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GENERAL ASSEMBLY



**PERMANENT COMMISSION ON
THE STATUS OF WOMEN**

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**Written Testimony of
The Permanent Commission on the Status of Women
Before the
Human Services Committee
Thursday, February 21, 2008**

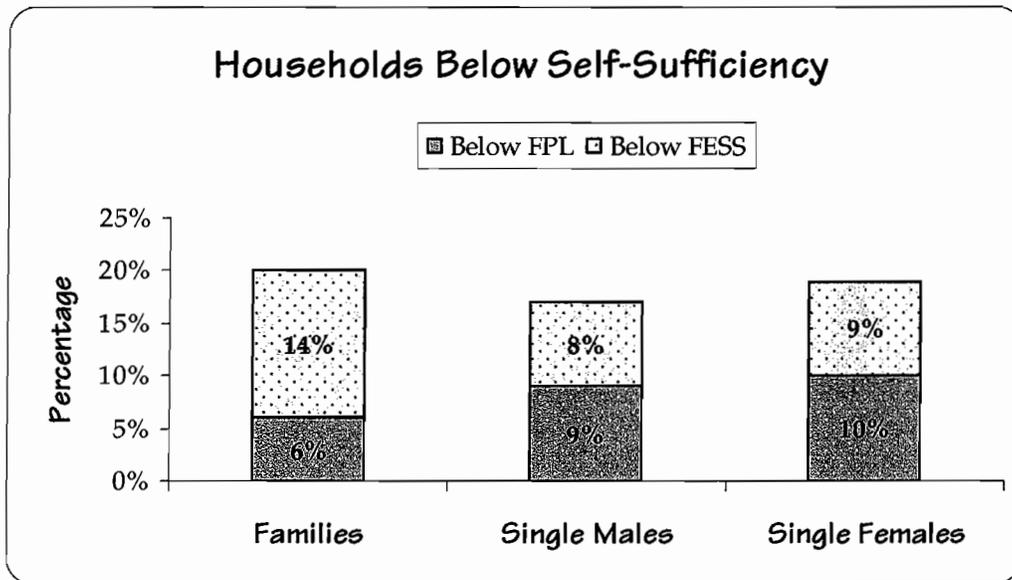
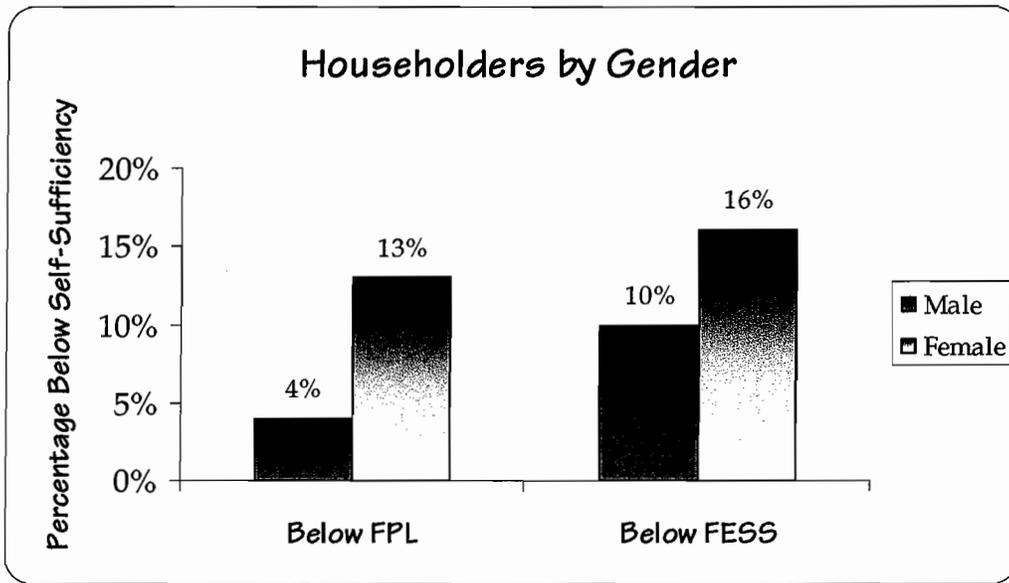
In Support of: S.B. 163, AAC Earned Income Tax Credit

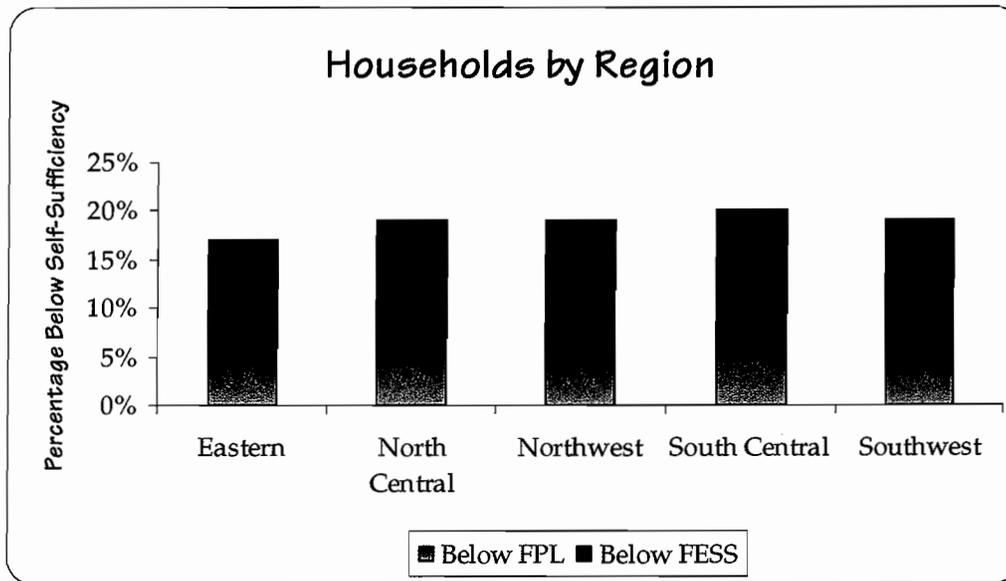
Senator Harris, Representative Villano and members of the committee, thank you for this opportunity to provide written testimony on behalf of the Permanent Commission on the Status of Women (PCSW) in support of S.B. 163, which would provide a State Earned Income Tax Credit (EITC) equal to 20% of the federal EITC.

A State Earned Income Tax Credit (EITC) would provide tax relief to hard-working low-income families, helping them to close the gap between what they earn and what they need to make ends meet. Women have a major stake in an equitable and fair tax burden, and thus the state EITC.

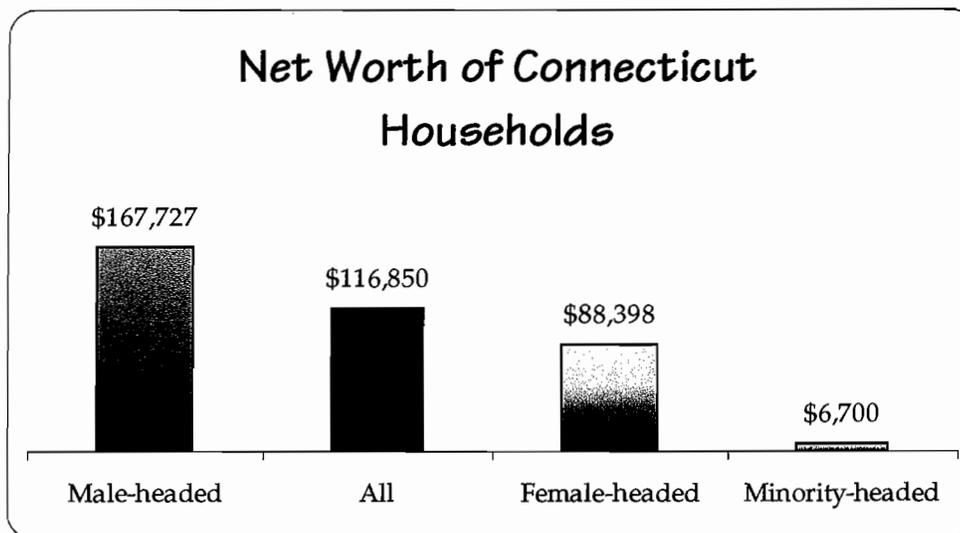
One in five Connecticut households does not have enough income to meet their basic costs of living based upon the **family economic self-sufficiency standard (FESS)**.¹ Women are a significant portion of those individuals below the FESS.

¹ Diana M. Pearce, Ph.D. *Overlooked and Undercounted: Where Connecticut Stands*. Prepared for the Permanent Commission on the Status of Women, June 2007 – also source for self-sufficiency charts.





Women are less likely than men to have a financial cushion, due to inequities in pay, more frequently interrupted work patterns and longer life spans. More than half of young single women age 25 to 34 report living paycheck to paycheck and spending all their earnings every month.² While annual income decides a family's day to day economy, assets and investments are the foundation for long-term security.



Source: CFED, Assets & Opportunity Scorecard, 2007-2008

Because of these disparities in income and assets, Connecticut women pay higher percentages of their income in state, local and sales taxes. The wealthiest Connecticut residents pay 4.4% of their income in state and local taxes, while

² Amramovitz, Mimi and Sandra Morgen. *Taxes are a Woman's Issue: Reframing the Debate*. New York: National Council for Research on Women, 2006.

lower income residents pay about 10% of their income to the same.³ The state relies heavily on regressive sales, excise and property taxes. The residential portion of the property tax base has increased from 58% to 67%.⁴

Changes in the federal tax code in recent decades have resulted in many changes for middle class families and state and local economies. For example, reductions in the tax rates on dividends, capital gains, and estates have fundamentally altered our federal tax structure, and the relationship between Connecticut residents and their federal, state and local taxes. A state EITC would restore equity to some of these changes.

A state EITC returns millions of dollars to families who put the money back into the state economy. Working families use the EITC refund to pay off debt, finance transportation to work, invest in education, and to buy basic necessities. Working families can also take the opportunity to save the EITC refund as a first step to build assets and financial security. We urge passage of S.B. 163, AAC a State Earned Income Tax Credit.

³ Connecticut Voices for Children. *Where Does Connecticut Really Stand on State Spending and State Revenues?* March 2006.

⁴ *Ibid.*