



**Testimony of  
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Connecticut Business and Industry Association  
Finance, Revenue & Bonding Committee  
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Good afternoon. My name is Louise DiCocco and I am Counsel for the Connecticut Business and Industry Association (CBIA). CBIA represents thousands of businesses throughout the state of Connecticut ranging from one-person businesses to large corporations. The majority of our members have fewer than 25 employees.

Thank you for the opportunity to **support**, and comment on: ***SB 58, An Act Repealing the Estate Tax; SB 62, AA Repealing the Gift Tax; SB 5: AA Increasing the Estate Tax Exemption***

*SB 58* and *SB 62* will eliminate the estate and gift taxes in Connecticut. CBIA is aware of the enormous benefits of having both people of wealth and small businesses in our state. They not only pay significant sales and income taxes, they contribute to charitable causes and the communities in which they live, and serve on the Boards of Directors for various organizations and nonprofit entities. In addition, wealthy people more often than not help the state's entrepreneurs by being angel investors.

It is no secret that tax policy impacts not only business decisions, but individual ones as well. Connecticut's tax policy does not encourage either wealthy individuals to reside in the state, nor family owned businesses to locate or remain in the state. An example of this is the fact that Connecticut is one of the few states that still have an estate tax and we are the **ONLY** state in the nation that has a gift tax, something that negatively impacts family businesses in particular. Furthermore, other states that have an estate tax keep it on the level of the federal tax threshold.

We are aware Connecticut is facing massive deficits in both FY 2017-18 and FY 2018-2019 with enormous challenges to balance the next biennial budget. However, over the last few years there has been an awful cycle of deficits, which in turn are followed by tax increases. We need to adopt tax policies that will lead to greater private sector and individual investment in our state. We want to keep wealthy individuals in this state paying taxes and avoid an exodus of the wealthiest from this state. Repealing the estate and gift tax will keep the wealthy here paying taxes, and is a fiscally prudent move that will encourage residency, business ownership, and charitable giving in Connecticut. CBIA's comments on *SB 5* are if an outright repeal of the estate tax doesn't happen, then we would certainly support phasing in the estate tax exemption to match the federal level as advocated by in *SB 5* and in the Governor's budget proposal. It is worth noting our neighbor and DIRECT competitor New York currently has an estate tax exemption threshold of more than \$4 million due to legislation passed in 2014 and will be increasing its estate tax threshold to over \$5 million in April of 2017.

Thank you for your consideration.