

House Republican Press Release

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Lending a Helping Hand to Shoreline Families



By Marilyn Giuliano

Without question, Connecticut is a great place to live and work. At the same time, the cost of living is high, especially with rising energy and health care costs. All of us understand the recent dramatic spikes in the costs of gasoline, heating fuel, food and other essential commodities. Across Connecticut, the middle class is losing ground as hard-working families shoulder greater economic burdens.

Department of Labor statistics released in January report that gasoline and home heating prices rose 29.4 percent; transportation costs rose 8.3 percent; food and beverage prices rose by 4.8 percent; and health care costs rose 5.2 percent. These cost spikes are historically high for single year increases, and most shoreline families have not experienced equivalent income increases to offset these rising expenses. In fact, a study released late last year by the Brandeis University's Institute for Assets and Social Policy concluded that only 31 percent of middle class families are truly financially secure. Middle class families are defined as families with children whose household incomes are between \$40,000 and \$100,000.

New legislation introduced this session by the House Republicans seeks to offer immediate, targeted middle class tax relief to those struggling to heat their homes and pay for the ever increasing costs of health care coverage.

Government cannot control the cost of energy or health care, but what we can control are taxes. When the state is running a small surplus, as it is now, this is the time to consider providing some form of tax relief – like tax credits - to overburdened middle class families.

The Connecticut House Republicans have proposed to:

- Provide a tax credit of up to \$500 per household for joint filers earning up to \$150,000 for home heating assistance;
- Provide a similar maximum \$500 income tax credit for out-of-pocket medical costs.

Both of these tax credits could be taken immediately when people file this year's state income tax returns by April 15. That would reduce the amount of state income taxes that people owe by a combined total of up to \$1,000. In many cases, it would produce an income tax refund that would go right back into people's pockets.

Taken together, the two tax credits would provide significant tax relief this year for most residents of our shoreline communities.

Statewide, this would return \$200 million to the taxpayers of Connecticut to lend a helping hand at a time when family budgets are stretched thin and the economy is slowing down.

We know many people in our communities are struggling to make ends meet, whether it is staying warm this winter or managing rising health care costs.

If the legislature acts quickly, we can ease some of the effects of the rising cost of living and overcome hard economic times. It is possible that both sides of the legislature, Democrat and Republican, will come together in the next month to approve some form of tax relief.

People still would have time to take those credits, when they file their income tax returns or to file an amended return. With a closer look at revenue estimates and continuing negotiations among Democrats and Republicans, it is possible to adopt some form of tax relief in the month of March.

These tax relief proposals would supplement the federal tax rebates of up to \$600 per person and \$1,200 per couple that recently have been approved by Congress and the president.

Providing middle class tax relief from rising health care and energy prices is just a first step. We also support longer term plans that include reducing taxes that discourage people from starting a new business. We need to encourage, not discourage, small businesses that provide jobs for our children and grandchildren.

These proposals are an important beginning to help cut the cost of living, doing business and creating new jobs in Connecticut; and to support Connecticut's families in a time of economic downturn.

If you have additional thoughts or suggestions, please feel free to contact me at 1-800-842-1423 or marilyn.giuliano@hougegop.ct.gov.

Marilyn Giuliano represents the towns of Lyme, Old Lyme, Old Saybrook and Westbrook in the Connecticut House of Representatives.