



News Release

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Revenue Options are Crucial to Maintaining Public Investments that Promote Prosperity

NEW HAVEN, CONN. - The difficult choices facing the state result from two significant challenges: post-recession revenues coming in short of expectations and past budgeting decisions that have left us with significant debt. The Governor's proposed budget includes \$200 million in deep cuts to programs that support families and children to close a projected deficit in the fiscal year that begins July 1. These cuts were proposed even before the projected deficit ballooned to nearly a billion dollars.

"In confronting the financial crisis looming over state budget decisions, the common-sense choice for Connecticut should be a balanced approach that includes revenue, rather than a cuts-only approach that threatens an already fragile economic recovery," said Derek Thomas, fiscal policy fellow at Connecticut Voices for Children.

On the revenue side, there are opportunities to invest in Connecticut's future by closing tax loopholes, modernizing outdated tax laws and calling on the wealthiest to pay their fair share. Revenue options available to Connecticut lawmakers include:

- **Collect a larger share of taxes due on Internet sales:** Implementing a version of Colorado's reporting law would chip away at the estimated \$65-\$70 million lost annually in uncollected sales taxes on Internet sales.
- **Increase rates on capital gains or personal income:** This increase – 84 percent of which would fall on the top one percent of taxpayers – would result in an estimated \$283.1 million in new state revenue.
- **Institute a low-wage workers fee:** According to the state OFA, last year's proposal to recoup state costs attributable to low-wage employers was estimated to generate \$305 million in revenue in the coming fiscal year.
- **Create a soda tax:** According to the OFA, an increase of one cent on each fluid ounce of soda would raise more than \$85 million in the coming fiscal year.
- **Apply the sales tax to digital downloads:** A tax on digital downloads would have generated \$7-\$11 million in revenue in 2011.
- **Close the Expedia loophole:** This loophole is estimated to have resulted in a loss of \$3-\$4 million in 2010.

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Connecticut Voices for Children is a statewide, research and policy organization that works at the state and federal levels to advance public policies that benefit the state's children, youth and families. For more information on Connecticut Voices, see www.ctvoices.org.

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