



STATEMENT REGARDING
House Bill 5209: An Act Concerning Small Business Tax Credits

Commerce Committee
February 25th, 2010

The MetroHartford Alliance is Hartford's Chamber of Commerce and the region's economic development leader. Our investors include businesses of all sizes, health care providers, institutions of higher education, and 34 municipalities. The Alliance's mission is to ensure that the Hartford Region competes aggressively and successfully for jobs, talent and capital so that it thrives as one of the country's premier places for all people to live, work, play, and raise a family.

During this time of ongoing fiscal recession, it is vital that we implement tax policy that stimulates a meaningful economic recovery. The *Wall Street Journal* reported in 2009 that other states, such as Colorado and Minnesota, are publicly encouraging business relocation and retention by proposing job creation tax credits and tax cuts for business, while other states are establishing or expanding funds for job training, credit lines for businesses and contemplating phasing out corporate income tax entirely.

At a time when other states are endorsing aggressive tax strategies to encourage investment and job growth, we need to take steps to become more competitive. The legislation before you presents us with an opportunity to help Connecticut stand out as a premier place to do business. In past sessions, we supported the establishment of the state's Job Creation Tax Credit. We still remain very supportive of this credit but acknowledge that it unfortunately does not reach our smaller employers.

House Bill 5209 does impact employers of fewer than twenty-five employees, offering a \$2,500 tax credit for each of two successive income years after hiring a new employee. This legislation will help us compete with other states that are actively pursuing the same jobs, capital and talent at a time when competition is increasingly intense. It will foster start up businesses and encourage entrepreneurs. We critically need incentive tools such as this proposed credit in order to gain the advantages necessary to stand out among our peers.

Your consideration of proposals such as this sends an important message to Connecticut's employers and potential employers that our state is supportive of business development and job growth. We thank you for your consideration of this proposal and ask you to vote in favor of House Bill 5209.