

House Republican Press Release

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KEY COMMITTEE PASSES BILL TO REPEAL BUSINESS TAX



Legislation Sponsored by Rep. Chapin Would Abolish \$250 Tax On ‘Mom and Pop’ companies

Hartford— The Legislature’s Commerce Committee today approved legislation co-sponsored by State Rep. Clark Chapin, R-New Milford, that would eliminate the state’s business entity tax. Senate Bill 400, An Act Eliminating The Business Entity Tax, now moves to the Legislature’s tax writing Finance, Revenue and Bonding Committee.

According to the Department of Revenue Services (DRS), more than 800 businesses in New Milford pay this tax. Under the current tax structure, ‘Mom and Pop’ stores pay the same tax for opening their doors as huge corporations.

The state legislature adopted the tax in 2002 during a downturn in the state’s economy. The tax was intended as a temporary fix to raise about \$30 million to offset a billion dollar plus deficit. Six years later, it remains on the books and currently raises about \$35 million per year.

“It seems to me that when the legislators talk about helping businesses, eliminating a tax that penalizes small companies every year for opening their doors would be a good place to start,” said Rep. Chapin. “This was something I supported during the previous legislative session and I’m pleased the Commerce Committee recognizes the need to move it forward.”