

Finance, Revenue and Bonding Committee Public Hearing, Monday March 15, 2021

Testimony In support of proposed bills

**HB 6187 – An Act Concerning the Restructuring of Certain Taxes and Tax Equity**

**SB 821 – An Act Concerning the Reformation of Certain Taxes and Tax Equity**

My name is John McNamara and I appreciate the opportunity to support proposed bills 6187 and 821.

My perspective comes from working in higher education in Hartford, first at the University of Hartford and for the last 20 years at Capital Community College where I've obtained grants and philanthropic support outside of state appropriations. Because of state budget constraints those state appropriations have steadily declined at our public, two-year colleges and continue to do so under the weight of a costly consolidation that leaves campuses in deficits. It also comes from being a Town Committee Chairman helping to recruit and elect board of education members and municipal officials over a long period of time who everyday grapple with delivering local services under an unsustainable property tax structure.

To attain more tax equity and fairness and provide adequate support for community colleges, essential state services, basic human needs and local school and town aid, I urge your favorable action on 6187 and 821. Let's begin to change what CT Voices for Children and others call "our upside-down revenue system." At the same time these bills provide for pandemic hardship relief that will be needed even after residents get immunized and we go down the long road of economic recovery.

Many of us have heard and read about there being two Connecticut with income inequality here reflecting a widening gap across the nation, a gap made worse by the year-long pandemic. In my view changing the tax structure at any time is one of the most difficult if not the most difficult actions a legislature can take. I do not envy your task in making the tax system better. But the regressivity and injustice of Connecticut's tax system can no longer be ignored.

According to a Voices for Children tax reform report issued last December, median income households with \$76,106 in pre-tax income pay an effective tax rate of nearly 14% while the top one percent of tax filers with an average income of \$3,092,389 had an effective tax rate of 6.5%. The playing field is not level. Why does a nurse or teacher from New Britain pay more than double the taxes than a hedge fund manager from Greenwich?

Keeping the status quo on tax policy guarantees that the two Connecticut will remain far apart. Opportunities for the working poor to move up the economic ladder are diminished by current tax policy. Attaining fairer and lower taxes for middle class families is not possible because of the current mix of regressive sales and property taxes and an income tax that has little progressivity.

- When CT adopts a child tax credit and the earned income tax credit linked to the federal one that are provisions of this legislation it's going to help community college students who I know balance work, study and raising families in pursuit of a career where they will earn sustainable wages.
- When CT increases the property tax credit to \$400 that helps my neighbors in New Britain, especially those on fixed incomes, stay in their homes despite a mill rate over 50 and a municipal government hard pressed to avoid a mill rate increase next time.
- When CT assesses a receipts tax on digital advertising services from global, multi-billion-dollar companies that eases the overreliance on sales and incomes taxes.
- When CT adjusts marginal income tax rates for individuals with incomes over \$500,000 and married individuals over \$1 million the state's revenue system can be turned right side up by easing the tax burden on working and middle-income families.

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These bills are not about soaking the rich or pitting wealthy suburbs against economically distressed cities. It is not about frivolous spending but giving government what it needs to overcome deficit-causing unfunded pensions and to ensure there is a level playing field when it comes to who bears the tax burdens in every city and town.

Thank you.

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