



**Automotive Service Association  
of Connecticut**

# ASA-Connecticut

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To the Members of the Finance, Revenue & Bonding Committee:

As the Executive Director of the Automotive Service Association of Connecticut, I am attending today's public hearing representing auto body repair facilities throughout the state of Connecticut. I would like to address S.B. #335 – "An Act Concerning Double Taxation of Business-to-Business Transactions.

Our association is in favor of supporting S.B. #335. The double taxation has been imposed since 1999 when auditors found that jobbers were not taxing auto body shops for the wholesale purchase of paint and materials used in the "remanufacturing" process of collision damaged automobiles. Wholesale suppliers were fined for their failure to tax upfront on paint and materials, so they began taxing shops for purchases. This is double taxation based on the fact that auto body shops then tax customers on the same paint and materials.

In the Legislative Session in 2015, House Bill #5655 was proposed, and, we were in support of the bill. Unfortunately no action was taken.

Because the mixed paint is charged to a specific vehicle's repair, it should be untaxed until it is resold for a specific car. Collision Repairers in the state have been unfairly penalized by an interpretation of the law which allows paint and materials to be subject to double taxation – once when they purchase it and again when they sell it.

ASA-CT (Automotive Service Association of Connecticut) feels that the current law does not pertain to paint purchased in bulk, due to the evolution of industry practices. And, because the method by which the paint and materials are purchased and applied has changed over time. Therefore, we urge the committee to address the proposed bill (S.B. #335) – that fully embraces the auto body repair industry's practices of today – in 2016.

We urge the committee to pass S.B. #335.

Sincerely,

*Lisa Siembab*

Lisa Siembab, Executive Director – ASA, Connecticut

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