



TESTIMONY REGARDING

Senate Bill 807 – An Act Concerning Combined Reporting for Purposes of the Corporation Business Tax,

Senate Bill 815 – An Act Concerning a Moratorium on Business Tax Credits,

House Bill 6348 – An Act Concerning Corporation Business Tax Credits,

House Bill 6349 – An Act Concerning the Sales Tax on Services,

and House Bill 6350 – An Act Eliminating Exemptions from the Sales and Use Tax and

Lowering the Rate of Such Tax

before the

Finance, Revenue & Bonding Committee

February 9, 2009

Massachusetts Mutual Life Insurance Company (“MassMutual”) is a 158 year old New England company offering life insurance, long-term care, and disability insurance, as well as, retirement products. Regionally MassMutual employs 6,500 of which approximately 2,100 employees are located in Enfield, Connecticut.

MassMutual urges the Finance, Revenue and Bonding Committee to reject the above referenced revenue proposals as they would dramatically increase the cost of doing business in Connecticut, would place businesses having operations located in the state at a competitive disadvantage compared to businesses with operations located elsewhere, and would significantly hamper efforts to otherwise promote economic recovery within the state. We understand the dire situation regarding the state budget, however, we strongly assert that balancing the budget on the backs of Connecticut corporations will only prolong and perhaps even worsen the state’s economic recovery.

Adoption of **Senate Bill 807 – An Act Concerning Combined Reporting for Purposes of the Corporation Business Tax** would result in a new mandatory combined reporting system in Connecticut. Combined reporting would greatly increase the complexity and uncertainty regarding complying with the Connecticut corporation business tax, resulting in a substantial increase to the administrative costs of audit/review and compliance for the Department of Revenue Services as well as the taxpayer, with no guaranty of increased tax revenues. This is a lose-lose proposition for both the state and businesses.

Both **Senate Bill 815 – An Act Concerning a Moratorium on Business Tax Credits** and **House Bill 6348 – An Act Concerning Corporation Business Tax Credits** propose to delay, limit and potentially recapture otherwise earned tax credits. Passage of these proposals may have an

immediate and detrimental effect to a company's balance sheet and effectively creates a disincentive for businesses to continue to invest in the state.

If enacted, **House Bill 6349 – An Act Concerning the Sales Tax on Services**, and **House Bill 6350 – An Act Eliminating Exemptions from the Sales and Use Tax and Lowering the Rate of Such Tax** would broaden the scope of the Connecticut sales and use tax in a way that is unprecedented in any other state in the country. Expanding the sales and use tax base would dramatically increase the cost of doing business in Connecticut to such an extent that a Connecticut based business would be placed at a tremendous competitive disadvantage for having operations located within the state.

We respectfully request that the committee reject these tax proposals. Thank you for your consideration of our position.

If you have any questions, please contact Kate Kiernan-Pagani, Assistant Vice President & Counsel, at 413-744-4026 or kkiernanpagani@massmutual.com.

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