

Finance, Revenue and Bonding Committee

JOINT FAVORABLE REPORT

Bill No.: House Bill 5407

Title: AN ACT CONCERNING A STUDY OF STATE FISCAL POLICIES.

Vote Date: 4/6/2022

Vote Action: Joint Favorable

PH Date: 3/15/2022

File No.: 550

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SPONSORS OF BILL:

The Finance, Revenue and Bonding Committee

REASONS FOR BILL:

This bill requires the Department of Revenue Services Commissioner, in consultation with the Office of Policy and Management Secretary, the Treasurer and Comptroller, to conduct a study of the state's fiscal policies and identify legislative changes that will improve the state's business climate and competitiveness with surrounding states. The Secretary must report their findings to the Finance, Revenue and Bonding Committee by January 1, 2023.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

The following people testified in support of House Bill 5407, stating that Connecticut - despite being one of the wealthiest states in the nation - remains in a state of inequality. They see such vast inequality every day when it comes to levels of income and wealth, housing instability, food security, health and healthcare outcomes, education and access to public services. Even before the pandemic, there was not enough money to fund vital services for Connecticut residents who are in need. In 2014, the Department of Revenue Services did a state tax incidence analysis that showed the bottom 50% of earners in our state contribute 23.6% of their income in taxes while the top 1% contribute 7.5%. As hard as working families in our state try, they just can't get ahead. One in five Connecticut adults with children report that they do not have enough food to eat. The testifiers listed below ask the committee to pass a comprehensive, progressive revenue package - just like they did in 2021 - that will give low- and middle-income earners in our state a chance to thrive.

[Beverley Brakeman, Regional Director, United Auto Workers, Region 9A](#)

[Carl Chisem, President, CEUI, SEIU Local 511, Member, Recovery for All Coalition](#)

[Lauren Doninger, Member, Recovery for All Coalition](#)

[Madeline Granato, et al, Policy Director, Connecticut Women's Education and Legal Fund](#)

[Callie Gale Heilmann, President and Co-Director, Bridgeport Generation Now](#)

[Ed Hawthorne, President, Connecticut AFL-CIO, Member, Recovery for All Coalition](#)

[William Buhler, Member, CSEA and Recovery For All Coalition](#) supported this bill stating that it will help get us the answers that are needed to investigate government spending, revenue collection and tax policy. The tax rates in 2019 are more regressive than they were in 2011 and increasing their damaging effect on economic expansion.

[John Filchak, Executive Director, Northeaster Connecticut Council of Governments](#) supported the intent of this bill, stating that there is a pressing need for the information. Mr. Filchak cited several studies in his testimony that have touched on the topics that this bill raised.

[Joelle Fishman, Chair, Connecticut Communist Party USA](#) supported this bill, stating that the pandemic exacerbated the long term and extreme inequalities of wealth and race in the state of Connecticut, and it is time to fix it, and this bill moves to do that. The pandemic has made the injustice that already persists today more severe. The Tax Incidence Report that was issued earlier this year affirmed that low- and middle-income families who are suffering economically are paying a much higher percentage tax rate than the 13 billionaires in Connecticut.

[Seth Freeman, President of Congress of Connecticut Community Colleges](#) supported this bill, stating that progressive revenue is desperately needed in our state to remedy the inequalities along race and class. As a native to the state, Mr. Freeman has seen little done to address the divide between rich and poor. He stated, "In our community college system where I teach and work, I see first-hand how our students suffer from our states regressive tax structure. I see community colleges that are chronically under-resourced and understaffed. I see our colleges struggling with persistent equity gaps that both mirror and result from long-standing equity gaps in K-12 education. Equity gaps in K-12 education, that itself results from segregation, systemic poverty, income inequality, and other systemic failures in our state." This legislation moves our state forward towards equity.

[Stuart Savelkoul, Chief of Staff, American Federation of Teachers \(AFT\), Connecticut](#) supported this bill, stating that passing this bill and conducting the study, will provide the General Assembly with the research required to pass meaningful legislation that will address the inequalities in our state's financial landscape. AFT asserts that the report that released by the Department of Revenue Services shows that the tax fairness in the state is getting worse and it is important for the state to act soon.

NATURE AND SOURCES OF OPPOSITION:

[David Godbout, Connecticut Resident](#) opposed the bill on the grounds that the current session of the Connecticut General Assembly is illegal, in breach of Article 3, Section 16 of the State Constitution.

Reported by: Christina Pen

Date: 4/21/2022