

House Republican Press Release

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**REP. FREY: STATE ESTATE TAX STUDY PROVES RESIDENTS
FLEEING**



***Ridgefield Legislator Advises Repeal of Death
Tax”***

HARTFORD— State Representative John Frey of Ridgefield today said an estate tax study proves Connecticut residents are fleeing the state to tax-friendly states to avoid the punitive tax policies of Connecticut.

“I strongly urge the state to repeal the estate tax this legislative session,” said Rep. Frey, a member of the legislature’s, tax writing- Finance, Revenue and Bonding committee. Rep. Frey stated he is introducing a bill this year to repeal unjust tax. "I know of Ridgefielder's who have either moved from Connecticut entirely, or shifted their legal residence, since the estate tax was restored. This report only verifies what I have witnessed -- that this unfair tax causes residents to flee."

The state Department of Revenue Services at the directive of Governor's Rell's Budget office has just concluded a study of Connecticut’s estate tax. The study followed population patterns from 2002 to 2006. In Connecticut we experienced a net out-migration of 22,606 households, which equates to a net loss of over \$1.2 billion in Adjusted Gross Income. The average household income of those moving from Florida was \$70, 067, representing a net loss of 34.6% per household.

The top state where these households migrated was to Florida (16,170) where there is no estate tax or no income tax. From a survey of attorneys and CPAs that deal with estates conducted as a part of the study, 52.6% said that their clients changed their Connecticut domicile to another state primarily due to the Connecticut estate tax. 76.9% of respondents said that clients changed residence partially due to Connecticut’s estate tax. The average estate of those surveyed who changed domicile was \$7.5 million which would equate to a Connecticut estate tax of \$705,200.

Data shows that states without an estate tax fair better with regard to general economic indicators such as employment, personal income, real GSP, and population. The top four reasons for why individuals changed their Connecticut domicile were Connecticut estate tax concerns, Connecticut income tax concerns, climate/recreational opportunities and individual was already spending a portion of the year out of state.

“From a philosophical perspective, I have always said that death should not be a taxable event. There is something fundamentally wrong when the government swoops in after a funeral to take a cut of what that person had worked their whole life for, and has already paid taxes on at least once,” Rep. Frey added.

“The faces of those subjected to this tax are small businesses --- that provide over 80% of the jobs in America --- and farmers hurting to stay viable in Connecticut. It is well-known the “wealthiest of the wealthy” don’t pay this confiscatory tax. Instead, they set up trusts and foundations to shelter their money from these taxes,” concluded Rep. Frey.

Connecticut rates range from 5.085% to 16% depending on the value of the estate and kicks in at over \$2 million. However, where the Connecticut taxable estate exceeds the \$2 million threshold, the basis for the tax is the total value of the taxable estate, including the first \$2 million. This is known as the “cliff” effect.

To read the study, go to the state Department of Revenue Services website:
<http://www.ct.gov/drs>.

Rep. Frey serves the 111th Assembly District of Ridgefield in the state House of Representatives.