



CONNECTICUT

**TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
SUPPORTING
SB-5, AA INCREASING THE ESTATE TAX EXEMPTION;
SB-58, AA REPEALING THE ESTATE TAX;
HB-6358, AA EXEMPTING FAMILY-OWNED FARM LAND FROM THE ESTATE AND GIFT TAXES;
BEFORE THE
FINANCE, REVENUE & BONDING COMMITTEE
MARCH 3, 2017**

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 these three bills, SB-5, SB-58, and HB-6358, each of which, and collectively, address issues concerning the estate tax. Specifically, SB-58, which would repeal the state's estate tax, would provide some much needed certainty and future tax relief to certain small businesses in Connecticut. This repeal could help with succession planning for many of Connecticut's closely-held small and family businesses and farms. As it is, the estate tax provides no incentive for some small and family-owned businesses to expand their businesses in Connecticut or create new jobs. In fact, it taxes the family right out of business in many cases. And in other cases, the mere threat of this tax actually forces small business owners to pay for expensive estate planning if they want to keep their business in their family.

Much of the cost of the estate tax occurs before the tax itself is levied. This tax applies to property transferred at death if the value of the property exceeds the estate tax exclusion. While the owner of the estate is responsible for the tax, their heirs often are responsible for the payment of the tax upon the death of the owner. For many small businesses, the value of the estate is the physical assets of the business, which means to pay the estate tax they often have to sell actual parts of the business. Or in other cases, as is often the case with regard to farming, the value of the estate is also tied to land. In a state with high land costs like Connecticut, this can certainly be the case for family farms and small agri-businesses. It is in this regard, that NFIB/CT also supports HB-6358, which would exclude family-owned farm land from the estate tax.

Finally, in the alternative to full repeal of the estate tax, NFIB/CT certainly strongly supports SB-5, which would increase the state estate tax exemption in order to match the federal exemption. Paralleling Connecticut's estate tax calculations with the Internal Revenue Code can help with succession planning for many of Connecticut's closely-held



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small and family businesses and farms. In addition to the substantive improvement contained in this legislation, small businesses appreciate overall consistency between state and federal tax codes, especially when it comes to matters of the estate tax.

We encourage the Committee and the legislature as a whole to move forward with these three bills and/or other legislation to address the estate tax in order to protect small business from the negative effects of the estate tax and to keep family businesses in business in Connecticut for future generations.

Thank you for your consideration of NFIB's comments in support of SB-5, SB-58 and HB-6358. For any questions or additional information, please contact Andy Markowski, NFIB/Connecticut State Director, at 860-248-NFIB.