

I represent Fairfield Senior Advocates, a nonpartisan citizen action group dedicated to improving life for seniors in our town and state.

We support State legislation to:

1. Exempt all Social Security benefits from the State income tax.
2. Exempt pension income at an equal rate for all residents
3. Raise the threshold on estate taxes

Retaining seniors is critical to the fiscal health of Connecticut towns and our State.

Our seniors are directly affected by burdensome taxes, which have escalated in recent years. These includes income taxes on Social Security payments, taxes on pensions/other retirement income, and estate taxes. State taxes have risen faster than the rate of inflation, creating financial pressure on senior residents who generally live on fixed incomes.

Seniors pay a disproportionate share of the high cost of education and town government through property taxes. Seniors subsidize education budgets, which constitute well over 50% of local spending. In many towns property taxes are growing much faster than inflation. Now the State is attempting to push teacher pension costs down to municipalities, further squeezing seniors. Every time a senior moves, we lose someone who pays much more in property taxes than his/her expenses.

Connecticut is one of only four states losing population. This exodus includes seniors. The growing number of "snowbirds" (who achieve non-resident status by staying out of State for more than six months) is alarming.

Most states acknowledge the growing tax burden on seniors by exempting **Social Security** income. Only 13 states tax these benefits - so we are at a real disadvantage. New York, New Jersey, Pennsylvania and Massachusetts do not tax Social Security income at all - and in some cases exclude other retirement income from tax. Our own

organizational studies show elimination of this tax to be an easy decision: the offsetting revenue saved would dwarf the loss of Social Security tax revenue.

Nearby states have taken action to reduce or eliminate **estate tax** thresholds. New York is raising its exemption level to the \$5.4 million federal level. New Jersey is phasing out its estate tax entirely. Connecticut should raise its tax threshold and ultimately eliminate the estate tax. This will retain seniors and attract younger workers, all of whom can contribute to our state's economy and treasury.

We need fairness, too. Teachers' **pensions** are on track to become 50% free of state income tax. All seniors - not just those who draw teacher pensions - deserve comparable income tax relief.

Revenue shortfalls contribute significantly to State budget deficits, which now appear to be worsening in current and future years. We need to stem revenue loss from departing seniors. When seniors leave, so go their income taxes; sales, gasoline and other forms of taxes; plus economic transactions supporting our stores, restaurants and health services.

FSA is committed to working closely with legislators, taxpayer groups and coalitions across the State. Let's offer our seniors hope in the State's future.

Thank you.

Urb Leimkuhler

Coordinating Director, Fairfield Senior Advocates

Fairfield, CT