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State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR TONI BOUCHER
TWENTY-SIXTH SENATE DISTRICT

LEGISLATIVE OFFICE BUILDING
ROOM 3701
HARTFORD, CT 06106-1591
CAPITOL: (860) 240-0465
TOLL FREE: (800) 842-1421
FAX: (860) 240-0036
E-mail: Toni.Boucher@cgs.ct.gov

DEPUTY MINORITY LEADER

RANKING MEMBER
EDUCATION COMMITTEE
HIGHER EDUCATION COMMITTEE
TRANSPORTATION COMMITTEE

MEMBER
FINANCE, REVENUE AND BONDING COMMITTEE

Testimony in Support of SB 390 AN ACT MAKING PERMANENT THE JOB EXPANSION TAX CREDIT PROGRAM.

By Senator Toni Boucher

March 12, 2013

Chairman LeBeau, Chairman Perone, Ranking member Frantz, Ranking Member Lavielle and other distinguished members of the Commerce Committee. Thank you for the opportunity to testify on SB 390 AN ACT MAKING PERMANENT THE JOB EXPANSION TAX CREDIT PROGRAM. The Job Expansion Tax Credit was passed in October 2011 as a replacement for the job creation tax credit, the qualified small business job creation tax credit, and vocational rehabilitation job creation tax credit, while retaining a cap of \$20 million per fiscal year.

In order to claim the credit businesses with 0-50 employees must have 1 new employee in the taxable year; businesses with 51-100 employees must create 5 new jobs, and businesses with 100 or more must create 10 new jobs. The savings that a small business could realize for each of these new jobs are considerable. Qualifying businesses earn a credit of \$500 dollars a month for every new job created, and \$900 a month if the position is filled by an employee who has not had a full time job since their unemployment benefits ran out, is a military veteran, or is receiving vocational rehabilitation services from the Bureau of Rehabilitative Services.

Under the original bill, PA 11-1, businesses could only qualify for this tax credit if they created new jobs between January 1, 2012 and January 1, 2014. SB 390 removes the 2014 end date, making the tax credit permanent. Tax reductions in any form are an effective means of incentivizing businesses to grow and add new jobs. With the unemployment rate in Connecticut significantly higher than the national average, a permanent tax credit for job expansion is a change we should welcome.

Though it would be preferable if taxes were lower for everyone, the job expansion tax credit is a small but valuable step toward improving the business climate in Connecticut. Making the credit permanent would enable more businesses to take advantage of it and create the most opportunity for citizens who are looking for work.

Thank you for your time and attention to this important issue.