



## CONNECTICUT

**TESTIMONY OF  
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)  
SUPPORTING  
HB-5047, AAC EXEMPTIONS UNDER THE PROPERTY TAX  
BEFORE THE  
FINANCE, REVENUE & BONDING COMMITTEE  
FEBRUARY 26, 2016**

*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, NFIB/Connecticut offers the following comments:*

NFIB/Connecticut supports the Governor's proposal contained in HB-5047 as a first-step, common-sense attempt to provide some much needed tax relief to a wide swath of small businesses in Connecticut. This proposal would result in an "exemption" from the local personal property tax for close to half of all small businesses in the state, according to some estimates, by allowing businesses with *total* personal property valued at less than \$10,000 to file for an exemption with their local municipal assessor. This exemption would occur upon a small business owner filing a form to be put forth by the Office of Policy and Management. In order for this exemption form to work for small business owners that already have enough paperwork to deal with, the form needs to be clear and simple. It should not require a small business owner to have to in any way itemize their property or spend their time inventorying how many paper clips or Post-It notes they have on hand, but rather, in essence, it should be nothing more than a simple declaration that in the small business owner's best estimate they do not have personal property valued at \$10,000 or more.

That said, NFIB does have some concerns about the "cliff" aspect of this exemption, since it provides for a total exemption for those small businesses with property valued at less than \$10,000 and for full assessment on all property valued at \$10,000 or more. Furthermore, for many small businesses, the \$10,000 threshold is simply not high enough, especially given the value of a typical small business owner's property, despite depreciation. NFIB would encourage the Governor and the Committee to consider both increasing the threshold to \$25,000 and also to consider a "phased" schedule of exemptions above the \$10,000 threshold to help avoid the severity of the "cliff" impact on some small businesses that are close to the initial threshold.

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



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owners, but with nearly twenty-five (25) percent deeming this problem as “critical”. While NFIB recognizes that there may be the potential for a negative municipal revenue impact resulting from this proposal, NFIB would encourage other proposals that help municipalities eliminate wasteful spending, incentivize shared services, and repeal or reduce costly unfunded state mandates on municipalities which would help put our cities and towns in a better fiscal position, and in turn would help stimulate economic growth at the local level without causing municipalities to have to raise property taxes.

Finally, NFIB would also like to note that while this proposal represents a step in the right direction for much needed property tax relief for small business owners (coupled with the potential for a reduced paperwork/administrative burden), such tax relief would be further enhanced through a complete repeal of the Business Entity Tax, which would potentially impact and benefit an equally broad if not larger cross section of small business owners than the property tax relief contained in this proposal. Immediately putting \$125 per year back into the pocket of many small business owners, coupled with the personal property tax relief and simplified paperwork, would certainly send the right message to small business owners in this state.

Thank you for the opportunity to comment and NFIB/Connecticut encourages lawmakers to *support the tax relief proposed in HB-5047.*