

# Legal Assistance Resource Center

## of Connecticut, Inc.

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**Testimony before the Finance, Revenue and Bonding Committee  
in opposition to Governor's Bill 946  
An Act Concerning Revenue Items to Implement the Governor's Budget**

by Jane McNichol, Executive Director  
March 9, 2015

I am **Jane McNichol**, Executive Director of the **Legal Assistance Resource Center of Connecticut**, the policy advocacy branch of the Legal Services network in the state. We represent the interests of very low income residents of the state. I am also a member of **Better Choices for Connecticut**.

I am addressing **Bill 946**, which implements the Governor's revenue proposals for the 2016 and 2017 fiscal years.

**In general, we oppose the structure of the Governor's budget proposal.** The proposal relies far too heavily on cuts to human services and to the agencies which support needy residents of the state. This is not a budget that shares the burden of recovering from the recession evenly. It is a budget that overburdens state residents who need assistance to meet basic needs.

Even within the revenue proposals, there is too much reliance on changes that take away from those most in need.

- Section 3 continues the step-down in the rate of the **Earned Income Tax Credit**. The rate of the state EITC was scheduled to rise to 30% of the federal credit this year but under this proposal will remain at 27.5% for another two years.
- Section 29 sweeps the funds in the **Community Investment Account** into the General Fund. The Community Investment Account funds a variety of community programs, notably including affordable housing programs run by the Department of Housing.
- Section 45 repeals the promised **exemption of moderately-priced clothing and shoes** from the sales tax.

These three revenue items hit lower-income, working families who are struggling to provide for their families.

At the same time, proposed spending cuts will

- **move 34,000 parents out of HUSKY health care.** These parents will have to purchase more expensive coverage through the Exchange or go without coverage;
- **weaken the HUSKY provider network** by cutting Medicaid provider rates;
- **reduce the number of state employees.** State employees are needed to connect residents to available state services; and

- **reduce or eliminate funding for many non-governmental agencies** which provide services or assist residents in accessing state services.

The budget places significant burdens on low-income residents but asks little from the individuals and businesses with resources in the state.

There are many better choices that you should consider as you build the budget.

Exemptions to the sales tax and other tax exemptions and credits should be examined as carefully as each spending line is studied.

There is revenue to be gained fairly by modernizing our tax system and eliminating unnecessary credits and exemptions.

Overall, our state tax structure asks more from middle- and low-income residents and less from the very wealthy in the state. We know this. We have seen the statistics year after year; we have conducted studies that identify changes that could be made.

**This year, we need to make those changes.** The Governor's proposed budget shows the damage we will have to do to the quality of life in Connecticut if we do not take a serious look at revenue alternatives.

**I urge you to reject Governor's Bill 946 and, with the Appropriations Committee, construct a fair budget with adequate reliance on revenues.**

Thank you for your work on these issues in this difficult budget year.