

LEO CANTY TESTIMONY

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FOR FINANCE, REVENUE, BONDING COMMITTEE

Committee members, I am Leo Canty, a member of the board of 1000 Friends of CT – thank you for allowing me to offer my views on the proposed HB 5545, AN ACT CONCERNING A COMPREHENSIVE STUDY OF THE STATE’S TAX STRUCTURE.

And also let me thank you for your taking on a most difficult and challenging task as you put effort into all attempts to make our state revenue structure work better. It won’t take much to improve the system as it is now in such severe disrepair. It will however need a big commitment, lots more energy and real guts to turn a sad case for a state revenue structure into a system that effectively and efficiently works for everyone, will stand a test of changing times and be monitored, evaluated and modified more frequently than the quarter century or so review/action plan which is the current norm.

Over the last decade every state has gone through some analytical process asking itself if there are better ways to deal with the full menu of state revenues. In all those information quests no right way or best system that would be universally workable for everyone has been found. But states have found many good suggestions for things that work, as well as evidence of things that don’t work.

We have long known our state/local revenue structure is unbalanced, unfair, lopsided and adds to the constant need of smoke and mirrors to reflect something that resembles a balanced budget and over-stresses our towns in their efforts to pay their bills. The public asks for a fair fix of this broken revenue system and Politicians make many promises as they campaign to win votes on that issue. Once elected, hearings, studies, task forces, commissions and a host of other report producing enterprises are launched. Bold claims of action are then proffered as the deciders then try to convince the voters studying is action. Then there is the ceremony held to ignore the findings. When all is said and done on the issue, way more is always said than done...for almost 25 years in this round since the income tax was studied and followed by subsequent action...and protests...and rethinking...and amendments to soften real solid change.

The 2003 Blue Ribbon Commission, the 2005 Program Review Tax System Study, OLR research reports, and other titled inquisitions just served as pressure relief valves in recent years. The problem still exists and we currently have the M.O.R.E. Commission and a DRS Tax Incidence study in play – and lots of talk about fixing the problem.

When will we end that cycle? When will we do more than talk? When will we wrestle with a problem that needs bold , smart, deliberate and long term action? How about now?

We can/should...

1. Admit we have a problem – Commit to fix it...really – even with a phase in and targets
2. Work for the long term with less ad-hocracy and a more permanent, smart, deliberate approach.
3. Gather good information, hard data and analysis that helps to focus on problems and solutions- resource the action

make that investigative process and entity permanent – don’t continually reinvent this process – grow –

learn - grow

4. Adopt guidelines and a core set of principles as a lens through which to evaluate progress.
 5. Candidates 2014 campaigns should offer solutions - educate, impress and inspire voters with good plans.
 6. Get the best ideas and information into play for the long legislative session in 2015
- It really is simple....and easy....if enough people commit to real revenue system changes.

And some of the work is already done

- * In 2010 the General Assembly considered creating a Revenue Accountability Commission to gather real information and suggestions. It was not enacted. But HB 5545 has many similar components.
- * Many of the Blue Ribbon Commission's recommendations and findings from other studies are still valid. Put them in play.
- * The National Conference of State Legislatures published principles for effective revenue systems – many states used them for guidance. So should we.
- * Throw in some real guiding principles for spending too – transparency, efficiency, outcome measurement, making upstream investments. 1000 Friends of CT has a list.
- * Use the results of the approved and in-play tax incidence study – HB5545 is complimentary to that effort
- * Support, fund and lay some good information groundwork with HB 5545

The best decisions for difficult choices comes in a knowledge environment. Our state is severely lacking on too many data fronts – our tax structure information wallows in one of the most egregious data voids we have. So many other states have actually done more than us while we continue to just talk about it. We can learn from them and get something done. It's our turn. Maybe it's not simple..... or even easy.... But for sure it is necessary.

Thank You

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Having oversight and good cost and efficiency analysis makes for better decisions. There is little reason to have a slow process when we do have the ability to make it all work faster and better the right way.

Please don't set us back with this bill - lets move forward in a good way and set the stage for a more prosperous future by better decisions and bad deals and mistakes avoidance.

Thank you