

TIMOTHY S. HEENAN, PRAXAIR, INC.

**WRITTEN STATEMENT BEFORE THE COMMITTEE ON
FINANCE, REVENUE AND BONDING**

**GOVERNOR'S BILL NO. 946:
AN ACT CONCERNING REVENUE ITEMS TO
IMPLEMENT THE GOVERNOR'S BUDGET**

MARCH 9, 2015

My name is Timothy Heenan and I am the Vice President of Tax and Treasurer for Praxair, Inc., an American multinational headquartered in Danbury, Connecticut. Praxair is the largest industrial gases company in North and South America with 2014 sales of \$12.3 billion and employs approximately 23,000 workers in over 50 countries. The company manufactures, sells and distributes atmospheric, process, and specialty gases and high performance surface coatings. Praxair products, services and technologies bring productivity and environmental benefits to a wide variety of industries, including aerospace, chemicals, food and beverage, electronics, energy, healthcare, manufacturing, metals, among others.

Praxair strongly supports the critical goal of creating a state budget that promotes long-term fiscal sustainability as well as state competitiveness. Connecticut competitiveness depends on the state being an attractive place to invest and conduct business. In this, the state's corporate tax code plays a significant role.

Business taxes result in reduced profits and are passed through to consumers, employees, and shareholders in the form of increased product prices, lower wages, and lower dividends or share value. The Committee must, therefore, be mindful of this reality as they examine any proposal that seeks to balance the state's budget, in part, by increasing the tax burden on business.

But perhaps equally important as the amount of taxes levied on business, is maintaining an appropriate degree of predictability and consistency in the state's corporate tax laws. Whether it is building a new corporate headquarters or a manufacturing plant or hiring new employees, businesses make decisions that are based on long-term economics. Businesses need a tax code that allows them to possess a degree of confidence about the future tax implications of the decisions they make today.

The current legislation contains a variety of proposed business tax increases, including permanently extending the 20-percent corporate surcharge, limiting net operating loss carry forwards, and reducing the business tax credit cap. Of particular concern to Praxair are the proposed reductions for the business tax credit cap. Unused business tax credits are deferred tax assets that are recorded as such on a company's balance sheet. They, therefore, have very real value. Reducing the cap would result in a large immediate tax increase for many companies with significant existing tax credits. It could also have longer term impacts for many companies that, as a result of the proposed reduced cap, may be unable to utilize the credits before they expire.

As the Committee continues to explore the appropriate path toward a sustainable balanced budget, Praxair encourages the Committee to carefully weigh the revenue benefits of business tax increases versus the potential economic harm of those increases on the state's competitiveness.