



Testimony of Eric Gjede
Vice President of Government Affairs, CBIA
Before the Committee on Finance, Revenue & Bonding
Hartford, CT
March 4, 2019

**Testifying in support of
SB 114: AN ACT CONCERNING THE WAIVER OF CERTAIN PENALTIES AND INTEREST INCURRED BY AFFECTED
BUSINESS ENTITIES**

Good afternoon Senator Fonfara, Representative Rojas, Senator Witkos, Representative Davis and members of the Finance, Revenue & Bonding Committee. My name is Eric Gjede and I am vice president of government affairs at the Connecticut Business and Industry Association (CBIA), which represents thousands of large and small companies throughout Connecticut.

CBIA supports SB 114.

Passage of the federal Tax Cuts and Jobs Act of 2017 prompted states like Connecticut to enact laws creating a new business entity-level income tax on pass-through entity businesses in response to the \$10,000 limitation on the itemized deductions for certain state and local taxes.

Given that Connecticut's new business entity tax was not passed until the final day of the 2018 legislative session, many businesses impacted by the law were unaware of the requirement or process for making the required quarterly estimated tax payments. The first of these payments were due on June 15th of 2018.

The Department of Revenue Services did an incredible job notifying businesses of this change in the law despite the time constraints.

It is my understanding that current law would need to be amended to allow Connecticut's Department of Revenue Services the discretion to waive, on a limited basis, the penalty and interest charges incurred by businesses caught off guard by the new law.

We support SB 114 as a reasonable response to a legitimate lack of notice of the new requirements under Public Act 18-49.