sales, investment, household earnings and gross state product..."

During these difficult economic times, Connecticut's tax policies must remain competitive with other states and encourage rather than stifle job growth. In order to ensure our state's economic recovery, we must take steps to nurture the growth of business and get people back to work. By reducing the size of government and making state and local government more efficient, we can work together to address the budget deficit and position Connecticut for economic recovery.

The Quinnipiac Chamber of Commerce serves more than 800 member companies from the North Haven and Wallingford area. We are the largest non-metropolitan chamber in the state.