

Testimony- Finance Committee
March 28, 2011
Kevin Mardoff
Opposing HB 6624

Sen. Daily, Rep. Widlitz, Sen. Roraback, Rep. Williams and committee members:

I strongly oppose HB 6624, the affiliate nexus tax bill. If this bill passes, the state will NOT gain additional taxes, and my small business income will be devastated in the process. My income is earned from advertising on my website. We help people save money by posting coupons on it. My website is my livelihood to support my family and I. If this bill is passed, I will have to move out of state or face up to a 50% pay cut.

HB 6624 claims that by advertising on my websites, out-of-state retailers will be forced to collect sales tax from Connecticut citizens. But these bills miss one critical point: out-of-state retailers will simply stop advertising on my websites to avoid having to collect sales tax – and my income will be devastated. This isn't an idle threat, my peers in NY, NC, RI and now IL, had their online advertising businesses nearly wiped out overnight when hundreds of retailers terminated their advertising agreements when similar laws passed. I am certain they will terminate me if the law passes here.

The recent offers by big-box retailers to join their affiliate programs are ridiculous. If visitors to my site like to shop at big-box retailers, I'm already advertising for them. And if my visitors don't like big-box retailers, their ads are irrelevant to my site visitors. By cutting off the hundreds of other retailers who advertise in Connecticut, the law is just depriving my visitors from choices and me from income.

If passed, this law would wipe out my business and still not collect any new sales tax dollars because the out-of-state retailers will fire me rather than collect sales tax. It is a simple business decision for them.

I urge you reject HB 6624. Neither will earn any additional tax revenue for Connecticut, and they will damage my business in the process.

Sincerely,

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