YANKEE INSTITUTE
for Public Policy

Testimony on Senate Bill 1 and House Bill 5003

Good afternoon. My name is Suzanne Bates. I am a Senior Policy Fellow at the Yankee Institute for Public Policy, and I am submitting testimony in opposition to Senate Bill 1 and House Bill 5003.

We agree that supporting Connecticut's families and encouraging work is central to the state's success and growth. However, we are concerned that the cost of adding another mandate on employers as well as a new payroll tax on employees will result in fewer jobs and fewer residents to fill those jobs.

You will likely hear from many who will rightly raise the concern that the paid family leave program contained in these bills is more expansive and likely more expensive than the programs that already exist in other states. We would like to raise some additional concerns.

We feel we must raise the alarm about language contained within the bill that has the potential to allow a tax increase to go into effect without the vote of lawmakers. On pages 3-4 of the bill, section 2, subsection (c), it says that the new payroll tax will be limited to the same amount of earnings as is subject to the Social Security tax. However, if this amount is not enough to keep the fund solvent, the administrator of the program can ask the legislature to increase the amount of earnings subject to the payroll tax. The legislature could then only turn down the tax increase by a 3/5 vote of both chambers; or, if the matter is not brought up for a vote in 30 days, the tax increase would be **deemed approved**.

To restate: **this bill would allow future tax increases on state residents without any vote by the legislature.**

We cannot state strongly enough that we do not believe lawmakers should give away their taxing authority to an administrator. Nor do we think it is good policy to require a 3/5 vote by lawmakers to vote *down* a tax increase.

The language in this section points to concerns that the program will not be solvent with a 0.5% payroll tax, and in fact will likely require additional tax increases in the future.

The proposed paid family leave program is similar to the state's pension systems in that it would provide a defined future benefit, while the potential costs of the program can only be estimated.

We have already seen the enormous cost to state taxpayers when a defined benefit program is underfunded. The risk is too great to start another program whose costs could quickly outrun the ability or willingness of taxpayers to pay.