



A Chapter of The American Institute of Architects  
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Senators and Representative, Good Afternoon:

My name is Philip Cerrone. I am a licensed architect and the owner of my own practice in Fairfield, where I have been a small business owner for 29 years. I am also the current President of the Connecticut Chapter of the American Institute of Architects. AIA Connecticut represents approximately 450 architecture firms.... 98% of which are small businesses employing fewer than 25 employees, all of whom are Connecticut residences. Today I am here to ask you to NOT consider taxing architecture services on behalf of myself as a small business owner and on behalf of all Connecticut architects.

A sales tax on architecture services will create many problems for architects

- A sales tax on the services of architects and engineers was implemented by the State of Connecticut some 20+ years ago. The tax was so burdensome to administer that the State Department of Revenue recommended that it be repealed. Circumstances have not changed.
- Architects have been devastated by the Great Recession. We were among the first to feel the economic downturn. Firms that had never laid off employees since they were founded had layoffs. Salaries were cut. Hours were reduced. It has been a very difficult time for architects across our State. Many of our small firms are still not out of the woods and are just beginning to recover. A sales tax on architecture services will be a major hurdle for their recovery. We challenge the figures that are being circulated that would be generated from a sales tax on architecture services. A large percentage of our colleagues still do not have enough work to be working full time, few have re-hired those whom they laid off, and many firms would be put at such a disadvantage with a tax of this sort that it would threaten their ability to remain in business.
- A sales tax of this sort is difficult for our businesses to administer. It is complicated to administer for the State and for taxpayers, as the multi-state nature of customers and service providers often makes it difficult to determine where, when, and how the services take place. Additionally, the taxes are payable to the State within the quarter following the date they were invoiced. Construction projects are lengthy and very often architects do not received payment from clients in a prompt manner. When this tax was being collected twenty three years ago, some of our small firms had to use a line of credit or borrow money to pay the sales tax while waiting to be paid by their clients.
- A sales tax on Architecture and Engineering services will put Connecticut architects and engineers at a competitive disadvantage. Neighboring states do not charge tax on our services. Why would Connecticut businesses select a Connecticut architect or engineer when they could hire architects from out of State? And further, why would businesses locate in Connecticut when this is one more form of tax they will have to pay?

This form of taxation will harm architecture firms in Connecticut. I am here today...along with our entire Board of Directors, to ask that you do not place a sales tax on the services of Connecticut architects.

Thank you for letting me share our concerns. I would be happy to answer any questions you might have.

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