



May 11, 2015

To: Senator Scott L. Frantz and Representative Christopher Davis, Ranking Members, and Republican Members of the Finance, Revenue & Bonding Committee

Re: Public Hearing on Tax Increases

First, I appreciate the opportunity to be here.

I'm Chris Nelson, I own and have run a homebuilding company in CT for the past 25 years. On average we have had 10 – 15 full time employees, build 20 – 40 homes a year. Normally there are 20 – 50 employees, tradesman, and subcontractors on our jobs at any given time.

The past 7 years have been extremely difficult for our company and our industry here in CT. We have tried to keep our core employees and our capacity intact even though our volume has been 20% of normal (an 80% decrease). We are all looking forward to better days, unfortunately they are not here yet.

Housing can be cyclical, I understand that. Unfortunately CT has not pulled out of the slump yet. I meet twice a year with 16 similar sized builders from all around the country. I just came from that meeting and most companies are now thriving with stronger recoveries and good job growth. Our CT business is still very slow.

Regarding this tax bill, I can tell you truthfully that this new tax increase will add \$400 - \$500 to the cost of each home we build. That will hurt our business further.

Also part of what we do is find land or a redevelopment site and spend 1 – 3 years in planning and design in hopes of getting approvals for a wonderful new community. Those designers, civil engineers, architects, and surveyors; those are our high risk research and development expenses. Last year our company would have been taxed an additional \$24,000 on that R&D design and planning work. Those are our highest risk dollars but create the housing that transferees want.

As much as those new taxes will hurt our company, to me it is a symptom of the bigger problem. Our CT economy appears to be dying due to out migration of jobs and 0 population growth. We in the homebuilding industry have subsidized our companies to keep the doors open for the past several years. It can't continue. We need private sector jobs and we need them soon!!

The large tax increase approved by finance tells me and every other business leader, nothing has changed in our CT Government Leadership. We will continue to spiral down. It tells me to forget about meaningful recovery and job growth. It also tells me to "Stop taking risk and be prepared to scale back even further OR shut down all together".

This Legislative lack of will or ability "to do what has to be done" speaks Volumes. EVERY private sector business leader is listening to your actions.

Please get our fiscal house in order! Control spending and do not redefine the spending cap!

Sincerely,
Chris Nelson, President

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