



TO: Honorable Members of the Appropriations Committee

FROM: Wendy Traub, Hemlock Directional Boring, Inc. & NFIB/CT Leadership Council

RE: Small Business Support of HB-5968 (Use of Budget Surplus to pay down Unemployment Fund Borrowing Interest)

DATE: March 27, 2015

I am writing in support of HB 5968: An Act Requiring Funds From The Budget Reserve Fund and Any Excess Revenue To Be Used To Pay Interest Related To State Borrowing For Unemployment Compensation Benefits.

As a small business owners of a specialized construction company in Northwestern Connecticut, my husband and I employ approximately 15-20 employees during the busy season. Construction, however, can be a fickle industry and employee turnover can be much higher than it is in other industries. Therefore, we suffer the fate of many construction companies whereby our state unemployment rate is always determined to be the maximum (currently 6.8%) because of the amount of benefits charged to our company in comparison to our taxable payroll for the experience period.

It was very disheartening to receive a Special Assessment from the Connecticut Dept. of Labor to cover interest due on money the State borrowed to cover extended unemployment benefits to employees, of which we have no control over. In a time where small business owners are finally becoming financially stable after the impact of the recession, this additional tax only further adds to the myriad of taxes the State places on us. Instead of adjusting spending elsewhere in the State budget, we are now being forced to pay interest on a loan we did not even agree to take on. In addition, I was shocked to find out that my Federal Unemployment tax was also increased because we are a "Credit Reduction" state. This credit reduction increased my FUTA tax for the year by 150% in 2013 alone! These percentages will only get larger as the debt continues.

Our goal continues to be to run a successful business that promotes long-term employment for our employees. The more we are nickel and dimed by the State, the more difficult it is for us to be competitive and financially stable. These additional taxes can also limit our ability to offer other benefits and salary increases to our workers, which can be an important factor in their employment with any company.

As the State continues to look for ways to make Connecticut “business friendly”, I would highly encourage you to support this bill, or any other piece of legislation that removes the tax burden from small business owners.

Sincerely,



Wendy Traub