



CONNECTICUT
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PROJECT, INC.

TESTIMONY OF KATHLEEN FLAHERTY, ESQ.
EXECUTIVE DIRECTOR, CT LEGAL RIGHTS PROJECT, INC.
FINANCE, REVENUE AND BONDING COMMITTEE PUBLIC HEARING
APRIL 29, 2019

Comments regarding:

SB 1136: AN ACT ESTABLISHING A CREDIT AGAINST THE ESTATE TAX, REQUIRING RECOMMENDATIONS FOR THE ESTABLISHMENT OF A SOCIAL IMPACT BONDING PROGRAM AND CONCERNING A CAPITAL GAINS SURCHARGE AND THE USE OF THE REVENUE THEREFROM.

SB 1139: AN ACT ELIMINATING PROPERTY TAX ON CERTAIN MOTOR VEHICLES AND ADJUSTING THE UNIFORM PROPERTY ASSESSMENT RATE.

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SB 1141: AN ACT CONCERNING PROPERTY TAX REFORM.

Senator Fonfara, Representative Rojas and members of the Finance, Revenue and Bonding Committee:

Good afternoon. My name is Kathy Flaherty and I'm the Executive Director of Connecticut Legal Rights Project (CLRP), a statewide non-profit agency that provides legal services to low income adults with serious mental health conditions. CLRP was established in 1990 pursuant to a Consent Order which mandated that the state provide funding for CLRP to protect the civil rights of DMHAS clients who are hospitalized, as well as those clients who are living in the community. I'm also the Co-Chair of the Keep the Promise Coalition (KTP). KTP is a coalition of advocates (people living with mental health conditions, family members, mental health professionals and interested community members) with a vision of a state in

which people with mental health conditions are able to live successfully in the community because they have access to housing and other community-based supports and services that are recovery oriented, person-driven and holistic in their approach to wellness. Lastly, I'm a member of the steering committee of the Connecticut Cross Disability Lifespan Alliance, an alliance of people of all ages with all disabilities who pursue a unified agenda.

I want to thank the committee for its leadership in raising these bills for consideration, and attempting to come up with creative revenue solutions to support the expenditures outlined by the Appropriations Committee. As I have said multiple times this session, the state's budget reflects its moral choices both in terms of its spending priorities, and the way in which it raises the revenue necessary to support those spending priorities. The burdens of this budget – on both sides of the equation – should be placed upon those who are capable of bearing the load. That is what part of being in a society is all about. If this committee does not endorse all of the governor's revenue proposals – which includes extending the sales tax to additional goods and services that are currently exempt, some of which are truly necessities, and some of which may be less so – then this committee needs to be prepared to propose other sustainable sources of revenue in order to maintain and preserve the safety net as I have heard so many people in this building pledge to do.

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The concern I have with regard to all three of these proposed bills is that they may not be placing the burden on those individuals who can bear it. **SB 1139** is particularly concerning, because while it proposes eliminating the property tax on motor vehicles, it adjusts the uniform property assessment rate to 100% from 70% - which will likely result in significantly increased taxes on a lot of folks who may not be able to afford them. **SB 1141** would raise the sales tax by one half of one percent and dedicate the funds to a "Municipal Capacity Fund" – the details of which are unknown at the present time. Raising the sales tax is a regressive strategy and will have a disproportionate effect on those of low and moderate income. Many people in this state are leery of promises made to dedicate revenue from any particular revenue stream for a specific purpose – we have seen such promises made in the past and not kept.

I do not envy the task with which you are faced. However, I respectfully suggest to this committee that you consider the proposals that have been put forward by other advocates much more well versed in tax policy than I, such as Connecticut Voices for Children (more information available at http://www.ctvoices.org/sites/default/files/bud19RevenueOptions_2019_04_04.pdf (fact sheet) and <http://www.ctvoices.org/sites/default/files/bud19RevenueOptions.pdf> (full report)) One of their proposals is to raise the marginal tax rate on the highest-income earners by one additional percent. The new rate would still be less than the highest marginal tax rate in the other states in the tristate area.

I know that legislators continue to receive pressure from those who claim that the state simply needs to “stop spending.” I also know that the spending side of the equation is not your responsibility. However, I am sure that you must be aware that there are certain items within the state budget that are considered fixed costs – which means they have to be paid. Those costs continue to rise every year. If additional revenue is not raised to address the rising fixed costs, everything considered “discretionary” must be squeezed out. The pie chart on the next page demonstrates this process. Indeed, in order to just maintain the discretionary spending (which means holding the line items steady, even as the cost of delivering services continues to rise, and the demand for services continues to increase), additional revenue is needed.

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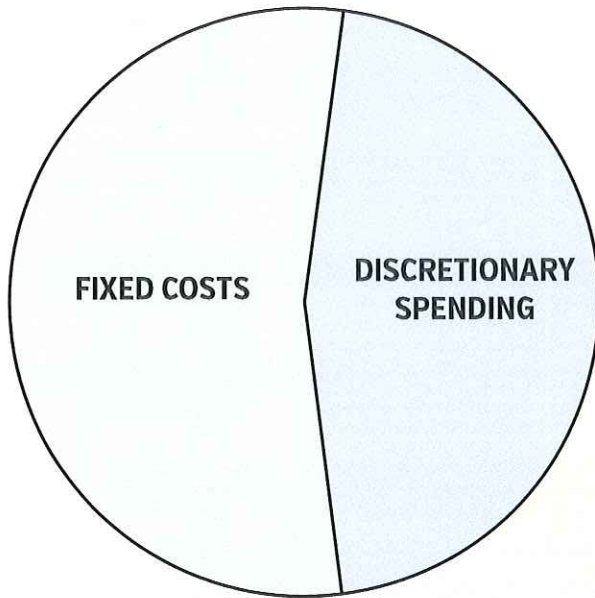
I encourage this committee continue to explore other revenue proposals that place more responsibility on those who have more available to give. We often talk about “shared sacrifice.” It is time to ask the wealthy, especially those who have benefited from other policies at both the state and federal level, to share in the sacrifice, rather than continuing to place the burden on seniors, people with disabilities, and children.

It is not immoral to ask the wealthiest individuals in this state to contribute a small portion of that windfall to help support the programs that serve this state’s most marginalized residents.

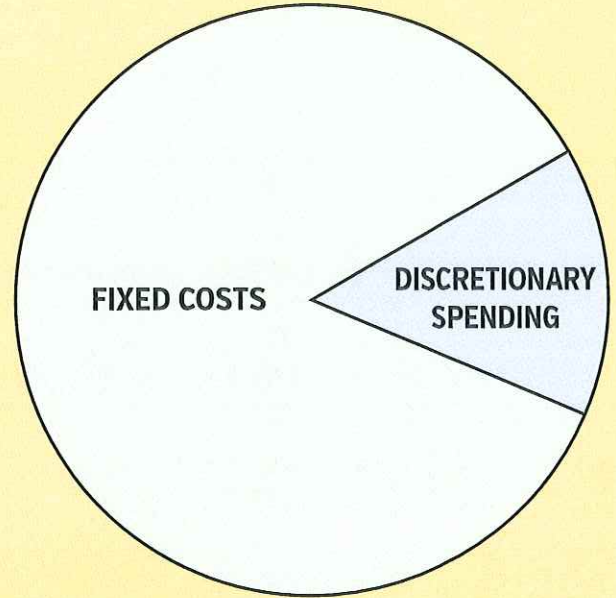
Thank you for your consideration of this testimony as you make your decision.

Anyway You Slice It: Connecticut's State Budget Pie

Fixed costs represent more than half of the expenses in the CT budget.

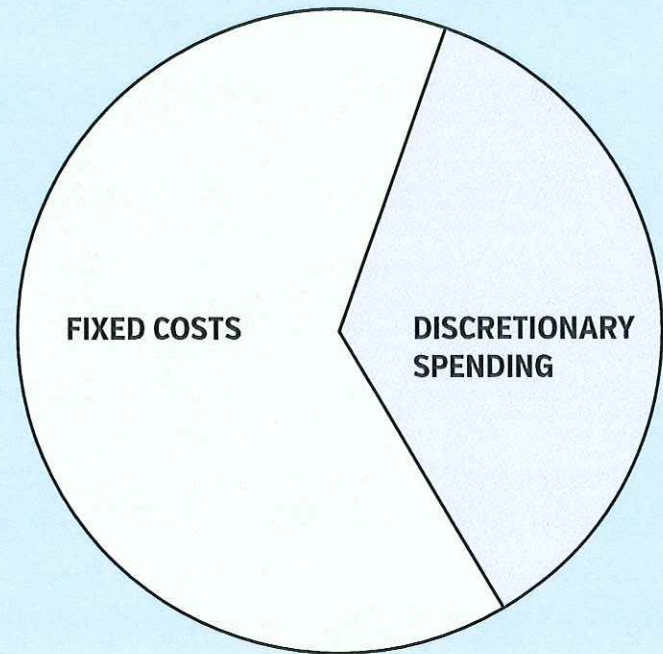


Since fixed costs go up every year, if the pie stays the same size, it will eventually look like this.



If, on the other hand, you increase the size of the pie, you might at least hope to maintain the programs paid for by discretionary spending.

How do you increase the size of the pie? **Revenue.** You can't have it both ways. **There is no magic pie.**



Additional questions? Please contact Kathy Flaherty, CLRP Executive Director, at (860) 262-5033 or kflaherty@clrp.org.



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