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TESTIMONY OF
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)
REGARDING
SB-1136, AA ESTABLISHING A CREDIT AGAINST THE ESTATE TAX, REQUIRING RECOMMENDATIONS FOR THE ESTABLISHMENT OF A SOCIAL IMPACT BONDING PROGRAM AND CONCERNING A CAPITAL GAINS SURCHARGE AND USE OF THE REVENUE THEREFROM
BEFORE THE
FINANCE, REVENUE & BONDING COMMITTEE
APRIL 29, 2019

NFIB is the leading small business association in the nation with thousands of members in Connecticut representing a cross-section of the state's economy. For more than 75 years, NFIB has been advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. NFIB is nonprofit, nonpartisan, and member-driven. Since our founding in 1943, NFIB has been exclusively dedicated to small and independent businesses and remains so today. On behalf of those small- and independent- job-providers in Connecticut, NFIB offers the following comments:

Regarding SB-1136, NFIB in Connecticut opposes Section 3 of the bill as currently drafted, which would establish and impose a new 1.5% capital gains tax surcharge. While one of the intended uses of the revenue source contemplated by this section is to pay down past unfunded pension liabilities, which in and of itself is a responsible fiscal policy that the small business community can support, doing so by creating yet another new revenue stream is not something that NFIB can support. As previously stated in testimony before this committee in opposition to HB-7415 ("AAC A Surcharge on Capital Gains"), NFIB is concerned that the imposition of a capital gains tax surcharge could adversely impact many small business owners as well as the state's overall economy. Higher tax rates could further fuel outmigration and a new capital gains tax surcharge would likely be a volatile revenue source. A capital gains tax surcharge could hit many small business owners directly, both on the "personal" side of their income, as well as with regard to their businesses. A majority (roughly 75%) of small businesses are established and organized as pass-through entities for federal tax purposes; as such, small business owners (as well as partners, members, etc.) could be directly impacted by the additional taxes contemplated through this legislation. Again, while paying down unfunded pension liabilities is an important and laudable goal, doing so through the imposition of a new tax is not something NFIB and our members in Connecticut can support.

Thank you for the opportunity to comment and for your consideration of NFIB's concerns on behalf of small business. For any questions or additional information, please contact Andy Markowski, NFIB's State Director in Connecticut, at 860-248-NFIB.