

To: Honorable Members of the Finance Committee & Other Interested Legislators
From: Wendy Traub, Hemlock Directional Boring, Inc. & NFIB/CT Leadership Council
Re: JFS SB-946 - Opposed
Date: May 11, 2015

My name is Wendy Traub. My husband and I own a specialized construction company in Torrington. I am also a member of the Leadership Council for NFIB. Thank you for giving the public the opportunity to share its concerns about Connecticut's financial future.

Simply stated, Connecticut small business owners cannot afford the tax increases being proposed. Chief Executive Magazine, through a survey of CEOs, ranked CT the 45th Worst State for Business, down from 44th in 2014. These tax-laden budget proposals only fuel future drops in rankings like this and so many others.

I would like to address the issue of NOL carryforwards, which may be targeted in the Finance Committee's budget. As a corporation, our taxable profit or loss is determined as of June 30th under the completed contract method. Any project not completed as of that date is moved to the next fiscal year's financials. Unfortunately, losses sometimes occur when profitable projects must be held open. It's all about the length or timing of projects, which we cannot control.

For illustrative purposes, if all projects are completed, the profitable jobs will be offset by jobs with losses for that year to determine taxable profit, if any. If the profitable jobs remain open, however, those same losses have nowhere to be applied in the current year and are therefore, "carried over" on the tax return. In the following year, those loss carry forwards are used against any profit that year to reduce taxable income. Restricting the use of any Net Operating Losses to 50% of profit in future years is unfair and costly to small businesses like ours. We are not a large corporation like UTC or Cigna, but this nine-line change in the statutes would affect us just as well. It would be another nail in the coffin of small businesses in Connecticut.

Our company fears negative changes such as the NOL carryforward, as well as sales tax on drilling services, which remains questionable. When will this insanity end? For many, it will end when they are forced to close their family-owned or small business. For all too many others lately, it ends when they move out of Connecticut and into states that have a business-friendly atmosphere.

Our families have roots in this state, but we can conduct our business from any state we choose. What happens here in the legislature can potentially have a devastating affect on families that rely on jobs created by small businesses. I would hope this budget can be presented in a way that controls spending instead of relying on revenue generators that never seem to solve the problem. Please do not support policies that will result in more losses of jobs for the families in this state.