

One Connecticut Tax & Budget Priorities

Our tax system is not providing the adequate and stable revenues we need to keep pace with the growing needs of our state, as evidenced by the structural deficit in our budget and the persistence of poverty despite our extraordinary resources. As the wealthiest state in the nation, our failure to assure a high quality of life for all our children and families and to adequately fund investments in our future has been a matter of choice. We can do better. We must assure that our tax system raises sufficient revenues fairly and equitably. We support the following tax priorities for 2006:

1. **Enact a state Earned Income Tax Credit.** Nineteen states, including all of CT's neighboring states have enacted an earned income tax credit that supplements the benefits of the highly successful federal earned income tax credit. A state EITC set at 20% of the federal credit would bring over \$50 M into the pockets of more than 160,000 lower wage CT working families, and into their local economies.
2. **Enact Progressive Income Tax Changes.** A more progressive income tax would help correct the overall regressivity of Connecticut's tax structure and could provide revenues the state will need to support necessary investments in the quality of life in CT.
3. **Review Corporate Tax Expenditures.** CT taxpayers deserve to know which companies are getting what amount in tax breaks, and what, if any, benefits the state derives from this state spending. The information is also crucial so that lawmakers make informed budgeting decisions.
4. **Enact changes to the State Corporate Income Tax.** These changes would increase the contribution of CT's largest corporations to maintain the services and investments on which they rely.
 - a. mandatory combined report and, until that reporting is in full effect,
 - b. throw back rule that captures "nowhere" income. Corporate "nowhere" income is income that is currently not taxed in any state.
5. **Reform CT's Property Tax System.** The Property Tax regressive and increasingly inadequate to do the job of funding municipal services, especially the education of our children. The state must use more equitable means to address this problem and develop other mechanisms to fund services.
 - a. Increase the State's share of the costs of K-12 public education to at least 50% average statewide.
 - b. Reform the Education Cost Sharing formula so that it better meets the diverse regular and special education needs of children statewide.
 - c. Encourage regional revenue sharing—for example: share the property tax benefits of economic development in order to encourage cooperation and smart growth.