



## State of Connecticut

### HOUSE OF REPRESENTATIVES STATE CAPITOL

**REPRESENTATIVE TOM O'DEA**  
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**RANKING MEMBER**  
TRANSPORTATION COMMITTEE

**MEMBER**  
JUDICIARY COMMITTEE  
REGULATION REVIEW COMMITTEE

## TESTIMONY

**In support of:**

### **HB 6536, AN ACT CONCERNING THE DEDUCTIBILITY OF SOCIAL SECURITY INCOME UNDER THE PERSONAL INCOME TAX.**

Finance, Revenue and Bonding Committee

Dear Chairman Fonfara, Chairman Berger, Ranking Member Frantz and Ranking Member Davis:

Thank you for the opportunity to testify before your committee on March 18, 2015 in support of HB 6536, introduced by Representatives Boukus and Janowski.

I appreciated the discussion concerning the amount of state spending per capita. After that discussion, I did some research and I have to admit I did not realize Connecticut was not ranked first but rather is ninth in per capita state spending, at least using 2013 numbers. See <http://kff.org/other/state-indicator/per-capita-state-spending/>. But only Alaska, Wyoming and West Virginia spend significantly more than Connecticut on a per capita basis (\$16,103, \$15,673 & \$12,037). What is also very interesting is that only five states lost population between 2013 and 2014: West Virginia, Connecticut, Illinois, Alaska and New Mexico; and only one state suffered a population loss between 2010 and 2014 – West Virginia. (See <http://www.newgeography.com/content/004818-2014-state-population-rise-south-and-west-continues>) Only six states had a lower population growth from 2000 to 2014 than Connecticut's 0.6% growth: Maine (0.1%), Vermont (0.1%), Rhode Island (0.2%), Michigan (0.3%), Illinois (0.4%) and Ohio (0.5%). So only Wyoming spends significantly more than Connecticut on a per capita basis (\$15,673 versus \$7,745) and had more than a nominal increase in population (3.6%) but their pensions are 83% funded, and they are ranked as one of the top states in which to retire. (Id and see <http://www.bankrate.com/finance/retirement/best-places-retire-how-state-ranks.aspx> discussed more fully below). However, due to the fact that Wyoming has only 584,153 residents, the 3.6% increase is actually only 20,527 more citizens.

Connecticut is one of only nine states that currently have an unemployment rate above the national average (6.3% versus national average of 5.7%) along with net job losses since the recession began. (See [http://www.jec.senate.gov/public/index.cfm?a=Files.Serve&File\\_id=383e7447-a702-4afd-acf9-41ffe0dd99](http://www.jec.senate.gov/public/index.cfm?a=Files.Serve&File_id=383e7447-a702-4afd-acf9-41ffe0dd99)). In February 1990, months before the income tax was instituted, Connecticut had 1,638,800 non-farm jobs while in February 2010, twenty years later, it had 1,610,200 such jobs, which is a decrease of 1.75% or 28,600 less non-farm jobs. (See [\[www.RepODea.com\]\(http://www.RepODea.com\)](http://www.cga.ct.gov/2010/rpt/2010-R-</a></p></div><div data-bbox=)

0195.htm and <http://www1.ctdol.state.ct.us/lmi/laborsit.asp> ). Although I could not find the number of farm sector jobs lost since 1990, rest assured it is in the thousands and thus the total number of Connecticut jobs lost during that time period is greater than 1.75%.

I completely agree with Chairman Fonfara's comments that hand-picking tax breaks for certain segments of our population, whether we're talking about individuals or businesses, is not the best way to proceed. I have been advocating for an across the board 10% cut in spending to help cut taxes more broadly and more fairly; however, that idea does not have much support. As a result, I support HB 6536 to at least ease the tax burden on our seniors and encourage them to stay in Connecticut. I was asked if I thought seniors would stay if we passed this bill. I believe some will because we will signal a shift in tax policy and it will make the state more senior friendly. Connecticut has been ranked as one of the worst states in which to retire due to the cost of living and taxes (see <http://www.bankrate.com/finance/retirement/best-places-retire-how-state-ranks.aspx> ).

A constituent sent me the below email and article this morning concerning "the 10 Worst States for Wealthy Taxpayers". It is easy to call for additional taxes on the wealthy to cover budget shortfalls but our society has never been more mobile and the facts set forth herein prove, in my humble opinion, that the wealthy in this state are voting with their feet like never before and taking their money with them. Based on the current tax policies and the above migration statistics, I fear that the majority of seniors who are retiring here are those who cannot afford to leave.

I was once told that in 1990 there were three wage earners for each retiree in Connecticut while today there are three retirees for each wage earner. I have not been able to verify that comment but again the numbers seem to support its accuracy.

Combine the above information with the fact that Connecticut has the highest per capita debt in the country along with either the second or third lowest funded state pension, depending on which study is viewed, ( see <http://www.governing.com/gov-data/state-debt-per-capita-figures.html> ) and I believe we have an unmitigated financial disaster coming our way if we do not decrease spending and taxes to not only incentivize well off people to retire here but also to improve the business climate to increase jobs and attract more wage earners.

Thank you again for your efforts on behalf of the residents of Connecticut and for your consideration of HB 6536.

Very truly yours,



Tom O'Dea  
State Representative  
125th District

A constituent sent me the below email.

From: xxxx  
Sent: Wednesday, March 25, 2015 4:39 PM  
To: xxxx  
Subject: The 10 Best and 10 Worst States for Wealthy Taxpayers (from Wealth Management.com)

.... all our wealthy Connecticut clients are moving to Florida (or NH and TN, etc.)

Best regards,  
John

[http://wealthmanagement.com/high-net-worth/10-best-and-10-worst-states-wealthy-taxpayers?NL=WM-07&Issue=WM-07\\_20150325\\_WM-07\\_719&sfvc4enews=42&cl=article\\_1&utm\\_rid=CPG09000002744695&utm\\_campaign=2298&utm\\_medium=email#slide-8-field\\_images-821231](http://wealthmanagement.com/high-net-worth/10-best-and-10-worst-states-wealthy-taxpayers?NL=WM-07&Issue=WM-07_20150325_WM-07_719&sfvc4enews=42&cl=article_1&utm_rid=CPG09000002744695&utm_campaign=2298&utm_medium=email#slide-8-field_images-821231)

\* [Florida Jamie Squire Getty 460024608.jpg]  
Best No. 7. Florida

Sales Tax as % of Income: 3.14%

Property Tax as % of Income: 2.40%

Income Tax as % of Income: 0.02%

Total Tax as % of Income: 5.56%

[Connecticut Jared Wickerham, Getty 461983682.jpg]  
Worst No. 2. Connecticut

Sales Tax as % of Income: 2.46%

Property Tax as % of Income: 4.33%

Income Tax as % of Income: 4.40%

Total Tax as % of Income: 11.19%

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