

January 28, 2021

The Honorable Ned Lamont
Office of Governor
State Capitol
210 Capitol Avenue
Hartford, CT 06106



Dear Governor Lamont:

We write to you as members of **Recovery For All**, a coalition of community, faith and labor organizations committed to reducing income inequality and ensuring that Connecticut's economic recovery is shared by all. As devastating as the last year has been, there is reason to hope that the future will be brighter. The choices we make today have the potential to set a better course for our communities.

Right now, Connecticut residents are hurting. COVID-19's pain has been deep and widespread, but it has not been equally felt. People of color have been disproportionately infected and hospitalized. They've also had higher rates of job loss. Working class residents across this state were already struggling to make ends meet before the pandemic. Now they battle to keep a roof over their heads, pay their bills, and feed their children. They need help.

Years of disinvestment have left the state poorly positioned to endure a storm like this. Connecticut faced a series of budget deficits in the years before the pandemic, but the state was not broke. Making deep service cuts, protecting the wealthy and tying policymakers' hands with "fiscal controls" was not a last resort. It was a choice. We can do better.

On behalf of those we represent, we urge you to be bold and remember those who are suffering as you develop your proposed budget. We cannot assume the federal government will save the day. Gridlocked Congress has not approved aid for state and municipal budgets and those we represent cannot afford to wait. Even if the federal government does eventually act, that relief will act as temporary band-aids on budget holes. It will not undo the long-term structural challenges we face.

We encourage you to lead by putting the vulnerable first and providing every resident, including essential workers who have toiled on the frontlines to protect and serve our communities, with dignity and certainty that they can enjoy the basic qualities of life their wealthier neighbors take for granted—a living wage, affordable healthcare, affordable housing, and high-quality preK-12 and higher education.

While we welcome the news of improved state revenue projections, they could easily change direction as the virus continues its post-holiday surge. Deep deficits continue to exist in the outyears. Our state cannot afford to make the same mistakes of austerity we made in the aftermath of the 2009 recession. We need a recovery for all that:

- Reduces the vast income inequality that impedes economic growth;
- Fairly updates our tax code to progressively redistribute tax burdens, fortify state finances, meet unmet human need, and build our future;
- Makes historic investments in education, workforce development, healthcare, affordable housing, and other vital public services that undo the inequities and disparities in our state budget; and
- Builds a strong economy where each one of us, not just the wealthy, can thrive.

The pandemic has shown us that we pull through by pulling together, no matter what we look like or where we live. Communities across Connecticut have come together during the pandemic, determined to help each other and leave no one behind. Now, together, we must do the same as a state. We must do our best to ensure that each one of us—regardless of income, gender, race, or zip code—emerges stronger than before. Now more than ever, it's time to pull together to ensure everyone can make ends meet, not continue unbalanced tax breaks for wealthiest individuals and corporations.

On behalf of those we represent, we ask to partner with you in this effort. Falling short will further exacerbate disparities and guarantee a slower and unequal recovery. We can do better.

Sincerely yours,

Michael Oretade, President
Black Lives Matter BLM860

Tom Swan, Executive Director
Connecticut Citizen Action Group

Camila Bortolletto, Co-Director
Angelica Idrovo, Co-Director
CT Students for a Dream

Eileen Scully, MPA, Interim Director
Connecticut Women's Education and Legal Fund
(CWEALF)

Robin Lamott Sparks, MPA, Executive Director
End Hunger Connecticut!

Courtney Bournes
Fair Share CT

Liz Gustafson, State Director
NARAL Connecticut

Shannon Perkins, LMSW, President
National Association of Social Workers/CT Chapter

Frances G. Padilla, President
Universal Health Care Foundation of CT

Carlos Moreno, State Director
Working Families Organization

Rev. Joshua M. Pawelek
Unitarian Universalist Society: East

Social Action Council
Unitarian Universalist Congregation of Danbury

Jody Barr, Executive Director
AFSCME Council 4

Jan Hochadel, President
AFT Connecticut

Jeff Leake, President
Connecticut Education Association

Sal Luciano, President
Connecticut AFL-CIO

Dave Roche, President
Connecticut State Building Trades Council

David Weidlich, Jr., President
Communication Workers of America, Local 1298

Dan Livingston, Chief Negotiator
State Employees Bargaining Agent Coalition

Rob Baril, President
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Rochelle Palache, Vice President
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UFCW Local 371

Molly Norris
Western CT Area Labor Federation

CC: Paul Mounds, Chief of Staff
Josh Geballe, Chief Operating Officer
Melissa McCaw, OPM Secretary
Robert Clark, General Counsel
Jonathan Harris, Senior Advisor
Jonathan Dach, Policy Director

Attachment: Revenue Proposals

Connecticut needs **\$3 Billion in Investments** to reduce racial and economic disparities and create a robust **Recovery For All**.

Connecticut leads in income inequality, leaving the poorest residents to deal with education gaps, health disparities, unattainable home ownership and other hardships. Years of austerity and disinvestment have worsened inequities and hampered economic growth. The coronavirus pandemic has exacerbated everything. Vulnerable populations, who struggled to make ends meet before, now battle to survive. Yet the wealthy continue to profit from a booming stock market, adding billions to their portfolios.

*The coronavirus has shown us that we pull through by pulling together. Communities across Connecticut have come together, determined to help each other and leave no one behind. Now we need a state tax policy that does the same thing, allowing us to invest in our future, not just respond to emergencies or fill holes. We need a tax code that allows us to make significant investments in equitable preK-12 public education, robust public colleges and universities, access to affordable healthcare and realizing affordable housing goals. These investments will create equal opportunities for everyone, regardless of race, gender, income or zip code and ensure Connecticut's recovery is shared by all. Lawmakers can fund a **Recovery For All** by passing a package that looks forward and provides relief to those who are struggling. Such a package would:*

- Keep our economy moving and send direct assistance to individuals who've lost their jobs during the pandemic with a one-time direct stimulus payment of \$500. **This proposal would cost an estimated \$75 million.**
- Provide relief to property owners for taxes levied on residences and motor vehicles by doubling the maximum property tax credit to \$400. **This would cost an estimated \$63 million annually.**
- Lower taxes on working class families by expanding the Earned Income Tax Credit (EITC) to 50% of the federal EITC and include taxpayers who file with an ITIN. **This would cost an estimated \$155 million annually.**
- Establish a 10% tax on digital ads placed in Connecticut by companies with digital ad revenue of more than \$10 billion (Google, Facebook, and Amazon). **This would generate approximately \$140 million annually.**
- Create a 2% statewide property tax on the portion of the market value of homes in excess of \$1.5 million. **This would generate approximately \$663 million annually.**
- Reduce the estate tax exemption to \$2 million, eliminate the payment cap, and enact estate tax rates similar to the rates in effect before the Great Recession. **This would generate approximately \$162 million annually.**
- Increase the base corporation business tax rate to 11.5% for corporations with gross income of \$100 million or greater and extend and increase the current surtax to 20%. **This would generate approximately \$250-300 million annually.**
- Impose a surtax of 5% on capital gains, dividends, and taxable interest for individuals with income in excess of \$500,000/year (\$800,000 for joint filers). This would generate approximately **\$850 million annually.**
- Make Connecticut's personal income tax rates fairer by raising the rate on individual income in excess of \$500,000/year (\$800,000 for joint filers/heads of household) to 8.82%, and on income in excess of \$1 million/year (\$1.2 million for joint filers/heads of household) to 12.696%. This would generate approximately **\$1.75 billion–\$2 billion annually.**
- Allow large scale investments and prevent economic decline by reforming Connecticut's budget rules. The General Assembly should:
 - a. Ask Governor Lamont to declare a fiscal emergency or extraordinary circumstances and vote to exceed the spending cap.
 - b. Vote to increase the volatility cap threshold to at least \$4 billion in FY 2021, with proportional increases in FY 2022 and 2023.
 - c. Take substantive steps toward releasing the "Bond Lock" that binds Connecticut to inaction and austerity.