

## House Republican Press Release

March 6, 2008  
Press Office: 860-240-8700

### **DelGobbo Testifies for Repeal of Tax that Hinders Formation of Job-Creating Businesses**



*About 150,000 Connecticut Businesses Pay the Annual \$250 Tax Every April 15, Whether They Made a Profit or Not, Money They Could Use for Advertising, Equipment or Other Purposes*

Naugatuck Legislator Says Business Entity Tax Was Adopted Only to Close a 2003 State Budget Gap and Should Now End because It Discourages New Business Formation.

Hartford—**State Representative Kevin M. DelGobbo** (R-70th, Naugatuck) has testified in strong support of complete repeal of an annual business entity tax that is collected on businesses formed in Connecticut, in addition to numerous other taxes and fees.

Rep. DelGobbo spoke today during a public hearing on the tax before the state legislature's Commerce Committee in Hartford.

He said, "The business entity tax is a nuisance tax, and it reflects an attitude that we as a state have toward existing and prospective businesses. For the sake of those businesses, people's jobs, and our economy, I hope we are beginning to change that attitude."

Testifying on behalf of the Connecticut House Republicans, Rep. DelGobbo said, "Since it was first enacted, the House Republican Caucus has supported the elimination of the business entity tax. This year, we are pleased that Democrat Leadership and the Secretary of the State are also in favor of getting rid of the tax."

"In 2002 when the economy took a turn for the worse, the legislature adopted this tax as a temporary fix to fill about \$30 million of a billion dollar plus deficit. Here we are six years later, and our small businesses are still forced to write a \$250 check merely for existing. There is no good policy behind this tax."

DelGobbo added, "Some say, 'It's only 250 bucks; it's not going to bankrupt anyone.' But, it's not just \$250. It's the rising cost of energy, gasoline, healthcare, property taxes, and other taxes. Then you tack on another \$250 for small businesses struggling to make ends meet, and it hits them like a slap in the face."

The business entity tax raises about \$30 million per year toward the annual Connecticut state government budget of about \$18 billion. The legislature currently anticipates a surplus in this year's budget.

Rep. DelGobbo noted that the \$250 business entity tax on about 150,000 businesses was first due on April 15, 2003, after the 2002 legislature adopted it to close a spending gap, with many Republicans opposing the new tax.

The General Assembly adopted the Business Entity Tax during the June 2002 Special Session. The new law imposes a \$250 tax on each S corporation, limited liability partnership, and limited partnership, as well as many limited liability companies, which are required to file an annual report with the Secretary of State.

**Rep. DelGobbo noted that Connecticut ranks dead last among the 50 states by Expansion Management magazine, which serves the site selection and business development industry throughout the United States.**

*Rep. DelGobbo serves the 70th Assembly District of Naugatuck in the state House of Representatives in Hartford.*