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Finances and Revenue Committee

TESTIMONY IN SUPPORT OF H.B. 6187 An Act Concerning the Restructuring of Certain Taxes and Equity & SB 821 An Act Concerning the Reformation of Certain Taxes and Tax Equity

I would like to thank the esteemed members of this committee for allowing me the opportunity to testify in support of HB 6187 and SB 821. My name is Jillian Gilchrest and I am the State Representative for Connecticut's 18th assembly district.

For many, Connecticut is an amazing place to live, work and raise a family. But, we are also a state with extreme inequality, some of the worst in the nation, which has only been exacerbated during the pandemic. As we come out of the COVID pandemic, Connecticut has the opportunity to right the wrongs of our past. Communities across Connecticut have come together, determined to help each other and leave no one behind. Now we need a state tax policy that does the same thing, allowing us to invest in our future, not just respond to emergencies or fill holes.

We need a recovery that makes significant investments in equitable preK-12 public education, robust public colleges and universities, access to affordable healthcare and realizing affordable housing goals. These investments will create equal opportunities for everyone, regardless of race, gender, income or zip code.

HB 6187 and SB 821 include one-time direct stimulus payments of \$500 to provide direct assistance to individuals who've lost their jobs during the pandemic and relief to property owners for taxes levied on residences and motor vehicles by doubling the property tax credit to \$400. Recognizing what a struggle child care has been prior to the pandemic and in particular during the coronavirus, SB 821 creates a child tax credit to provide tax relief to working and middle-class families with children.

According to President Reagan, the Earned Income Tax Credit (EITC) is the "the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress" (Snyder

1995). HB 6187 and SB 821 will lower taxes on working class families by expanding the EITC to 50% of the federal EITC and include taxpayers who file with an ITIN.

In order to make much needed investments in public education, healthcare and housing, Connecticut must fairly update our tax code to raise \$3 billion in new progressive revenue in order to fortify state finances and build our future. HB 6187 and SB 821 will establish a 10% tax on digital ads placed in Connecticut by companies with digital ad revenue of more than \$10 billion (Google, Facebook, and Amazon). The bills create a 2% statewide property tax on the portion of the market value of homes in excess of \$1.5 million and reduce the estate tax exemption to \$2 million, eliminate the payment cap, and enact estate tax rates similar to the rates in effect before the Great Recession.

HB 6187 and SB 821 increase the base corporation business tax rate to 11.5% for corporations with gross income of \$100 million or greater and extend and increase the current surtax to 20%, impose a surtax of 5% on capital gains, dividends, and taxable interest for individuals with income in excess of \$500,000/year (\$800,000 for joint filers), and make Connecticut's personal income tax rates fairer by raising the rate on individual income in excess of \$500,000/year (\$800,000 for joint filers/heads of household) to 8.82%, and on income in excess of \$1 million/year (\$1.2 million for joint filers/heads of household) to 12.696%.

Connecticut has a regressive tax system that dooms our economic recovery. Working- and middle-class families pay a larger percentage of their incomes in taxes than the wealthiest families in our state. But it's even worse than you can imagine: our poorest families in our state (making less than \$53,000 a year) pay an effective tax rate [more than triple](#) that of the wealthiest families (making over \$680,000 a year).

Working- and middle-class people have suffered enough. We need progressive taxation. After every disaster in the history of mankind and the current times, it has been through progressive actions that we have come out of disasters. I urge the committee to support HB 6187 and SB 821.

If there ever was an emergency, now is the time. Thank you for your consideration,



Jillian Gilchrest
State Representative
West Hartford