Finance, Revenue and Bonding Committee
JOINT FAVORABLE REPORT

Bill No.: HB-7415
Title: AN ACT CONCERNING A SURCHARGE ON CAPITAL GAINS.
Vote Date: 4/30/2019
Vote Action: Joint Favorable Substitute
PH Date: 4/26/2019
File No.: 

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SPONSORS OF BILL:
Finance, Revenue, and Bonding Committee

REASONS FOR BILL:
This bill requires the Finance, Revenue and Bonding Committee’s chairpersons and ranking members to study possible new revenue streams, including a surcharge on capital gains, and report their findings to the committee by January 1, 2020.

RESPONSE FROM ADMINISTRATION/AGENCY:

Office of Policy and Management, Secretary, Melissa McCaw
OPM testified in opposition to this bill stating it would be another tax increase on the income tax rate. OPM also indicates in 2017 the General Assembly passed a volatility cap. This revenue source is identified as vulnerable to changes in the economy in general and financial markets.

Department of Economic and Community Development, Commissioner, David Lehman
The Commissioner testified in opposition to this bill stating it would impose an additional tax. He stated this would be a detriment to the state’s reputation as a place to do business and is impediment to investment in our economy.
NATURE AND SOURCES OF SUPPORT:

State Representative, 49th District, Susan M. Johnson
The Representative stated our current tax structure generates revenue in which the most taxes are paid by those who can least afford it. Representative Johnson views this legislation as the beginning of reestablishing a more progressive tax system.

AFL-CIO, President, Sal Luciano
Mr. Luciano testified that this legislation would help reduce the income inequality in the state. He believes this is a fairer and more progressive way to raise revenue.

Center on Budget and Policy Priorities, Senior Fellow, Elizabeth C. McNichol
Ms. McNichol testified that millions of American families have less wealth and fewer opportunities due to the majority of wealth concentrated in the hands of few. The Center on Budget and Policy Priorities stated four reasons for support: 1) Connecticut's wealthy can afford to contribute more, 2) Only a small share of Connecticut's taxpayers—the very wealthiest—would be affected by a surtax on capital gains, 3) Claims of widespread flight by millionaires due to taxes appear unfounded, and 4) An additional tax on capital gains could result in somewhat more revenue volatility but it is manageable.

AFSCME is in support.
AFT is in support.
Connecticut Association for Human Services is in support.
CT Cross Disability Lifespan Alliance is in support.
Connecticut Early Childhood Alliance is in support.
Connecticut Legal Rights Project, Inc. is in support.
Connecticut State Council of the Service Employees International Union is in support.
Connecticut Voices for Children is in support.
Fair Share Connecticut is in support.
National Alliance on Mental Illness is in support.
National Association of Social Workers, Connecticut Chapter is in support.
National Federation of Independent Business is in support.
New Haven Legal Assistance Association, Inc. is in support.
State Employees Bargaining Agent Coalition is in support.

Katie Atkinson is in support.
Jennifer Bennett is in support.
Beverly Brakeman is in support.
Joseph J. Cintia is in support.
David Gedraitis is in support.
Carol Grace Gee is in support.
Brynn Hickey is in support.
Matthew Rowe is in support.
Mary-Ann Langton is in support.
NATURE AND SOURCES OF OPPOSITION:

**CT Realtors**
Connecticut Realtors testified the state of Connecticut needs to find reasons to keep citizens, not drive them away with further taxation.

**CBIA, Vice President of Government Affairs, Eric Gjede**
CBIA testified that this surcharge may discourage others from investing that may ultimately benefit the state in relations to revenue. This legislation would place Connecticut among the highest capital gains in the nation and one of two states that tax short term capital gains at a rate higher than personal income tax.

**Yankee Institute for Public Policy, Policy and Research Director, Scott Shepard**
Yankee Institute testified that we cannot save Connecticut by raising taxes on those who have the highest capability to stay in Connecticut. They outlined a loss of 10% of our highest paid families, or just 36 families would be equal to wiping the revenue the state receives from the city of Bridgeport alone.

**Jeffrey A. Gordon** is in opposition.  
**Stephen Mendelsohn** is in opposition.

Reported by: Cassandra Gallion  
Committee Clerk  
Date: 5/7/2019