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TESTIMONY OF

THE CONNECTICUT MESSENGER COURIER ASSOCIATION
THE CONNECTICUT COALITION OF PROPERTY OWNERS
THE GREATER DANBURY CHAMBER OF COMMERCE
THE LUMBER DEALERS' ASSOCIATION OF CONNECTICUT
THE MILFORD CHAMBER OF COMMERCE
THE NORTHWEST CONNECTICUT CHAMBER OF COMMERCE

BEFORE THE LEGISLATURE'S
FINANCE REVENUE & BONDING COMMITTEE
10:00 AM, MONDAY, FEBRUARY 9, 2009
ROOM 1E, LEGISLATIVE OFFICE BUILDING
HARTFORD, CONNECTICUT

Good morning. My name is Marshall R. Collins. I am appearing in my capacity as Counsel for Government Relations for the aforementioned six organizations (the "Organizations"). Collectively they represent more than 4,000 employers of approximately 130,000 men and women in Connecticut.

The Organizations recognize the extraordinary fiscal crisis that confronts employers, employees and all residents of Connecticut and cannot support several of the bills before you today which amount to tax increases that are inflationary at best.

HB 6350 AA Eliminating Exemptions From The Sales And Use Tax And Lowering The Rate Of Such Tax. This proposal would increase the cost of doing business for a wide range of businesses and make Connecticut even less competitive than it already is. This bill would hit manufacturers particularly hard by applying the sales tax to manufacturing machinery and equipment. When Connecticut is struggling to retain its manufacturing base, it appears ill-advised to increase the taxes on what could be the most at risk portion of our economy. Furthermore, the proposal would be inflationary. If possible

adding to the high cost of living.

HB 6349 AAC The Sales Tax On Services. This proposal would impose the sales tax on professional services, including attorney's fees. Wherever possible, those increases also would be passed through to consumers. In these difficult times, it makes little sense to increase the costs for consumers, who in many cases are struggling employers which are trying to receive payment for services rendered or to defend themselves from baseless lawsuits. Should the cost of justice be increased?

SB 807 AAC Combined Reporting For The Purposes Of The Corporation Business Tax. This proposal would impose unitary taxation on Connecticut businesses of all sizes. It is designed to increase the tax liability of Connecticut companies during this deep recession. It is an anticompetitive measure that is ill advised at this time.

These proposals should be considered together. They are designed to increase the cost of doing business on virtually every segment of Connecticut's economy and the cost of living for individuals as well. At best the proposals will be inflationary. At worst, they will make Connecticut even less competitive and drive businesses under or out of the state.

Whenever possible, higher costs of doing business are passed through to consumers, who are also struggling. Where employers cannot pass these costs through their options are to cut expenses, which include payroll and benefits, or to reduce operations.

This is not the time for Connecticut to increase the cost of living and the cost of doing business. The adverse consequences clearly outweigh any short term benefits. Therefore, the Organizations cannot support **SB 807**, and **HB 6349** and **HB 6350** at this time.

This completes my testimony. Thank you for your consideration.