



Testimony on House Bill 5599

Submitted by Isabel Blank, External Affairs Manager
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Good afternoon distinguished members of the Finance, Revenue, and Bonding Committee. My name is Isabel Blank. I am Manager, External Affairs at the Yankee Institute for Public Policy, and I am writing to testify in support of **House Bill 5599: An Act Allowing an Affected Business Entity to Choose its Governing Tax Laws**. For questions or follow up, please contact me at isabel@yankeeinstitute.org.

This bill would allow business entities to opt out of the affected business entity tax imposed in the 2018 session in **Senate Bill 11**, now Public Act 18-49 which imposes a new income tax on most pass-through businesses, levied at the top personal income tax rate (6.99%) but offset by a credit at the personal or corporate income tax level.

This change was the legislature's response to the federal Tax Cuts and Jobs Act of 2017 (TCJA) that became law in December 2017. That response was to ensure Connecticut businesses could receive the most favorable federal tax treatment, shielding an estimated \$600 million from federal taxation and returning an estimated \$222 million to Connecticut taxpayers.

House Bill 5599 gives businesses the ability to choose which set of laws actually saves them the most. While we appreciate the intent of Public Act 18-49, we know that an individual business is better able to determine what is best for themselves than the state. Giving them the opportunity to do that will ensure the best outcome for each individual business.

If the original goal of Public Act 18-49 was to save businesses the most money and to shield our residents and from the adverse effects of TCJA. **House Bill 5599** will make sure that goal is met most directly.

For these reasons we urge you to support **House Bill 5599**.