



**TESTIMONY
JOSEPH PELLECCIA
EXECUTIVE DIRECTOR
CT PLUMBING, HEATING & COOLING CONTRACTORS ASSOCIATION
BEFORE THE
FINANCE COMMITTEE
MARCH 7, 2011**

Re: SB-1007, An Act Concerning the Governor's Recommendation on Revenues

The Connecticut Plumbing, Heating and Cooling Contractors Association (CT-PHCC) is very concerned about the tax increases included in SB-1007 which will negatively affect Connecticut's economic recovery.

The vast majority of our members provide plumbing services in the residential market, which has slowed down considerably due to the economy. Permits for new home construction were way down in 2010, marking the sixth straight year of declines. Customers are also very nervous about undertaking any renovations or remodeling projects.

As predominately small businesses, we are working hard to make ends meet and cutting costs where possible in order to keep our employees on the payroll and our doors open. We simply cannot absorb any additional costs if we are to successfully weather this fiscal crisis. Increasing the personal income tax, imposing a surcharge on the corporate income tax rate and increasing the sales tax and eliminating various sales tax exemptions will result in huge increases in the cost of doing business in Connecticut. We cannot simply pass these costs on to customers because we will price ourselves out of the market and lose jobs to contractors in neighboring states.

While we understand that the state is facing dire financial straits, adding to the cost of doing business is the wrong direction to go, particularly given that unions are vehemently opposing efforts to obtain \$1 billion in concessions. We urge you to cut state spending to address the budget deficit rather than undermine our long-term economic recovery by making it impossible for businesses to continue to operate and provide jobs.

We are also concerned that expanding the estate tax reverses some important tax policy changes that have benefited family owned businesses. Many of us have worked hard over the years in the hope that we would have a successful business to pass onto to our children. Subjecting estates to additional taxation makes it very hard to realize the dream of passing your business down through the generations.

CT-PHCC is a not-for-profit trade association that represents the professional plumbing, heating and cooling contractors in the state of Connecticut. CT-PHCC and its members are committed to protecting the health and safety of the public. Contractors who belong to the association have demonstrated reliability and trustworthiness and are licensed by the state of Connecticut.