



Orange Research Inc.

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Testimony of Paul A. Hoffman

Orange Research, Inc.

Before

The Commerce Committee

March 13, 2014

Regarding

**S.B. No. 303 – An Act Extending the Research and Experimental
Tax Credit to Pass Through Entities**

My name is Paul Hoffman and I am the President and Owner of Orange Research, Inc., a third generation manufacturing company located in Milford, Connecticut with 48 employees. I am writing in support of S.B. No. 303 – An Act Extending the Research and Experimental Tax Credit to Pass Through Entities.

I want to make you aware of the importance of expanding R&D Tax Credits to Pass Through entities like Sub "S" corporations, LLC's and proprietorships. The majority of smaller manufacturers in Connecticut are Pass Through entities and employ, on average, 35 people. Most small manufacturers are cash strapped and a perfect solution to help these smaller manufacturers grow and create desperately needed jobs in Connecticut, would be to allow these companies to receive the Connecticut R&D tax credit.

Orange Research manufactures proprietary industrial instrumentation, which is sold both domestically and internationally. In order for us to remain competitive, we need to grow. Over the last four years, we have spent well over a million dollars on R&D and received approximately 6% for these investments in Federal R&D tax credits each year.

We continue to make a large investment year after year to grow our business and create the need for additional jobs in Connecticut. The Federal R&D tax credits help us to invest in these projects and accelerate the process. Most new industrial products take a number of years to mature before we see any significant return on our investments and the Federal R&D tax credits and, if approved, State R&D tax credits would help us to continue to make these investments.

Currently, "C" corporations have the exclusive right to participate in the Connecticut R&D tax credits. Many of the smaller manufacturers, who are not "C" corporations, are suppliers to and support the larger "C" corporations. In addition, our neighboring states, New York and Massachusetts, offer a State R&D tax credit, in addition to the Federal R&D tax credit. Why shouldn't Connecticut's Pass Through entities also enjoy these tax credits?

If you want to make Connecticut more business friendly, you need to help us make investments in business growth, which in turn, will create the need for more jobs, by expanding the State R&D tax credit to Pass Through entities.

Sincerely,

Paul A. Hoffman,
President & Owner



"the differential pressure people"