

House Republican Press Release

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**REPRESENTATIVE O'NEILL BACKS TAX RELIEF FOR
CONSTITUENTS, BUSINESSES**



*Proposal Would Eliminate Minimum Entity Tax For
More Than 1,000 Local Businesses*

HARTFORD- State Representative Arthur J. O'Neill, R-Southbury, recently joined fellow House Republican leaders in promoting legislation that would exempt retirees' pension benefits from the state income tax in order to eliminate tax payer flight to states where this relief is guaranteed. Connecticut is one of four states that fully tax all pensions as earned income, and one of only five states that provides no relief for veterans.

With energy and healthcare costs on the rise, House Republicans believe it is more important than ever to take prompt action in order to help residents on fixed incomes. The Caucus has proposed House Bill 5541, which would eliminate the personal income tax on pensions and Social Security for individuals 62 years of age or older. This bill is designed to help retain more Connecticut residents and reduce the incentive for leaving in order to sustain a more reasonable tax break.

"I have long supported exempting pensions and veterans' benefits from the state income tax," said Rep. O'Neill. "Many of my constituents have complained to me that when they moved to Connecticut from another state, they were shocked to discover that we not only tax social security benefits, but pensions and veterans benefits as well. This clearly needs to be corrected."

This issue is part of an overall larger effort by House Republicans to provide tax relief incentives for both seniors and businesses. House Bill 5610 would eliminate the state's \$250 minimum business entity tax. According to the Department of Revenue Services (DRS), more than 600 businesses in Southbury, more than 100 businesses in Bridgewater, more than 100 businesses in Roxbury and more than 240 businesses in Washington pay this tax. Under the current tax structure, 'Mom and Pop' stores pay the same tax for opening their doors---and repay it annually--as huge corporations.

"Businesspeople have criticized the business entity tax ever since it was imposed," said Rep. O'Neill. "It discourages people from even trying to set up a business. The unfairness

of taxing a company before it has the opportunity to make a profit should be self-evident.”