



State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR DAN DEBICELLA

DEPUTY MINORITY LEADER
TWENTY-FIRST DISTRICT

1 LAZYPROOK ROAD
SHELTON, CONNECTICUT 06484

HARTFORD: (860) 240-8800
TOLL FREE: 1-800-842-1421
HOME: (203) 225-0558
FAX: (860) 240-8306
E-MAIL: Dan.Debicella@cga.ct.gov

RANKING MEMBER
APPROPRIATIONS COMMITTEE
HIGHER EDUCATION & EMPLOYMENT
ADVANCEMENT COMMITTEE
PUBLIC HEALTH COMMITTEE

MEMBER
REGULATIONS REVIEW COMMITTEE

Raised H.B. 5209, An Act Concerning Small Business Tax Credits

Good afternoon Chairmen LeBeau and Berger, Ranking Members Frantz and Alberts, and members of the Commerce Committee. Thank you for allowing me the opportunity to testify in favor of House Bill 5209, *An Act Concerning Small Business Tax Credits*.

As we have seen from the recent high unemployment in the state of Connecticut and throughout the country, it is more important than ever for the legislature to make job creation a priority. Job growth provides the economic basis for everything else we seek as a society. Businesses—especially small businesses—are the key to job creation. Small business owners have created more than 90 percent of the new jobs in our state in the last 10 years. While big corporations are great to have in Connecticut, it is the little guy who really drives our economic growth and I support the intent of this legislation; to promote job growth and economic development.

Raised Bill 5209 seeks to accomplish this by offering incentives to small businesses by expanding the existing Jobs Creation Tax Credit, which provides tax credits to Connecticut C-corporations that add ten or more new jobs in a year. I am proud to have worked with Chairmen LeBeau and Berger to guide this bill through the legislative process in 2007 when it passed with strong bipartisan support.

While the existing tax credit is a win for businesses and employees in the state because it acts as an incentive for hiring, it is underutilized because of its limitations. I commend the committee for recognizing that and for taking the initiative to extend the tax credit to more businesses.

As written, H.B. 5209 would offer a tax credit of \$2,500 for every new full time employee hired from January 2010 to January 2011 to small businesses with 25 or fewer employees that are subject to taxes under Chapter 207, 208 and 229 (income tax). By allowing this tax credit to be claimed against the income tax, more businesses will be eligible. Additionally, between January 2011 and until January 2013, the credit would be valued at \$2,500 if the employee is hired within the first six months of the year, and \$1,250 if that employee is hired in the last six months of that income year.

My only suggestions for the committee would be to make this credit available to any business in Connecticut that creates any new job, and to set the credit at a fixed value of \$2,500, regardless of which month of the income year the job was created.

Most importantly, expansion of the existing tax credit would not increase the budget deficit. Ten million dollars is already in the budget for this proposal, and by using that money to expand the existing program, Governor Rell estimates that nearly 4,000 new jobs could be created this year alone.

While the legislature has more work to do make Connecticut an attractive state for companies to do business in, I believe this legislation is an excellent start, and I hope it receives the same bi-partisan support as it did in 2007. I thank the committee for hearing my testimony, and I look forward to working with you this session on developing this legislation.