



Request to Amend HB 5046, AAC Revenue Items to Implement the Governor's Budget Finance, Revenue and Bonding Committee, February 26, 2016

My name is Brian Anderson. I am a legislative representative for Council 4 AFSCME, a union of 35,000 public and private employees. I am here to urge that the committee to amend HB 5046, An Act Concerning Revenue Items to Implement the Governor's Budget, to increase revenue.

The committee should restore some of the massive tax cuts that the rich have received over the past 30 years from the state and federal governments. This should include increases in the income tax and restoration of the capital gains tax on the highest earners.

This stands in stark contrast to the recent Republican General Assembly proposal contained in HB 5057. Make no mistake, that proposal also contains a tax increase – a special tax on the health care and pensions of middle and lower income state employees. Over the last decade, state employees have made concessions in wages, pension and health care to the state amounting to billions of dollars. These savings to taxpayers have helped close budget deficits and protect state services. Please stop the attacks on the pay, pension and health care of middle class workers who happen to be state and municipal employees. A sound economy depends on lifting everyone up, not dragging people down by cutting their pay and benefits.

We also disagree with plans to solve our budget deficit by laying off public employees and privatizing their work. The goal of privatization is to seek a lower wage. OPM Secretary Ben Barnes has testified that a substantial part of Connecticut's revenue problem has been the loss of middle income jobs and the growth of low wage jobs. This has cut into state revenue because low wage workers pay little tax and are unable to stimulate the economy through normal spending. Secretary Barnes power point presentation showed this. The Pew Charitable Trust recently reported on the impending damage to our economy because of the loss of a middle class. The Connecticut United Way's recent ALICE report has also highlighted this problem.

This decline in the middle class is a stark contrast to the massive wealth gains of the one percent of our richest citizens. Since 1979, the U.S. gross domestic product has risen by 150%. Worker productivity rose by 75%. Yet wages only rose by 5%. The lion's share of that wealth gain has gone to a very small percentage of our wealthiest citizens. The rich have not paid such a low percentage of their income since the Gilded Age. It is

time to ask the rich to pay their fair share for the good of our state. Our neighbors in Massachusetts tax millionaires at a higher rate, and that's where General Electric moved.

No government has ever cut its way to economic prosperity through austerity measures. But President Franklin Delano Roosevelt did save this country and capitalism by increasing government spending and taxation of the rich. The question that legislators have to answer is this: Who will you serve? Will you serve the interests of working families by creating a tax structure that helps to create and sustain a middle class or will you serve the interests of a small handful of hedge fund billionaires and other corporate chieftains who make a huge windfall at middle class expense? It seems that it is not possible to serve both at once. Thank you for listening. I would be happy to answer any questions.