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Good afternoon, Senators and Representatives- I appreciate the opportunity to be here before you today. My name is Paul Filson and I am Director of SEIU's Connecticut State Council. The State Council represents over 65,000 active members in Connecticut. SEIU is Connecticut's largest union. SEIU advocates for a responsible, fair, reliable, transparent and accountable revenue system for Connecticut.

The best way to start my testimony is to state that I believe the premise and purpose of this hearing is inherently flawed. In fact, Connecticut does not have a spending problem that has resulted in a deficit, but rather has a revenue problem that raises too little money by raising too much money from the wrong sources and much too little from sources that should be paying much more. If Connecticut had a fair and balanced revenue system there would be more than enough money to fund essential services and there would also be enough money to build the kind of state all of us want to live in. That being said, I'm pleased to think that you are holding this hearing so you can hear alternative points of view and that you might change your mind about how to balance Connecticut's budget.

First off, Income taxes are too flat across most income levels in Connecticut, hurting working and middle class tax-payers far more than wealthy ones. Wealthy Connecticut residents pay a much lower percent of their income in taxes than do low and moderate income people. Personal income taxes should be made more progressive and the highest income earners should have higher marginal rates. The Democratic proposal takes a good first step in addressing this inequity. It does not go far enough.

In 2013 the wealthiest 10% of families in the United States had 85% of all the country's financial assets. The bottom 75% has less than 4%.

Only the top 20% of earners in the United States has seen much real income growth in the last 30 years and the top 1% now has an after tax earnings level approaching \$2 million per year. In 2014, merely the bonuses on Wall Street were \$28.5 billion, compared to the total wages of all of America's minimum wage workers of \$14 billion. This extreme inequality has become so extreme that the United States is reaching the inequality levels that existed in the 1920s before there were minimum wage laws, Social Security and Medicare.

A business friendly state requires a trained and skilled workforce, a top transportation system, affordable housing and desirable communities for employees to live. Yet last time there was an analysis, 2/3rds of the top 100 largest corporations in Connecticut paid either zero or only \$250 in business income taxes. Even worse, many billion dollar corporations pay such low poverty wages the public must pick up the tab in order for workers to meet their basic needs – just to survive. That low wage corporate model exacerbates Connecticut's budget deficit. As our economy expands, subsidies of low wage jobs costs tax payers more and more money. That is why we are supporting legislation in **SB1044** that will require large, for-profit corporations to pay a fee to the state, to offset public subsidies and to direct money to child care and health care. The Democratic revenue package also calls for transparency in taxes, which we support, with mandatory combined reporting so that many of these companies will not so easily evade paying their fair share of taxes.

Let's lower the tax burden on middle and working class families and build a better state with a modern, transparent revenue system that asks fair contributions from all.