



**Connecticut Society of  
Certified Public Accountants  
(CTCPA)**

**Testimony Concerning  
The Proposed Sales Tax on Services**

**Respectfully Submitted to the Leadership of the  
2015 Connecticut General Assembly**

**by**

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**May 11, 2015**

Dear Leaders of the Connecticut General Assembly:

Good afternoon, I'm Art Renner, the executive director of the Connecticut Society of CPAs (CTCPA).

I'll give you a little personal background so as to put my remarks about the proposed sales tax bill into context.

I received a B.S. degree in Finance in 1973. An MBA in 1977. I became a certified public accountant in 1980, some 35 years ago.

I have lived in three states and worked in four – Indiana, New Jersey, New York, and Connecticut.

For the past 18 and a half years, I've been the Executive Director of the CTCPA. With this frame of reference, I believe the proposed tax increases now being considered will have the worst possible results for the people of Connecticut and its economy.

Even if the proposal didn't include a tax on CPA services, my perspective would not be altered.

A sales tax applied to business-to-business services will have a devastating effect on all of us. It will raise business costs which will raise prices or drive the business out of state.

Only three other states place a tax on these business-to-business services, Hawaii, New Mexico, and South Dakota. Those states could not be more unlike Connecticut in terms of geography or demographics.

Let me speak to what a sales tax on CPA services would do: Raise the cost on the annual audits of GE, UTC, and International Paper by millions of dollars each. How long they will call Connecticut home if that happens?

There is also the question of fairness. Many lawyers provide the same tax services as CPAs. If this proposal becomes law, you will be charged the sales tax by the CPA, but not by the lawyer. That's discriminatory.

Three states passed a law to tax services. Florida repealed its law in six months; Massachusetts in two, and Michigan in 17 hours. It is a nightmare. The DRS will need to hire a virtual battalion of agents to enforce these new taxes if they pass. It will be extremely complex to administer and enforce.

I've heard some members of the majority party leadership say that applying the sales tax to additional services is not a tax increase, but an expansion of the tax base. That is pure semantics.

As a CPA I know what constitutes a tax increase and this is a huge one that Connecticut and its citizens cannot afford. The consequences will be devastating.

Again, thank you for the opportunity to express the strong opposition of Connecticut's CPA profession to the proposed tax on services.