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Unfair Sacrifices by Connecticut Taxpayers **Opposite the Editorial by State Reps. Tony Hwang and T.R. Rowe**

There's little doubt that you've either heard or read about the governor's "shared sacrifice" budget enacted at the beginning of July, but there's one tax hike that's likely to catch a lot of folks off guard—a retroactive income tax increase.

And make no mistake: this looming tax increase will hurt employers and average middle class families Gov. Dannel Malloy said couldn't afford more financial stress.

That stress will grow Aug. 1 when a lot of people will begin to notice that their paychecks are smaller than they're used to. The income tax increase installed by the governor and his supporters in the legislature is retroactive to January, which means the state must collect a year's tax increase in just five months.

That's an extra \$200 the state will extract from the paychecks of single people who earn \$50,000 or a couple that brings home double that. The trickle-down effect is substantial—that's less money for a meal at a local restaurant or skipping movies at the local theater.

Not great news for a state whose job market relies heavily on small businesses.

Higher income earners will get hit harder, but in many cases they're simply those small business owners—people who often mingle their personal and company tax filings.

Who falls into that category? Everyone from the main street boutique owner to the self-employer plumber who fixed your sink drain last week.

An economist from the University of Connecticut recently described the "chilling effect" this tax hike could cast over a taxpayer's spending habits, and a representative from the Connecticut Business & Industry Association said that reduced spending power, combined with higher business taxes, could hurt a company's expansion plans.

Will one tax increase sink hope of an economic revival in Connecticut? Maybe not, but this backdoor, retroactive hike combined with many, many others installed by the governor will certainly hurt the people of this state at time when they can least afford it.

Here's a summary of taxes that will affect you most:

SALES TAXES - The tax you pay on everyday items, such as clothing, will increase from 6 percent to 6.35 percent. The governor increased the hotel tax by 3 percent to 15

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percent, potentially curbing job growth in that already struggling industry. The governor said Connecticut “is open for business,” but high-end retail shops and the people who work for them will suffer when fewer customers walk through the door—an anticipated result of a new 7 percent tax on many expensive cars, boats and jewelry.

PROPERTY TAX INCREASES Families under pressure from increasing property taxes once found comfort in the \$500 property tax credit, but that’s about to change. The governor slashed the maximum credit by 40 percent, essentially imposing a \$200 tax increase on folks who just can’t afford it.

CORPORATION TAX SURCHARGE Connecticut has lost 100,000 private sector jobs, yet the governor doubled this surcharge on large employers to 20 percent. The state lost another 2,900 jobs in May, and analysts say Connecticut will be among the last states to see an improved job market. With policies like this, it’s no wonder.

OTHER TAXES The governor taxed goods and services never taxed before—from yarn to non-prescription drugs. He increased the diesel fuel tax, and hiked taxes on beer and alcohol. A manicure will cost you more. Yoga classes, too. His budget increases estate and real estate taxes while imposing a tax on Web retailers, causing them to sever their partnerships with locally-based businesses owned by our friends and neighbors.

We didn’t support this plan. Republicans offered an alternative that *didn’t increase taxes* while *reducing government spending* by \$1.5 billion. Many taxpayers viewed our proposal favorably, but the governor and his colleagues ignored it.

These new taxes will create a less stable economic climate as families and businesses struggle to readjust their already tight budgets.

It’s time for the governor and majority legislators to adopt the “*common sense*” approach taxpayers use in their businesses and households.

We can do better, and we need to do better because Connecticut residents demand—and deserve—a leaner and less expensive government that won’t bust their budget.

State Rep. Tony Hwang

Rep. Tony Hwang represents the General Assembly’s 134th District covering parts of Trumbull and Fairfield. He is ranking member of the legislature’s Government Administration and Elections Committee and a member of Appropriations and Environment committees. He’s a founder of the bi-partisan Bioscience Caucus.

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