



State of Connecticut
HOUSE REPUBLICAN OFFICE
STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

TESTIMONY

In support of:

**SB 58 AN ACT REPEALING THE ESTATE TAX
SB 62 AN ACT REPEALING THE GIFT TAX
SB 272 AN ACT PHASING IN AN EXEMPTION FROM THE PERSONAL INCOME
TAX FOR CERTAIN PENSION INCOME
H.B. 6558 AN ACT EXEMPTING SOCIAL SECURITY BENEFITS FROM THE
PERSONAL INCOME TAX**

March 3, 2017

Finance, Revenue and Bonding Committee

Dear Co-Chairs Fonfara, Frantz, Rojas, Ranking Member Davis and distinguished members of the Finance Committee:

Thank you for the opportunity to submit testimony on these important bills which together, will help make Connecticut a more senior-friendly state. The cost of living in Connecticut continues to escalate. Just last year Wallet Hub ranked Connecticut 5th for highest overall tax burden, 7th for highest property tax burden and 5th for highest individual tax burden.

While challenging for all residents, our state is decidedly tax unfriendly toward retirees. On top of property taxes, sales taxes and general income taxes, Connecticut is one of the few states that taxes Social Security income, withdrawals from retirement accounts, and pension income. Ours is also one of 16 states with an estate tax and *the only* state that has a gift tax.

By exempting Social Security and pension income from the personal income tax and repealing the estate and gift taxes, we can take important steps to make Connecticut a friendlier place for seniors. Seniors account for nearly 16% of our state's population and are an important demographic to retain in our state. Seniors use less services while also doing more to give back. In addition to contributions of their time through volunteering, they also spend money as homeowners and as consumers – through restaurants, entertainment venues, local shops and stores, auto dealers and service stations and more.

We hear far too frequently from constituents who are seriously weighing whether they can stay in Connecticut because of the large burden of property taxes, income and other taxes. For those near retirement age, they start to also consider the taxes they will face on Social Security, pensions and the gift and estate taxes. These individuals are at a place in their lives where their children have left home and they have the flexibility and resources to move elsewhere. Most do not want to leave. Connecticut is a place they love, where they have raised their families and in many cases, where they have been raised themselves. But the cost/benefit for staying is getting harder and harder to justify.

We also hear from those who face the same cost of living challenges, yet don't have the same opportunity to relocate. They are scared for their future and angry that after living responsible lives where they worked hard for a living, lived within their means, and did everything else they were supposed to do as citizens of this state, that the fiscal mismanagement from Hartford is taking the dreams they worked so hard for, away.

These are challenges our seniors face today, before the proposed budget from Governor Malloy that would place more financial burdens on municipalities which will result in further reduced local services, added property taxes, or both.

We have an opportunity to change the state tax policy toward seniors and encourage them to stay in Connecticut. Will revenue be offset from these changes? Yes. As a result, some wonder if the state can afford to make these changes, but we wonder how it cannot.

According to the Tax Foundation, Connecticut residents reach Tax Freedom Day on May 13. That's longer than 45 other states in the Union. Let's stem the tide of those leaving our state permanently and those who choose to live by the "6 months and one day" rule. Let's give hope to those who are still here - families, those nearing retirement age and retirees that Connecticut is serious about taking a new path to be more tax friendly and once again be a place to live, work, raise a family and retire.

Thank you for your consideration.

Sincerely,



Representative Laura Devlin
State Representative



Representative Brenda Kupchick
State Representative