



**TESTIMONY
CHRISTINE MANSFIELD
LEGISLATIVE COMMITTEE CHAIR
QUINNIPIAC CHAMBER OF COMMERCE
BEFORE THE FINANCE COMMITTEE
MARCH 1, 2010**

RE: SB-1, AN ACT CONCERNING THE PRESERVATION AND CREATION OF JOBS IN CONNECTICUT.

The Quinnipiac Chamber of Commerce **supports the intent of SB-1**, to preserve and create jobs in Connecticut. Since March 2008, Connecticut has lost 94,500 jobs. Given the job losses and high unemployment rate, creating a more competitive business climate that nurtures and supports job growth must be a top priority this year.

Connecticut's tax policies are certainly a factor in how competitive Connecticut is with other states. **We therefore support the provisions in the bill which eliminates the Business Entity Tax** for certain LLCs, LLPs and other pass through entities. However, we believe the tax should be eliminated in its entirety. When the business entity tax was adopted in 2002, it was understood that this was a short-term fix to address a looming budget deficit. But now, small businesses are facing turbulent economic times and need our help. While \$250 doesn't sound like a lot, repealing what is considered a nuisance tax on small businesses would shine a spotlight on the state's commitment to small business growth.

Some argue that Limited Liability Companies and other business entities pay no other taxes except the Business Entity Tax. This is simply not true. LLCs, LLPs, S Corporations and other pass through entities pay state and federal income taxes on the net income generated by the company, regardless of whether that income is distributed to the owners. They also pay dozens of state and local taxes every year, including sales and use taxes, property taxes, unemployment compensation taxes, insurance premium taxes, licensing fees, registration fees, workers' compensation and Second Injury Fund assessments, etc.

We also support provisions in the bill which create a small business loan or loan guarantee program. Our small business members are consistently saying that obtaining financing for expansion and new projects is almost impossible to achieve. They need help and a loan fund would help them.

In addition to the issues included in this bill, the Quinnipiac Chamber urges you to take other steps to create a competitive business climate in this state by rejecting any and all legislation that will add to the cost of doing business. Legislation such as the paid sick leave mandate sends a very negative signal to the business community that undermines efforts like SB-1 to encourage job creation.

In addition, we urge lawmakers to focus on ways to ease the regulatory burden on businesses and ensure that state agencies are a partner in supporting job growth, not an adversary. Costly and burdensome state regulations should not be imposed *without a thorough analysis of the short and long-term impacts on business and job growth.*

The Quinnipiac Chamber of Commerce serves more than 750 member companies from the North Haven and Wallingford area. We are the largest non-metropolitan chamber in the state.