

Good Afternoon, Senators and Representatives:

My name is Bill Connolly. I am the Finance Director of Centerbrook Architects located in Essex CT. Centerbrook is a 60 person design firm that provides services to clients located in CT and out-of-state. I am a resident of North Branford.

I too urge the State to NOT implement a sales tax on our services.

My colleague mentioned the impact of the 2008 economic crisis on Architects and Engineers. At the start of 2008 Centerbrook was a 90 person firm – all here in Connecticut. For us, the 2008 – 2009 timeframe was like hitting a wall. Projects just stopped. Some eventually re-started but others ended. We found ourselves having to lay-off many colleagues – all of whom were friends.

We have always operated in a highly competitive environment and on very narrow margins. We now operate in a post-recession environment. In this environment, design fees are 65-70% of pre-2008 levels; leaving little room to upgrade our equipment, improve facilities, or hire more people. In my estimation, a sales tax on our services will result in a further 6% reduction in our revenue, making our situation all the more dire.

As an example of the potential impact on revenue, several years ago the attorney for a current client with a large project attempted to add a clause to our contract that stated “the Architect will be responsible for all applicable sales taxes.” At the time there was no state sales tax on our services and we were successful in having it removed from the contract.

In the current competitive environment, should there be a tax on our services, it is our belief that clients will insist the responsibility for the payment of the tax is borne by the architect in their fees, with a serious detrimental impact on our industry, and the potential of continued job losses.

On behalf of all architects working in Connecticut, I urge you to not place this additional burden on our businesses.