



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

TESTIMONY OF
BONNIE STEWART
VICE PRESIDENT OF GOVERNMENT AFFAIRS
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
BEFORE THE
COMMERCE COMMITTEE
MARCH 16, 2010

My name is Bonnie Stewart. I am vice president of government affairs for the Connecticut Business and Industry Association (CBIA). CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. The vast majority of our member companies have fewer than 50 employees.

I am here to speak about two measures before you today that are aimed at helping small businesses. They are:

- SB 23, An Act Establishing A Qualified Small Business Job Creation Tax Credit, and
- SB 450, An Act Establishing A Revolving Loan Fund For Small Businesses.

SB 23, An Act Establishing A Qualified Small Business Job Creation Tax Credit

CBIA supports SB 23, An Act Establishing A Qualified Small Business Job Creation Tax Credit. This measure permits small businesses in the state with fewer than twenty-five employees to take advantage of the job creation tax credit.

For more than a decade nearly every business entity that has come into existence has formed as a Limited Liability Corporation, Limited Liability Partnership, Limited Partnership or an S Corporation. This is particularly true of small businesses. Still, Connecticut law does not permit those businesses, called "pass-through" entities to take advantage of the state's various tax credits because pass-through entities pay their business taxes through the Personal Income Tax, not the Business Corporations Tax.

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SB 23 moves us into the future by changing that policy and permitting pass through entities to apply the job creation tax credit against their personal income tax. This is a modification policy we encourage you to expand so as to permit pass through entities to use all of the state's business tax credits.

CBIA urges you to adopt SB 23.

SB 450, An Act Establishing A Revolving Loan Fund For Small Businesses

CBIA opposes in part, and supports in part SB 450, An Act Estblishing A Revolving Loan Fund For Small Businesses.

Many businesses are suffering as a result of the credit crunch. Among them are numerous small businesses that need a little assistance to either make it through a rough time, or grow in these credit tight times. For these reasons CBIA supports establishing a revolving loan program to help these companies.

CBIA opposes the first two sections of SB 450 concerning TARP recipients. These sections allow for the imposition of a surcharge on certain employee bonuses at companies that are recipients of TARP. These sections would establish a number of bad public policy precedents and are likely to be found unconstitutional. Instead of using the taxing scheme in this measure to fund the small business revolving loan fund, CBIA recommends the use of some of the job creation tax credit funds as we do not believe the \$10 million allotted for small business job creation tax credit program will be fully used, nor do we think similar monies allotted for the C corporations job creation tax credit program will be fully used.

CBIA urges you to delete sections 1 and 2 of this measure and move forward with sections 3 and 4.

Thank you for the opportunity to voice CBIA's opinions regarding SB 23 and SB 450.