



News Release

33 Whitney Avenue
New Haven, CT 06510
Voice: 203-498-4240
Fax: 203-498-4242
www.ctvoices.org

OCTOBER 17, 2018

Contact: Roger Senserrich
Communications Director
203-498-4240 x117
rsenserrich@ctvoices.org

New Analysis: Low-Income Taxpayers in Connecticut Pay a 41 Percent Higher Share of their Income in Taxes than the State's Wealthiest Residents.

NEW HAVEN – A new study released today by the Institute on Taxation and Economic Policy (ITEP) and Connecticut Voices for Children finds that the lowest-income Connecticut residents pay 41 percent more in taxes as a percent of their income than the state's wealthiest residents.

The study, “*Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*” analyzes tax systems in all 50 states. The analysis evaluates all major state and local taxes, including personal and corporate income taxes, property taxes, sales, and other excise taxes.

Connecticut's tax system is regarded as regressive because the lower one's income, the higher one's effective tax rate. Not only do the highest income earners, on average, pay a lower effective state and local tax rate than lower-income people, they also collectively contribute a smaller share of state and local taxes than their share of all income.

“The wealthiest Connecticut residents have benefited disproportionately from our growing economy,” says Jamie Mills, Director of Fiscal Policy and Economic Inclusion at Connecticut Voices for Children. “It is reasonable to ask the highest-income residents and corporations to pay their fair share of state and local taxes. What we see, however, is that Connecticut's poorest residents pay both higher rates and a higher share of their family income compared to the top one percent earners. Connecticut's tax system fails the basic test of tax fairness.”

Connecticut's revenue system is ranked as the 29th most regressive in the nation, second worse in the region. New Hampshire's tax structure is more regressive, while Rhode Island, Massachusetts, New York, New Jersey, and Vermont have more balanced tax structures. To increase revenue and promote equity, tax system reforms must decrease the regressivity of our tax system, while modernizing it to reflect how people interact with the modern economy.

There's also a more practical reason for Connecticut and all states to be concerned about regressive tax structures, according to ITEP. If the nation fails to address growing income inequality, states will have difficulty raising the revenue they need over time for vital programs and services that build opportunity and improve overall well-being for families and communities.

“Rising income inequality is unconscionable, and it is certainly a problem that local, state and federal lawmakers should address,” said Meg Wiehe, deputy director of ITEP and an author of the study. “Regressive state tax systems didn't cause the growing income divide, but they certainly exacerbate the problem. State lawmakers have control over how their tax systems are structured. They can and should enact more equitable tax policies that raise adequate revenue in a fair, sustainable way.”

About Connecticut Voices for Children: Connecticut Voices for Children is a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential. In furtherance of its mission, Connecticut Voices for Children produces high-quality research and analysis, promotes citizen education, advocates for policy change at the state and local level, and works to develop the next generation of leaders.