

Finance, Revenue and Bonding Committee

JOINT FAVORABLE REPORT

Bill No.: HB-6443

AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL

Title: BUDGET.

Vote Date: 4/22/2021

Vote Action: Joint Favorable Substitute

PH Date: 3/24/2021

File No.: 638

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SPONSORS OF BILL:

Introduced by:

The Finance, Revenue and Bonding Committee

Co-sponsors:

Rep. Jane M. Garibay, 60th Dist.

Rep. Susan Johnson, 49th Dist.

REASONS FOR BILL:

The bill implements the major revenue elements of the Governor's plan to balance the FY 22 – FY 23 biennial budget

RESPONSE FROM ADMINISTRATION/AGENCY:

Melissa McCaw, Secretary – Office of Policy and Management supports this bill state that this proposed budget takes a conservative approach to achieving balancing over the FY 2022-2023 biennial budget. McCaw states that the Governor understands the impact that the pandemic has taken on the economy in our state and does not believe we should be increasing taxes as it would be a step in the opposite direction to recovery. McCaw states that this budget proposal does not increase the financial burden on the state's residents and businesses while creating new opportunities in the state to remain competitive among our neighboring states.

Marie Allen, Executive Director – Southwestern CT Agency on Aging - supports this bill stating that they support the legislation to leave the legislated phase out of taxes on pensions and annuities. Ms. Allen states that this legislation was passed three years ago and it

provides much-needed relief to seniors when they are contemplating leaving Connecticut as part of their long term financial plan.

Deidre S. Gifford, Acting Commissioner – Department of Public Health supports section 23 of this bill which will allow for the continuation of the safe drinking water assessment. The section in this bill authorizes DPH to continue to collect the safe drinking water assessment. Gifford states that this safe drinking water assessment supports the critical work that the Department's Water Section does. The DWS is responsible for ensuring the adequacy and purity of CT's public drinking water on a statewide basis. DPH relies on the full-time equivalent staff that are funded by this assessment to ensure that residents of CT continue to receive safe and adequate public drinking water.

Colleen Murphy, Executive Director - The Freedom of Information ("FOI") Commission – offered the following comments regarding this proposal. FOI states that in section 7 of this bill the CT Lottery Corporation is required to establish a program to sell lottery tickets for lottery draw games through the corporation's website. This section also requires that the program must establish a voluntary self-exclusion process to allow a person to exclude himself or herself from establishing an online lottery account or purchasing a lottery ticket through the program. In addition, section 10 of this proposal exempts from disclosure "[t]he name and any personally identifying information of a person who is participating or has participated in the corporation's voluntary self-exclusion process" but also allows the corporation to disclose this information. FOI states that the language as written is narrow in its application and would not completely remove such information from the realm of public records subject to the FOI Act.

NATURE AND SOURCES OF SUPPORT:

Don Shubert, President – Connecticut Construction Industries Association, Inc – supports section 24 of this proposal that creates a Heavy Truck Tax and allocates the revenue collected to the Special Transportation Fund. Shubert states that this measure is important to address the forecasted annual deficits. Shubert states that CT's infrastructure is falling into despair. One of the main reasons for this is the lack of revenue that is flowing into the Special Transportation Fund. Currently, it is estimated by the Department of Transportation that there is a \$400 million deficit annual to maintain our state's highway and transit systems in good repair. Shubert states that a recent report published by TRIP stated that nearly two-thirds of CT's roads and highways in CT are in poor or mediocre condition. Shubert states that Connecticut's future is riding on its transportation systems and that transportation investments drive economic activity and jobs across every sector of the state economy. Shubert ends stating that investments in our transportation provide one of the highest-rate-of-return on investments for government spending and it's very important to invest in CT's future.

Greg Smith, President & CEO – Connecticut Lottery Corporation – supports sections 7 through 13 of this proposal which authorizes iLottery in the state of Connecticut. Smith states that this proposal authorizes a program which allows the sale of lottery tickets for lottery draw games through online sales on the corporation's website. Smith states that selling online and through a mobile app it will enable the corporation to appeal to new players and will attract new players. Smith states that they are projecting over \$45 million in new revenue from iLottery to the state over the next 5 years when it is authorized. Smith also states that the corporation understands that every product that they offer they must also offer appropriate

controls for responsible gambling. They state that they will incorporate responsible gaming practice and will continue their partnership with the Department of Mental Health and Addiction Services and the Connecticut Council on Problem Gambling.

NATURE AND SOURCES OF OPPOSITION:

Frank Antonacci, Owner of Murphy Road Recycling, LLC – opposes section 24 of the Governors bill that establishes a "highway use tax". This tax would apply to heavy weight vehicles in the vehicle classes of 8 through 13 affecting vehicles weighing between 26,000 to 80,000. Mr. Antonacci states that Governor Lamont and other advocates want passage of this section suggesting that users such as his company are the ones responsible for the wear and tear of the State's infrastructure. Mr. Antonacci states that his company is located in the state and purchases fuel in the state and pays a multitude of fees and taxes that are intended to compensate for the states use of the roads. He states that imposing this tax will cause an unfair economic burden on the company that could total to be in the hundreds and thousands of dollars. He states that companies like his cannot absorb these additional costs and as a result the costs will just be passed down to the consumers of their services including municipalities.

The following residents and organizations testified in opposition to section 23 of this proposal stating this fee originally was intended to be a temporary measure to ensure DPH maintained their primacy role for drinking water programs under the EPA Safe Drinking Water Act as federal funding was curtailed. While they recognize the need to provide residents and businesses with safe, reliable public water supplies at a reasonable cost, in the original legislation that was passed, they agreed to support the fee with the understanding that it would sunset initially at the end of the 2019 fiscal year and then again at the end of fiscal year 2021. Under this section, if passed, this fee would become a permanent tax on water customers. In addition to it becoming permanent, the bill calls for an increase in the fee of 44% and will increase every year to reflect increases in wage and benefits paid to the DPH staff. The bill also eliminates the requirement that DPH prepare an annual report detailing how the funds were used and the department's efforts to improve efficiencies. The below testifiers urge the committee to eliminate the safe drinking water primacy fee which represents a \$2.2 million tax on water customers.

Connecticut Water Company (CWC)

Jonathan Avery – Hazardville and Jewett City Water Company

Dominick Di Gangi, General Manager City of Norwalk Water Department

Elizabeth Gara – Connecticut Water Works Association

Alan Huth, CEO & General Manager – Norwalk Electric and Water

Patrick Kearney, Administrator – Town of Manchester Water and Sewer Department

Norwich Public Utilities (NPU)

Lori Vitagliano, Government and Public Relations Specialist – South Central Connecticut Regional Water Authority

John Walsh, V.P. of Operations & Utility Innovation – Aquarion Water Company

Susan M. Suhanovsky – The Torrington Water Company

Michael Turgeon – Windham Water Works

The Metropolitan District

Robert Sherwood, Executive Vice President – Jewett City Water Company

The below residents and organizations testified in opposition to section 24 of HB 6443 which eliminates the Ambulatory Surgical Center's \$1 million exemption currently in statute. If implemented, this will result in a tax increase of \$60,000 to every surgery center in CT. They also state that ASCs are taxed as small businesses and as a health-care provider. They state that unlike hospital-owned outpatient facilities, ASCs are not afforded tax exemptions and are still obligate to pay a wide range of taxes which include: income tax, sales tax, property tax and more. They state that ASCs provide high quality, lower cost care to patients throughout the state.

Michael Aronow, President – Connecticut Orthopaedic Society
Carissa Beaulieu, Chief Executive Officer – Bloomfield Ambulatory Surgery Center
Lisa Bogel, Center Administrator – Eastern Connecticut Endoscopy Center
Danilo D'Aprile, Administrator – Orthopaedic & Specialty Surgery Center
Dwayne Kertanis – Constitution Surgery Center East LLC
Kyle Friedman, CEO – Surgical Center of Connecticut, LLC
Jennifer Gale, CEO/Administrator – River Valley Ambulatory Surgery Center
Amanda Gunthel, President – Connecticut Association of Ambulatory Surgery Centers
Lynn Halkowicz, Nurse Manager – Endoscopy Center
Sarah Harris, Business Manager – Wallingford Endoscopy Center opposes
Diane Heelan, Chief Executive Officer – Western Connecticut Orthopedic Surgical Center
Cathy Kean, RN – Diagnostic Endoscopy Center
Karen Vulcano, CEO/DON – Specialty Surgery Center of Connecticut
Bill Wollman – Evergreen Endoscopy Center, LLC
Steven P. Oster, Administrator – Connecticut Eye Surgery Center
David Shipley, Administrator – Norwalk Surgery Center
David M. Sones, V.P. of Operations and Administrator – Constitution Surgery Alliance
Edward Staunton, Executive Director – Stamford Ambulatory Surgical Center
Diane Youd, DON/Administrator – Waterbury Surgery Center
Maurizio Nichele, MD – Shoreline Colonoscopy Suites

Catherine D'Agostino and Sandra Bove, Legislative Co-Chairs – Association of Retired Teachers of Connecticut testified opposing the postponement of the 50% Connecticut tax exclusion for retired teachers. They state that PA 14-47 exempts 50% of the retirement income for retired teachers starting January 1, 2017 and each taxable year thereafter. The Governor's proposal once again postpones this promise 50% tax exclusion to 2023. They believe that this 50% exclusion would make teaching professions more equitable and attractive in CT. They also state that while postponing the exclusion will save the state \$8M, this results in higher taxes for retired teachers, many teachers whom are considering whether to move to lower tax states.

The following residents testified asking the Governor to alleviate the disparity teachers were promised which is a 50% Connecticut income tax exclusion on teachers retirement income. They state that the Governor's proposal this year postpones the promised 50% tax exclusion to 2023 which keeps the state income tax exclusion at 25%.

Bonnie Barnes, Retired Teacher – East Haddam, CT

Harriet Baskette, Retired Teacher – Manchester, CT
Pamela Benson, Retired CT Teacher
David Berrill, Retired Teacher – Glastonbury, CT
Patricia Berrill, Retired Teacher – Glastonbury, CT
John S. Boccuzzi, Retired Teacher – Newtown, CT
Patricia Charles, Retired Superintendent
Kathleen Colburn, Retired Teacher
Diane Wilder Cornwell – Norwalk, CT
Daniel and Paula Coughlin – Woodstock, CT
Kenneth B. Daniels
Cindy Davis
Jerry Davis – Canterbury, CT
Alan DeBisschop, Retired Teacher – Plantsville, CT
Lillian H. Diachenko – Retired Teacher
Gail and Tony Diminico, Retired CT Teachers – Newtown, CT
Mia DiStasi – Retired CT Teacher
Karen Drake – Retired CT Teacher
Walter and Beatrice Drozeck
Sherry Flaherty - Retired Teacher
Vito Giannini, Retired CT Teacher – Plainville, CT
Barbara Giardini, Retired Teacher – Brookfield, CT
Tammy Gowash, Retired Teacher – Somers, CT
Patrick Hickey, Retired CT Teacher – Bristol, CT
Keith Higgins – Bloomfield, CT
Robert Horn – Durham, CT
Ruth-Ellen Hunt – Bethel, CT
Elaine R. Klein, Retired Teacher – Orange, CT
Theodora L. Kopcha, Retired Educator
Christine Kopyt, Retired Teacher from Avon Public Schools
Mary Jane Kubeck, Retired Teacher
William Lenahan – Fairfield, CT
M. Terry Lieberman – Retired Teacher
Robert Liepolt, Retired Teacher – Westport, CT
Werner Liepolt, Retired Teacher – Westport, CT
Therese McDonald, Retired Bridgeport Teacher – Monroe, CT
Jean Merz, Retired CT Teacher – Vernon, CT
Marilyn Mitchell - Trumbull, CT
Sheila Murphy, Retired Glastonbury High School Teacher – Portland, CT
Jane C. Newpeck, Retired CT Teacher – Canton, CT
Kerry O'Keefe, Retired Teacher – Ledyard, CT
Mark and Barbara Popeleski – Retired CT Teachers
Agnes Rath – CT Teacher
Kenneth N. Reed, Jr. – Retired Norwalk and New Fairfield Teacher
Eileen Richmond – Retired CT Teacher
Margaret Rick, Retired Educator – West Hartford, CT
Lynn Rosenblatt – Retired CT Teacher
Joyce E. Rousseau, Retired CT Teacher – Southbury, CT
Margaret and Lorraine Samela, Retired Teachers – Old Saybrook, CT
Frances Schilling, Retired Teacher – New Milford, CT

Karen Schmidt, Retired Teacher – Guilford, CT
Paula Schwartz, Retired South Windsor Teacher – Avon, CT
Michele Sinkez, Retired Windsor High School Teacher
Karen Spotts, Retired CT Teacher – Cromwell, CT
Eileen Szalkiewicz – Retired CT Teacher
Gordon Turnbull, Retired CT Teacher – Wallingford, CT
Matthew P. Valenti, Retired CT Teacher – New Hartford, CT

Axel Carrion, Vice President of State Public Affairs – United Postal Service (UPS)- opposes the proposal to implement a Highway Use Tax (HUT). Carrion states that UPS is eager to work with State and Federal government to address the continuous cycle of underinvestment in our nations infrastructure and finding a long term sustainable funding for our roads. Carrion states that they would like to work together to find a funding mechanism that provides a level playing field across the trucking industry without placing an unfair burden on carriers. Carrion also states that this tax is utilized in four other states around the country and due its policy, CT HUT proposal differs greatly from the state of New York's. Carrion states that although UPS travels significantly less miles in CT compared to the larger New York territory, the CT HUT tax would cost UPS nearly three times the expense incurred. Carrion states that while they oppose the Highway Use Tax, they do however favor an increase in the federal fuel tax indexing it to inflation and dedicating that revenue to the Highway Trust Fund.

Carl Chisem, President – Connecticut Employees Union Independent, SEIU Local 511 and the Municipal Employees Union Independent, SEIU Local 506 opposes this proposal stating that it does not go far enough and only perpetuates our regressive system which is where the wealthy are indulged and those in need are forgotten. Mr. Chisem represents over 3,600 blue collar maintenance and service workers. Mr. Chisem states that in order for everyone in our state to thrive, we must implement fair updates to our tax code that will help to undo the many inequalities and disparities in our state budget to build a stronger economy.

Sandra Clark – Small Choice Trucking LLC – Opposes the section that implements a "Highway Use Tax". Clark states that trucks already pay a Highway Use Tax through IFTA. Clark also states that small businesses do not have the same leverage as larger companies and their rates have not changed in 5 years. She also states that small business trucking companies are approximately 90% of all trucking companies. Clark also states that there is no guarantee that money goes to the roads and asks that the committee do not pass this bill. She states that it does not reflect a logical and fair evaluation of the tur needs and seems to be a quick fix and quick way out.

CT Chapter of the National Waste and Recycling Association – oppose section 24 of this bill stating that this section purposes a new tax that would be levied on trucks in the weight class vehicle range between 26,000 to 80,000 pounds. If this passes, the vehicles that are in this weight class are the same vehicles that NWRA use. NWRA states that they already pay significant taxes to support and improve CTs transportation infrastructure. NWRA also states that if this additional tax is imposed, it would result in having the fee passed down to CT residents, municipalities, and business that use their trash and recycling services.

Linda DeGray - opposes this bill stating that the small businesses and residents have undergone enough financial hardship this past year. DeGray states that to impose an additional mileage tax on large trucks adds additional costs on all businesses and residents.

DeGray also states that the trucking industry is already paying the most in fuel tax along with a mileage tax. DeGray states that there is no reason to impose this tax.

John Erlingheuser, Associate State Director – AARP – oppose section 26 of this proposal which postpones the promised retirement income tax reductions by 2 years for teachers and all other retirees with a federal Adjusted Gross Income (AGI) of under \$75,000 filing single and \$100,000 filing jointly. Erlingheuser also states that in 2017, legislation was signed into law which phased out the pension and annuity income tax. Erlingheuser states that we should be seeking ways to make CT a friendlier place to live and retire independently and that the age 50+ population is a vital part of our struggling economy and they are the people who are making decisions about whether to continue to call CT home.

Jim Fuda, Past President and member of the Government Affairs Committee – American Council of Engineering Companies of Connecticut (ACEC) – testified stating that the state must find a substantial and recurring stream of revenue to fix our states infrastructure. ACEC states that the Truck Mileage Tax in this proposal may prove to be a step in the right direction but it does not appear to solve the state's long-term transportation funding inadequacies. ACEC also states that due to inadequate state and local funding on our roads, nearly two-thirds of the states major roads and highways are in poor or mediocre condition and it is only going to get worse. ACEC also states that due to the pandemic, traffic was reduced and it served as a reminder that gas taxes are not sustainable and a long term source of revenue to the Special Transportation Fund is necessary. ACEC is willing to work closely with the committee to develop ideas that bring our state's transportation needs to fruition.

Kathleen A. Fotta - opposes the truck mileage tax state that if this tax were imposed this tax would be passed onto the residents of CT. Fotta asks the committee to oppose any bill that has tolls, property tax, additional gasoline tax and any other addition tax on CT residents.

Cheri and John Garet, CT Residents – Glastonbury, CT fully oppose this bill state that the Legislature and Governor are driving up taxes in the state. They state that CT has the second highest taxes in the country and asks that the Governor and Legislature focus their energy on controlling spending.

Eric Gjede, Vice President of Government Affairs – Connecticut Business & Industry Association – urges caution to this proposed revenue package as they state it is reliant on federal dollars and the passage of legislations that is related to recreational marijuana, sports betting and internet gaming. Gjede states that while CBIA appreciates Governor Lamont's efforts to draft a budget and recognizes the financial turmoil that was the result of the pandemic. CBIA states that when it comes to addressing the states long-term fiscal issues, it has required shared sacrifice and time and again lawmakers have looked to the business community to shoulder a significant portion of this burden. CBIA also states that many times they are promised a tax relief for business will come but these promises are broken. CBIA suggested that the bill include the following: 1. Elimination of the sales tax on personal protective equipment and employment training, 2. Restoration of the full pass-through entity tax credit for our state's small businesses and 3. Restoration of the 70% research & development tax credit. CBIA closes by stating that they recognize that no proposed revenue package is perfect and while they are disappointed in the delayed tax relief there is unquestionably more here to like than to dislike.

James T. Glista – Enfield, CT opposes this stating that any tax on transportation of goods will be passed onto consumers. Mr. Glista also states that the cost of fuel in CT is among the highest in the country.

Diana Goode, Executive Director – Connecticut Council on Problem Gambling (CCPG) states that CCPG does not advocate for or against gambling but is committed to work with all stakeholders to help individuals and families who are impacted by problem gambling. Goode has concerns with the language in Section 13 stating that currently the CT Lottery is mandated by statute to contribute 2.3 million to the Chronic Gamblers Rehabilitation Fund. Ms. Goode also states that this would mean that the CT Lottery only increases their contribution by \$100,000 which CCPD believes is not nearly adequate to handle the increased number of individuals and families that will need treatment.

Kiley Gosselin, Executive Director – Partnership for Strong Communities opposes section 37 in this proposal stating that having this pass as written would threaten an otherwise stable source of state equity for affordable housing. In this section, it caps the amount of public utilities tax liability that can be offset by a tax credit buyer at 50.01% of their liability. Gosselin states that by limiting the amount of taxes an individual corporation may offset, the state risks not having enough informed buyers to purchase these critical tax credits. Gosselin also states that this would lead to housing developers having to invest time in finding and educating new eligible buyers on tax credits which may also result in tax credits going unused and affordable housing not being developed.

Hilary Gunn – opposes this bill on the bill stating that now more than ever we must recognize American Truckers for their dedication to maintain our healthy national essential workers. Gunn urges the committee to pursue an alternative solution.

Hartford Foundation for Public Giving – endorses the provisions in this bill that provides support for the Connecticut's Housing Tax Credit Contribution (HTCC) Program. The Foundation states that the HTCC program helps non profit developers by building affordable housing in CT and gives local businesses an opportunity to invest in these projects. These projects are administered by the Connecticut Housing Finance Authority (CHFA) and it allocates state tax credits to non profits developing very low, low to moderate income housing in the state. With these tax credits, it allows private businesses to buy the tax credits and apply them to their public utilities tax.

Christian Herb, President – Connecticut Energy Marketers Association (CEMA) testified in regards to the portion of the bill that pertains to online lottery. Herb states that since the inception of the lottery, CEMA members have been the primary retail distribution network for CT Lottery and the commission that they are paid to market and sell the lottery tickets has not changed since. Currently, the commission is 5% and this has not kept up with cost increases that CEMA's members have endured. CEMA states that this proposal has potential to erode the commission they receive if they are required to pay to the credit and debit card processing fees. CEMA also states that they play an important role in preventing underage gambling. They are the first line of defense when it comes to consumers buying lottery products because they are trained to verify age before completing the transaction. CEMA states that if the legislature is to move forward with allowing online gambling they ask that language be added to the bill (see testimony attached).

Zak Leavy, Legislative and Political Coordinator – AFSCME Council 4 testified opposing this proposal. Leavy states that throughout the pandemic, the state has seen the wealthy continue to grow their wealth while working families were on the frontlines. Leavy states that the Governor's proposal aids the wealthy and provides little to no relief for working families who sacrificed so much this past year. Leavy urges the committee to reject this proposal and instead support HB 6187 and SB 321 which he states makes investments in communities by asking the wealthiest in our state to a nominal increase in their wealth that has improved during this pandemic.

Urban E. Leimkuhler, Jr, Coordinating Director – Fairfield Senior Advocates – testified asking that the rollout of the pension/annuity tax exemption for seniors to be continued as currently scheduled. Leimkuhler also testified asking the committee to incorporate the following items to this proposal include IRAs from the pension/annuity tax exemption for seniors, consider exempting higher income seniors, apply an annual cost of living adjustment to eligibility levels and a partial exemption is needed to avoid the abrupt cut-off of eligibility.

Kurt Lindeland, Connecticut Mulch Distributors, Inc – opposes the "Highway Use Tax" portion of this bill stating that this tax would cost the companies more than \$100,000. Lindeland states that they are a small family business that has been around for 44 years. They have many trucks that run throughout CT year round. If this tax were to be implemented, Lindeland states that they would have to pass this cost onto their customers which would then in turn pass onto the middle class tax payers of CT. Lindeland states that this tax is worse than the tolls tax because it specifically targets the trucking industry in CT only.

Sal Luciano, President – Connecticut AFL-CIO – testified stating that this proposal failed to meet the moment and asks the committee to reject it. Luciano states that the current services plan cuts programs and raises taxes on the most impacted by the COVID-19 Recession. This proposal does not make the kind of investments that would generate economic growth and does not provide relief to low-and middle-income families who have been struggling. Luciano also states that this proposal also disregards the contributions and sacrifices that teachers have made to our state which halts the phase-in of the pension and annuity exemption that was passed in 2014. He also states that this bill delays expansion of the property tax credit which is another hit to working families. Lastly, Luciano opposes the proposed tax amnesty program that reduces fees and interest for individuals who have failed to pay which he states is another gift for the wealthy. He states that those who can afford the professional advice and expertise to hide their liabilities and evade payments are the only ones who benefit from an amnesty program. Luciano urges the committee to reject this proposal and instead support HB 6187 and SB 821 which he states will generate the resources needed to make significant investments in programs that will build equity and close opportunity gaps. He also states that HB 6443 takes us backwards.

Jason Manafort, President CWPM, LLC – opposes section 24 of this proposal that establishes a "highway use" tax that applies to heavy weight vehicles in the classes of 8 through 13 which effects vehicles that weight between 26,000 to 80,000 pounds. Manafort states that CWPM owns and operates over 200 vehicles and serves clients and customers throughout the state. He also states that CWPM already pays for fuel in the state and a multitude of fees and taxes are already intended to compensate for their use of the roads. Manafort states that the suggested Highway Use tax imposes an unfair economic burden on

CWPM which could total to hundreds of thousands of dollars if not more. He also states that as a result these costs will be passed on to the consumers of their services and asks the committee evaluate if this is a prudent time for the state to impose additional fiscal burdens on companies here in the state or the consumers of their services.

Susan Marzurski, Windsor, CT – opposes the portion of the bill that she states imposes a tax on truck mileage. Marzurski states that this tax, if implemented will be passed on to the consumers which are the residents of CT. Marzurski states that we are already one of the highest taxed states in the country and asks that the leaders learn how to cut spending instead of increasing the burden on tax payers.

Rick Melita, Director – Connecticut State Council of the Service Employees International Union (SEIU) asks the committee to reject this proposal saying that SEIU opposes it not so much for what it does but what it does not do. Melita states that the state of Connecticut needs to provide more resources and opportunities to its residents and needs to pass a budget and tax plan that creates a better place for working- and middle-class families.

Brian Moran, Director Government Affairs, New England Convenience Store & Energy Marketers Association (NECSEMA) – opposes this proposal stating that would impose a weight-based miles travelled tax on all truck carriers using Connecticut Roads. NECSEMA states that when observing the debate related to transportation infrastructure funding, their members are the ones that are on the front lines remitting these taxes and fees and they believe that they should have a say in this matter. NECSEMA is not opposed to sensible increases as long as the revenue raised goes directly to repairing the states' roads and bridges.

Joan Nicols, Executive Director - Connecticut Farm Bureau- opposes section 24 of this bill which imposes a mileage tax on trucks over 26,000 lbs. CT Farm Bureau states that the CT agricultural business relies on trucks to move products from the farm to retail and wholesale markets. These trucks carry feed, and fertilizers to farms. Connecticut Farm Bureau states that the tax imposed on the transportation of agricultural products and inputs will ultimately be passed onto the consumer which will result in a higher cost for food. They also state that Connecticut communities are struggling with food insecurity and access to fresh, healthy produce. The state needs to find ways to support and enhance our local food supply as well as make it accessible and affordable. They state the farm business cannot be burdened with an additional tax which results in increased production costs.

CT Food Association (CFA)- opposes this bill stating that the proposed \$90 million vehicle mileage tax or truck tax that is in the budget would raise the price of gasoline by 17 cents per gallon. CFA states that they estimate that the truck tax will cost an average Connecticut family of four almost \$500 more annually for food. CFA states that this tax is unequitable, unenforceable and inefficient. They state that citizens who will be most severely impacted by this tax would be families without a safety net, seniors on fixed incomes and displaced workers. CFA states t

JoAnn Ryan, President & CEO – Northwest CT Chamber of Commerce – Opposes section 24 which implements a mileage tax on tractor trailer trucks in our state. Ryan states that Northwest Connecticut's businesses rely on trucks of all sizes to move materials and goods

to and from their place of business. Ryan states that the NWCT Chamber member's companies already pay a significant tax to help support and improve the state's transportation infrastructure. Ryan also states that the timing of this during the current pandemic could not have come at a worse time for consumers and businesses alike. Ryan states that for the above reasons the Northwest CT Chamber of Commerce urges the committee to strike section 24 of this proposed bill.

Joe Sculley, President - Motor Transport Association of Connecticut, Inc (MTAC) - opposes the tax that targets MTAC's industry stating that businesses in the state will pay this tax while out of state businesses will be able to avoid paying it and states that it will cost in state trucking companies a lot of money. Sculley also states that this tax will most likely not generate the estimated \$90 million annually because the weight distance tax is expensive administer and easy to evade. Sculley offered alternative options for the committee to consider including the implementation of an electric vehicle fee which he states 28 other states have done. Since electric vehicle owners do not use gas they do not have to pay the gas tax but should pay their fair share in funding the maintenance of our roads and bridges. Sculley closes his testimony stating that the trucking industry is the backbone of the American Economy and provides good paying jobs he urges the committee to reject the truck mileage tax.

Jonathan Shaer, Executive Director – New England Convenience Store & Energy Marketers Association – has concerns regarding online lottery. NECSEMA states that convenience stores depend on the commissions and foot traffic that lottery sales bring to their stores. Creating an online competitor for many of the products is frightening to NECSEMA. NECSEMA's states that their concerns are with section 7 of this bill stating that it does not adequately protect lottery agents for an unfair playing field being formed for the benefit of online lottery. They ask the legislature to support the lottery agents' request for enhancements to the lottery program so that their members aren't left behind when the state develops its gaming ecosystem including online lottery.

Ronald H. Tateosian, Chief Operating Officer – Aldin Associates – is very concerned on the proposed legislation that allows the sale of iLottery. He states that the move to online gaming will harm loyal lottery agents especially during this time when they are fighting for every penny. Tateosian states that if this bill is to move forward he would like the following language to be added to the bill: 1. CT Lottery to provide a license for brick and mortar lottery agents for sports wagering and advertising for games to be encouraged to visit brick and mortar lottery agents, 2. Instant tickets will exclusively be sold at brick and mortar agent stores, 3. Once customers register for online lottery they enter a zip code so that these brick and mortar agents will receive commissions for the tickets that are purchased online by the player, 4. To assure age of player, require that winning tickets be cashed at brick and mortar retail locations 5. Prepaid cards are used to access online lottery games are linked to the realtor, 6. Brick and mortar lottery agents can accept non-cash payments like online lottery and all transaction fees are paid by CT Lottery and lastly, create and Online Lottery Advisory Group that will be responsible to develop the on-line lottery program and have 25% of the group represented by brick and mortar lottery agents.

Albino M. Timoteo, Retired CT tax payer – Naugatuck, CT – opposes the truck mileage tax. Timoteo states that if this tax is implemented it would just be passed down to the consumers. He states that we are the highest taxed state in the nation and he can no longer afford to live

in CT. He asks that the legislature cut spending and find ways to bring jobs into the state instead of raising taxes.

Jessica Wysocki – Wallingford, CT – asks the committee to stop increasing the taxes on citizens who are struggling due to the pandemic. Wysocki asks the committee to responsibly cut spending and states that there are options to cut spending without threatening essential services. Wysocki states that the state needs to rein in their spending, balance the budget and take fiscal responsibility.

Reported by: Christina Pen

Date: 05/24/2021