

## House Republican Press Release

April 21, 2008  
Press Office: 860-240-8700

### **HARTFORD REPORT: THE STATE OF YOUR TAXES**



Just when you thought your state taxed almost everything possible, the majority Democrats have come up with a tax on delivery services. The levy would add 6% to the cost of shipping by courier services like Fed-Ex and UPS. In the case of interstate shipments, the plan is to apportion the tax on the basis of miles shipped inside and outside of Connecticut.

At the same time, some hoped for tax relief is not going to happen. In a blow to start-up ventures, the \$250 annual charge on business entities will persist whether or not the business makes money. Then, of course, there is the corporate income tax if they do make money. No relief is in sight from the estate tax, not even from the pernicious “cliff effect” that taxes an estate from the first dollar once the \$2 million threshold is crossed. The increase in the conveyance tax on real property will not sunset anytime soon. Finally, the gross receipts tax on petroleum products will go from 7% to 7.5% in July, boosting gas prices a few cents per gallon the pump. It couldn't come at a worse time.

But there is more. New obligations are being proposed that will demand higher taxes, especially as the economy softens and revenues decline. A good example is the earned income tax credit that has cleared the Finance Committee. A major new entitlement, the proposal would offer a few hundred dollars per year to low income families at an annual cost starting at \$30-\$40 million. Since a significant amount of the federal earned income tax credit now goes unclaimed by eligible Connecticut residents, it might make more sense to spend a fraction of that amount helping people claim the money they are now owed.

To be sure, the new taxing initiatives are not yet certain. In 2007 the Connecticut House Republicans managed to block a tax increase by putting forward our own budget that won instant public support and carried the day. Our 44-member caucus will be there again, fighting to protect your money. But, we are still just 44.