

**TESTIMONY
BONNIE STEWART
VICE PRESIDENT OF GOVERNMENT AFFAIRS
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
BEFORE THE
FINANCE COMMITTEE
MONDAY, MARCH 7, 2011**

Good afternoon. My name is Bonnie Stewart. I am vice president of government affairs for the Connecticut Business and Industry Association (CBIA). CBIA represents over 10,000 companies in the state ranging from large industrial corporations to small businesses with one or two employees. The vast majority of our members, about 90 percent, are employers with fewer than 50 employees.

CBIA is concerned with HB-6387 AAC Personal Property Tax Exemptions. This measure, in part, imposes a personal property tax on aircraft and vessels. CBIA is concerned with this measure because we believe that the imposition of the personal property tax on this equipment will result in the aircraft and vessels being moved to bordering states and with them also the economic activity they generate.

Connecticut has many small businesses that store and service aircraft and marine vessels. In order for these businesses to survive they need to have these air and sea equipment in the state on a routine basis. Not only do these companies provide hangers and slips for which they are compensated, many also service the aircraft and marine vessels. Most of these services are performed in order to keep the aircraft and marine vessels in excellent working order, not just to fix them when they've "broken down." If the home of the aircraft and marine vessels is moved out of state, is unlikely that their ongoing maintenance will take place in Connecticut.

With competitive marinas available in Rhode Island and New York, Connecticut's marinas and vessel service operations along Connecticut's shoreline will undoubtedly suffer a significant loss of business. The same is true with Connecticut's airports and aircraft service providers, as owners will be able to relocate their property to Westerly Airport in Rhode Island,

Westchester Airport in New York, or to Chicopee, Massachusetts to name a few possible locations.

Our concern is not only for the many businesses that will be hurt by this action but also for the impact on state revenues. It is very possible that not only will the new revenues desired by the imposition of the property tax not be received, but taxes collected on fuel will decline as well as the tax on business income from the many small companies in this service industry.

The decision not to impose a property tax on aircraft and vessels in the past was based on the understanding that such a tax would reduce the presence of aircraft and vessels, as well as other positive economic activity related to them, in the state.

Thank you for the opportunity to share CBIA's concerns on this matter.