

House Republican Press Release

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REP. FREY OPPOSES DEMOCRATIC BILLION DOLLAR TAX HIKE



“Ridgefielders would pay \$21 million more in income taxes”

HARTFORD- State Representative John Frey (R-Ridgefield) today opposed legislation in the House of Representatives that will lead to major tax hikes that will dampen economic growth, make it more difficult to attract new employers to Connecticut, and mean fewer new jobs for Ridgefield residents.

The non-partisan Office of Fiscal Analysis estimated that under the Democrats’ proposal, Ridgefield residents would pay an additional \$21,348,481 in income taxes in the two year budget period covered under the proposal. Additional taxes would be paid under the revised estate tax plan and expanded sales taxes.

“I am shocked by this billion dollar tax increase,” Rep. Frey said. “Already shouldering the heaviest tax load of any state in the country, our citizens will face higher taxes, even when we have an enormous surplus.”

The Hartford Courant recently analyzed state income tax collection for the 2005 fiscal year and reported that residents of the Town of Ridgefield sent the eighth most income tax dollars to the state. There are 169 Connecticut municipalities.

Under the Democrat proposals, the income tax rate will increase from 5% to a graduated top of 6.9%. Taxpayers filing joint returns will 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, will pay 90% of the income tax,” Rep. Frey said.

He added that it has long been a goal of the Democrats in the state legislature to enact a ‘progressive’ income tax, initially geared to those with incomes of \$1,000,000 or more. That high income rate has now been redefined to one whose income is a much lower \$150,000.

Additionally, the package eliminates the clothing exemption on the purchase of clothes and shoes \$50 or less, eliminates the sales tax exemption on funeral services and levies a sales tax on all internet purchases.

In addition to change in the income tax, the top estate tax rate will go from 16% to 20%. The increase is offered as the price for eliminating the much-criticized “cliff effect” which makes the base rate apply from the first dollar once the \$2,000,000 threshold is crossed, “This is a case of fairness being held for ransom,” Rep. Frey commented.

In voting no on the ‘record’ tax increase, Representative Frey added, “Ridgefield citizens will pay far more than they will ever receive; a result of the tax increase. Connecticut residents already shoulder one of the heaviest tax burdens in the country. If the state legislature approves a budget along with this tax package without any significant spending cuts, the tax increases that will come with it will be a drag on our state’s economy, hurt our efforts to make Connecticut more attractive to out of state companies, and mean fewer new jobs for the people Connecticut.”

The Democrats have proposed a budget for the next fiscal year that calls for a 10.5% spending increase. The budget has yet to be acted on.

According to the IRS data: 42,169 tax filers moved out of Connecticut and 34,776 tax filers moved into Connecticut from 2003 to 2004 which is a net loss of 7,393 people and over \$400 million in income.

“Although considered a myth, it is actually a fact that wealthy Connecticut families are moving to Florida and other states. The same IRS data indicates that from 2003 to 2004, 2,663 tax filers moved from Florida to Connecticut while 7,236 tax filers moved from Connecticut to Florida. The path the Democratic supermajority has moved Connecticut down needs to be reversed,” concluded Rep. Frey.