

**TESTIMONY BEFORE SENATE AND HOUSE REPUBLICAN MEMBERS OF THE
FINANCE, REVENUE AND BONDING COMMITTEE INFORMATIONAL HEARING**

May 11, 2015

Good Afternoon, Senators and Representatives. I am Martin A. Onorato, an attorney practicing in the construction industry in Connecticut. I live in Connecticut and practice out of Hartford, and I have represented construction industry clients and projects located throughout Connecticut and beyond its borders for 19 years. I studied and practiced architecture prior to commencing my legal career, which gives me a unique perspective on the proposal before the Committee to tax architectural and engineering services. I am a member of the Construction Law Executive Committee of the Connecticut Bar Association, and I also have a long history with the Connecticut Chapter of the American Institute of Architects. I have been a member of AIA Connecticut for nearly two decades. I have chaired the Professional Practice Committee for half of that time, and I have served on its Board of Directors since 2010.

AIA Connecticut represents approximately 450 architecture firms across the State, the vast majority of which are small businesses employing fewer than 25 people. I urge the State to NOT implement a sales tax on the services architects and engineers provide to their clients.

This form of tax was applied to architectural and engineering services over 20 years ago for a very brief period of time. It was so difficult to administer, while generating tax dollars far lower than hoped, that the Department of Revenue Services requested that the tax be eliminated.

- Sales tax on architecture services put Connecticut architects at a disadvantage with prospective clients, both in state and out of state. Those clients can engage the services of architects outside of Connecticut to perform work at a lesser cost.
- Other states have found taxing architecture services to not be effective and efficient.
- This form of taxation will deter businesses from locating within the state. Our neighboring states do not have this form of taxation.

Connecticut architects were one of the first professions to feel the impact of the 2008 economic crisis. Most firms laid off employees, and many reduced wages and hours of employment. Many of those firms are still feeling the impact of a sluggish economy and it will be a long time until they have recovered from the Great Recession. A sales tax on services will directly hinder their ability to recover.

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