

House Republican Press Release

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“VICTORY FOR THE TAXPAYERS”



Finally, Connecticut has a two year state budget. It is a perfectly negotiated consensus document. There is something in it for everyone- to love or to loathe.

With the exception of the fifty cent increase in the cigarette tax, House Republicans are very pleased that our “No Tax Increase” proposal succeeded.

House Republicans moved the debate from how many taxes to raise by how much... to why do we need to raise taxes at all? As of June 2007, Connecticut had \$917 million surplus revenue. How could any fiscally responsible legislator even contemplate adding additional tax burdens?

The Governor and the majority Democrats began budget discussions by proposing an income tax increase on every Connecticut resident. The Governor revised her stance when the surplus approached one billion dollars, and her bold plans for education reform could be implemented within available funds. The Democrats, however, just didn't get it and continued calling for a more progressive state income tax.

When you hear that proposal, you should be aware that the top 25 percent of all filers (those earning \$75,000 and more) already pay 80 percent of all Connecticut state income taxes. Also, remember that every citizen subject to the state income tax saw an 11 percent hike in 2003, when the tax rate was increased from 4.5 percent to 5 percent. In fact, Connecticut already has a progressive income tax structure, as families earning less than \$44,000 do not pay any state taxes at all.

The Democrats wanted to increase the income tax rate from 5% to a graduated top of 6.9%. Taxpayers filing joint returns would see a higher rate beginning at \$150,000. As a consequence, two tenths of one percent of our taxpayers, or just about 3,000 people, would pay 90% of the income tax.

House Republicans had a better plan. We were able to hold the line on tax increases. The Democrats refused however to fix the inheritance tax cliff which goes into effect at \$2 million or to eliminate the tax all together. The supermajority party sees any change in the estate tax as providing tax assistance to those who need help the least.

House Republicans were also able to fight back Democrat attempts to tax internet sales, funerals and preserve the sales tax exemption on the purchase of clothes and shoes costing \$50 or less.

Although Republicans currently hold only 44 out of the 151 seats in the House of Representatives, we –“The Fighting 44” – changed the debate regarding taxation. Therefore, even though government spending is still much too high and no tax relief was enacted, a modicum of success was achieved. And we claim the victory for the people of Connecticut.