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**Written Testimony
Comptroller Kevin Lembo
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S.B. 11: AN ACT CONCERNING CONNECTICUT'S RESPONSE TO FEDERAL TAX REFORM

Good afternoon Senator Fonfara, Senator Frantz, Representative Rojas, Representative Davis, and Members of the Finance, Revenue and Bonding Committee:

I write today regarding Senate Bill 11, An Act Concerning Connecticut's Response to Federal Tax Reform.

This legislation seeks to overcome the damaging consequences of recent federal tax changes that grossly deepen the divide between what Connecticut is forced to pay in federal taxes over what states like Mississippi, West Virginia and the Carolinas pay.

In response to the "taker" states – touting infrastructure investment and economic development – Connecticut taxpayers say: You're welcome, but we are no longer funding your growth at the expense of our own.

Connecticut pays more federal taxes per capita than any state in the nation - making it a so-called "donor state," according to a recent report by Federal Funds Information for States (FFIS).

While places like Mississippi, Alabama, West Virginia, New Mexico and the District of Columbia receive far more federal dollars than they pay, Connecticut receives only 87 cents back for every tax dollar sent to Washington, D.C. (ranking Connecticut 46th in what it receives in per-capita federal spending).

New federal tax changes will now worsen this disparity and likely have long-term consequences for states like Connecticut, impairing the ability of Connecticut state and local governments to afford essential investments in infrastructure, education and workforce training that are necessary to drive economic growth.

These federal tax changes raise basic questions of fairness for high-income states like Connecticut and fly in the face of the tax reform's stated goals.

Connecticut has rightfully joined a multi-state coalition to fight this disparity. I commend state officials and this committee for their response to this. We must examine every avenue to achieve tax fairness for the people of Connecticut.

I look forward to participating in those conversations in the weeks and months to come.