



State of Connecticut
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Affairs Commission

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Testimony of Werner Oyanadel, Associate Legislative Analyst
Latino and Puerto Rican Affairs Commission
Human Services Committee Public Hearing
Tuesday, Feb. 27th, 2007 at 9:00 AM
Legislative Office Bldg., Room 2A
Hartford, Connecticut 06106

Good morning Co-Chairs Harris, Villano and honorable members of the Human Services Committee of the Connecticut General Assembly (CGA). I am here today to speak on behalf of the Latino and Puerto Rican Affairs Commission (LPRAC) in support of raised Senate Bill Number 146, "An Act Creating An Earned Income Credit Against the Personal Income Tax." and H.B. No. 6649 (COMM) "An Act Concerning a State Earned Income Tax Credit."

For the record, my name is Werner Oyanadel, Associate Legislative Analyst of the State of Connecticut Latino and Puerto Rican Affairs Commission. This statewide commission is mandated to review and comment on any proposed state legislation that would affect the Latino population in the state – based on our mandate of Public Act Number 94-152.

The LPRAC supports the adoption of the state version of the Federal Earned Income Tax Credit (EITC). As a matter of fact our statewide commission on Latino affairs has supported this issue for several years now. As we have stated before, the LPRAC is also pleased to know that the Senate Majority Caucus of the CGA – at the direction of Senate Majority Leader Martin Looney – has also included the State EITC in their latest list of priorities for the year.

Latinos in Connecticut represent an increasing share of the workforce and taxpayers, yet they are overwhelmingly vulnerable to economic downturns and experience high poverty rates, especially among working families with children. The Latino community in Connecticut, based on the latest U.S. Census Bureau data, is at a 10.9% of the total population. The percent of the Latino population living below the poverty line is at 22.9 % -- for comparison purposes the overall percentage for all people below poverty in Connecticut is 8.0 %. Additional socio-economic indicators tell us that while the Median Household Income in Connecticut is around fifty six thousand dollars. The Latino Median Household Income is much lower – the latest figures tell us that it is around thirty five thousand dollars. However, if we take a closer look at the Median Household income for people from Puerto Rico—for

Instance — you will see that, based on a sample data collected by the U.S. Census Bureau that number is at a low of twenty seven thousand dollars give and take. State policymakers in Connecticut must be aware of the social and economic costs resulting from demographic shifts and inequalities of income distribution, lack of affordable housing, and disparities in the education system. All which can significantly affect the state's ability to develop a competitive workforce that can effectively compete in a global, knowledge-based economy in the near future. It is for this reason that the LPRAC recommends the Human Services Committee to support legislation such the creation of the state version of the popular Federal Earned Income Credit Tax.

Information about the State Earned Income Tax Credit prepared by Connecticut Voices for Children stated that, "Connecticut's poorest families pay more than twice the proportion of their income in state and local tax as do the state's most affluent families." This non-profit policy agency explained that although families who are eligible for the Federal EITC do not have state income tax liability, all pay disproportionately higher taxes either by paying property taxes if they own their homes or new cars or sales taxes. In order to illustrate how this program would work in Connecticut, we ask that you consider an example provided also by Connecticut Voices for Children. A Connecticut family earning \$14,675 — an income close to the Household Medium for Connecticut people from Puerto Rico — per year owed \$0 in state income tax, while the same family in Vermont, received \$1,282 tax refund. The tax refunds, in turn, would stimulate Connecticut's local economies, which is favorable to a healthy state economy. Thus far, 19 states have implemented the state EITC. The New England states that have adopted the state EITC include the State of Massachusetts, Rhode Island, New York, New Jersey and Vermont.

The LPRAC was created by the Legislature of the State of Connecticut through Public Act No. 94-152, taking effect February 1, 1995. LPRAC is part of the Legislative Branch and governed by Section 2-120 of the Connecticut General Statutes. The LPRAC is mandated to review and comment on any proposed state legislation that would affect the Latino population in the state.

Thank you for your attention to my testimony and I would welcome any questions that you may have on this matter.