



Testimony of the Connecticut AFL-CIO before the Finance Committee

April 23rd, 2015

Senator Fonfara, Representative Berger and members of the Finance Committee,

I am Lori Pelletier the Executive Secretary- Treasurer of the Connecticut AFL-CIO, here on behalf of the 900 affiliated local unions who represent 200,000 working men and women from every city and town in our great state regarding:

[S.B. No. 1135](#) (RAISED) AN ACT ESTABLISHING A SUSTAINABLE PATH FOR MAINTAINING THE BUDGET RESERVE FUND AND REDUCING THE EFFECT OF REVENUE VOLATILITY ON THE STATE BUDGET

In 2008 when the world economies nearly collapsed two paths were taken. The European Union chose austerity measures. Cutting and slashing budgets, thousands of layoffs, countries on the brink of default. Austerity didn't work. Europe still hasn't recovered. Here in the United States President Obama proposed a \$1.3Billion recovery spending package. After a brutal debate the Congress eventually passed a \$700 Million package and our economy slowly came back.

Today, the stock market is at a record high, corporate profits are up and so are the incomes of the top one percent of wage earners. However, middle income and the working poor have yet to fully recover. I am here before you today to state the proposed cuts to the state budget are harmful to the middle class and as a state we can do better.

Connecticut needs revenue not more cuts. The middle class needs a fair shake and when big corporations hire more accountants to figure out how to get around the tax code than researchers something is wrong, something is very wrong.

Understandably we as a state can't solve all the revenue issues alone, but at least for the near future not many answers are coming from the federal government. We can however take some very important steps to make our state fair to workers and their families by doing the following:

1. Fair income taxation. The current income tax rate for high end earners in Connecticut is 6.7%. Our neighboring state New York has an income tax rate of 8.95% and New Jersey has an income tax rate of 8.85% for high income earners. If Connecticut slightly raised the income tax for high income workers from 6.7% to 7%, the state of Connecticut will realize a gain of \$114 million in revenue.
2. Increase the capital gains surcharge by one percent and the state will realize a gain of \$93 million.
3. Eliminate unnecessary tax breaks. We support the recommendations put forth by CT Voices For Children with regards to these tax breaks as described in the tax expenditure report which serve no public purpose and you are looking at nearly \$500 million!

We appreciate how difficult this budget and finance process is, but you have an incredible opportunity to make lasting changes which protect those who are retired, newborn, in our educational system, working the night shift, in need of health care, building our roads, teaching our children, protecting our public, serving our country and most of all believe Connecticut is a place of opportunity. Please keep them in mind as you deliberate.

Thank you and we appreciate the committee holding this public hearing.

Respectfully submitted,

Lori Pelletier

Executive Secretary Treasurer

Connecticut AFL-CIO