

UMS CAPITAL GROUP LIMITED LLC
102 Wolcott Road, Wolcott, CT
Tel. 203-879-2009

March 10, 2014

State of Connecticut
Labor Committee

Dear Committee:

I have one S Corporation, one Limited Partnership, and 15 Limited Liability Corporations in the State of Connecticut, a total of 17 businesses that pay Connecticut taxes (including the above named company).

I am in favor of HB 5314 because:

1. It would clean up part of Connecticut's debt, and
2. It would reduce or eliminate the need for extra taxes at the federal level, and
3. It would eliminate the arbitrary and usurious penalties imposed by the State of Connecticut on small businesses, such as my 17 companies.

I have so much paperwork with 17 companies that I outsource my payroll paperwork to a payroll service company, and they pay all my unemployment taxes.

But, when the State of Connecticut imposed a surcharge in July 2013, and again in August 2013, they did not send a notice to the payroll company. The State of Connecticut sent it directly to us, and I assumed they sent a duplicate notice to the payroll company. The State of Connecticut only sent a notice to us. As a result, it went unpaid for two months.

So, on a surcharge of \$18.00, the State of Connecticut charged a penalty of \$50.00 for every 30 days late payment. In two months, this company accumulated interest charges of \$1.14, but penalties of \$100.00. The penalties were 87 times the interest charged.

The State of Connecticut should abandon its arbitrary, usurious penalties on businesses. Is it any wonder that mobile companies do not want to stay in Connecticut? Is it any wonder that out-of-state companies are reluctant to move into Connecticut?

Sincerely yours,

Frederick S. Townsend
Statutory Agent