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S.B. 1075, An Act Concerning Construction Services and the Reporting of Nonwage Payments Committee on Labor and Public Employees

**Public Hearing: Committee on Labor and Public Employees
March 14, 2013**

Connecticut Construction Industries Association, Inc. (CCIA) represents many sectors of the commercial construction industry in the state. Formed over 40 years ago, CCIA is an organization of associations, where those segments of the commercial construction industry work together to advance and promote their shared interests. CCIA is comprised of over 300 members, including contractors, subcontractors, material producers, suppliers and affiliated organizations.

S.B. 1075 would require a construction services business to report virtually all nonwage payments made to another construction services business to the Commissioner of Revenue Services prior to January 31st of the year following the calendar year in which the payment was made. The bill would also require the commissioner to transmit that information to the unemployment division of the Department of Labor no later than the first day of the month following the calendar year in which the commissioner receives such notice.

This bill appears to accomplish two things simultaneously. One, it would allow the Department of Revenue Services to track just about all contractor-to-contractor transactions (monthly pay requisitions, multiple contractors, multiple-tier contractors) thereby assisting DRS in identifying tax scofflaws. Also, it would give the Department of Labor additional information to help them better track down businesses that do not pay their unemployment compensation taxes.

CCIA believes this bill is well-intentioned and would possibly help level the playing field between those who play by the rules and those who do not. But we also believe there is a balance to be considered here. Those contractors who obey all the rules and laws, and do all the right things for the right reasons, would bear a heavy burden, and we are concerned that such a system may cost the entire industry more in terms of additional administration. The issue becomes a balancing act between the cost versus benefit, and we question whether the benefits of adding an additional tool to catch tax cheaters would outweigh the burdensome costs of requiring every contractor to itemize virtually every transaction with another contractor and report that information to the DRS on an annual basis. We ask that committee carefully weigh the costs versus the benefits of this proposal in your deliberations on S.B. 1075.

For additional information, please contact Don Shubert, CCIA President, at 860-529-6855.



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