



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
CONCERNING
SB-447, AAC A STUDY OF THE STATE'S TAX STRUCTURE
BEFORE THE
FINANCE, REVENUE & BONDING COMMITTEE
MARCH 17, 2014**

A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, I offer the following comments:

NFIB/Connecticut has significant concerns with SB-447 and opposes the bill as currently drafted. While NFIB is certainly supportive of efforts to encourage local economic development, allowing municipalities to assess property taxes based on business profits is counterintuitive and could set a dangerous precedent. In the 2012 edition of "Small Business Problems & Priorities" by the NFIB Research Foundation, "Property Taxes" ranks as the ninth most serious problem for small business owners, falling five positions from 2008, but with nearly twenty-five (25) percent deeming this problem as "critical". The recession took a heavy toll and real estate values, thus slightly tempering the impact of property taxes on small-business owners. As real estate prices increase, along with municipal mill rates, this will likely become a greater problem once again. Small-business owners are heavily invested in real estate, with ninety-two (92), including commercial and investment properties. Giving cities and towns the ability to make such assessments based on vacancy rates and/or net profits of a business may be unworkable and is questionable tax policy that could hurt not only small business owners but also their customers. Rather than allowing municipalities this type of assessment option as contemplated in SB-447, eliminating wasteful spending, incentivizing shared services, and eliminating costly unfunded state mandates on municipalities would help put our cities and towns in a better fiscal position, which in turn would help stimulate economic growth at the local level. As such, NFIB/Connecticut urges no action on the bill at this time.

Thank you for your consideration of NFIB's comments on this bill and we welcome further discussion on this issue on behalf of small business.