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SECRETARY OF THE STATE
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**Testimony of Secretary of the State Susan Bysiewicz
Finance, Revenue & Bonding Committee
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Good Afternoon Chairwoman Daily, Chairman Staples and members of the Finance, Revenue & Bonding Committee. For the record, my name is Susan Bysiewicz and I am the Secretary of the State. Thank you for the opportunity to testify before you today regarding a very important bill on your public hearing agenda.

Specifically, I am pleased to extend my support for **S.B. #656: An Act Concerning the Tax on Affected Business Entities**, and I commend the committee and its leadership for raising this critical legislation.

Although my strong preference is to fully eliminate the Business Entity Tax, I recognize that there are several compromise proposals under discussion to provide tax relief to small businesses while balancing the needs of Connecticut's residents. S.B. #656, which would apply the annual Business Entity Tax to only those businesses with revenues in excess of \$50,000 a year, sends a positive message to small business owners who may be struggling during these challenging economic times or to entrepreneurs who may operate businesses limited in scope, resources, and profits.

Everyday here in Connecticut, business owners work hard to provide a service, produce a product and help expand our economy. Yet, they face sky rocketing energy costs, rising insurance premiums and other financial barriers that make it difficult to thrive.

As the state's Chief Business Registrar, I travel across the state meeting with businesses about their concerns and suggestions to create a more business-friendly environment in Connecticut. Time and time again, I hear that the

elimination of the Business Entity Tax – or its restructuring as proposed in S.B. #656 - is one step our state can take toward reaching that goal.

It is time to reinforce to the business community that Connecticut, with its educated and talented work force, is the best place in the world to start and build a business. In my view, this tax is an obstacle to small business owners who are responsible for 80% of new jobs in our state and help make our economy strong. It is also a deterrent to entrepreneurs considering Connecticut as a place to locate their company. Fully abolishing this tax would save small business owners over **\$30 million** dollars a year – dollars that would ultimately be re-invested in our state and nation's economy.

Last month, I reported that 30,868 new businesses registered with my office to do business in Connecticut in 2007. The number of business stops for 2007 reached 11,372 – its highest number since 2003. December was a particularly tough month for Connecticut's businesses. The 2,012 business starts for the month represented a 19 month low or the smallest number of business starts since August 2003. The 1,895 business stops in December represented the highest number of stops since December 2003 marking the second most number of business stops for any one month since at least 1999.

As lawmakers and public officials, it is our duty to acknowledge that small businesses drive our economy and create jobs. By cutting this tax or narrowing its impact, we can help these businesses create more jobs thereby creating more taxpayers.

When we create more taxpayers we collect more revenue and we all win. Again, this is a small step that we can take that will go a long way to improve the business climate in Connecticut.

Thank you for the opportunity to testify before you today and I am available if you have any questions. I look forward to working with this Committee and the entire General Assembly to win passage of this very important proposal. My office also stands ready to provide the Committee with any information that it may need as it considers S.B. #656.