

House Republican Press Release

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REP. FLOREN AND CT SMALL BUSINESSES: SUPPORT REPEAL OF ENTITY TAX



“About 150,000 Connecticut Businesses Pay the Annual \$250 Tax Every April 15, Whether They Made a Profit or Not”

State Rep. Livvy R. Floren (R-149) was on hand in Hartford to lend her strong support to the Small Business Coalition’s effort for a 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. Floren 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.”

“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,” added Rep. Floren, who is a member of the Legislature’s Finance, Revenue and Bonding committee.

In 2002 when the economy took a turn for the worst, the legislature adopted this tax as a temporary fix to fill about \$30 million of a billion dollar plus deficit. Six years later the tax still exists. 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.

“Some say, ‘It’s only 250 dollars; 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,” concluded Rep. Floren.

The National Federation of Independent Business/Connecticut (NFIB) has put the elimination of the entity tax on top of their agenda for the 2008 legislative session. The NFIB added that “small-business owners across Connecticut are united in support of Governor Rell’s push to eliminate the \$250 business entities tax that has been frustrating entrepreneurs since 2002. This was a temporary tax designed to address a one-time budget deficit, and the time for its demise is long overdue.”