

**TESTIMONY
BONNIE STEWART
CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION
BEFORE THE
FINANCE, REVENUE AND BONDING AND COMMERCE COMMITTEES
THURSDAY, MARCH 13, 2014**

Good afternoon. My name is Bonnie Stewart. I am vice president 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 supports and urges the adoption of **SB 367 An Act Concerning The Gift And Estate Tax**. This measure would eliminate double taxation under Connecticut's gift and estate tax law by matching certain provisions of the federal Internal Revenue Code.

SB 367 is of significant importance to Connecticut's small business community as well as many family-owned businesses in the state. This is because many small and family-owned businesses use trusts in their succession planning. When the trusts are established, gift taxes are often paid. Yet when a person dies before a certain amount of time has passed after the trust is established, the assets contained in the trusts are brought back into the estate, and the Department of Revenue Services then taxes the estate without granting a credit for taxes already paid. Thus, the result is double taxation.

In addition to being unjust, the practice of double taxation causes many people to establish residences outside of the state, thereby reducing Connecticut's revenue potential. The practice also further deters many small and family-owned businesses from investing further in their company. This is because small businesses usually have a great deal of their assets committed to the operation of the business, yet not sufficient liquid assets to pay the estate tax. Concerns over the tax, even when it is not applied twice, are already significant enough to stop many small businesses from investing more in their business and hiring additional employees. The double taxation issue just makes matters worse.

Double taxation is fundamentally wrong and the practice should be stopped. Therefore CBIA urges you to support this measure which will help make Connecticut more economically competitive.

Thank you for your consideration.