

Last-in-the-nation Tax Freedom Day nears in Connecticut

Residents in Shelton and rest of the state now work into May just to pay their taxes

By: State Rep. Jason Perillo - April 10, 2013

Under Gov. Dannel P. Malloy, this state has accumulated a long list of “last place” distinctions. There were so many of them that the Yankee Institute recently compiled them in a “List of Lasts,” which the institute published statewide.

Among these accolades are our rating by Barron’s magazine as the having the worst state debt situation in 2012, being ranked as the worst state for retirement by TopRetirements.com, having the worst credit quality of all states by Conning Inc.’s State of the States Municipal Credit Research Report, and getting an “F” rating in the Cato Institute’s Fiscal Policy Report Card.

Another distinguished last place award we held last year has actually gotten even worse. If you live here in Connecticut, you have yet to earn a penny you can keep this year — statistically speaking.

The Tax Foundation, a think-tank advocating sensible tax and spending policy since 1937, has once again assembled their annual report on Tax Freedom Day — and Connecticut, of course, does not rate well.

Work to pay taxes until May 13

Tax Freedom Day is the day of the current year where you have finally earned enough to pay your combined federal, state and local tax burdens, enabling you to retain the balance of your earnings. In the state of Connecticut, Tax Freedom Day arrives on May 13.

Essentially, on average, Connecticut residents work 19 weeks — or four-and-a-half months — just to earn enough to pay their taxes. It is the latest Tax Freedom Day in the entire nation.

Compared to neighboring states

This is probably not much of a surprise to anyone who pays taxes in Connecticut, particularly in the wake of Gov. Malloy’s \$2.6 billion tax increase — the biggest in state history — enacted just two years ago.

According to the Tax Foundation, our neighboring states fare better. New York comes in at May 6 (second nationally); Massachusetts, April 25 (fourth nationally); and Rhode Island, April 19 (12th nationally).

Last year Connecticut's Tax Freedom Day was May 5, so you can see where we are headed. This year you will have to work one additional week in order to pay your taxes. Keep that in mind as you prepare your tax returns.

'Sacrifice' not shared by government

Connecticut's taxpayers pay \$6,984 per capita in state and local taxes combined. A short two years ago we were told by the governor that if we made a "shared sacrifice" we could get past a massive budget deficit, and improve the economic climate of the state.

There was sacrifice to be sure, but it was "shared" by the private sector. While state government employee unions made "concessions" to the governor that included a multi-year guarantee that there would be no layoffs, the private sector lost jobs and cut back everywhere.

Poor climate for businesses

Unfortunately, in many instances businesses have closed or moved out of state. Yet, after Gov. Malloy's massive tax increase, we seem no better for the sacrifice.

It is bad enough that our tax policy is punishing our taxpayers at a greater clip than all other states, but our policies that impact the state's business climate guarantee that our high taxes will yield the smallest return. The Tax Foundation also has rated the 50 states in terms of their business tax climate as well, and we are 40th out of the 50.

New tax but little revenue

In trying to tax everything, Connecticut sometimes gets nothing. The "Amazon" tax that was enacted by Democrats in the state Legislature in hopes of capturing taxes from purchases from out-of-state companies has been a complete failure.

Kevin Sullivan, state revenue services commissioner, was forced to acknowledge so much, saying, "We have not seen any appreciable or demonstrable relationship between the legislation and entities collecting and remitting taxes that were not collecting and remitting taxes before."

Years of Democratic rule

You don't get to be last in this category, as well as all of the others, without really working at it. In this instance, years of majority Democratic rule forcing through budgets that have damaged Connecticut's fiscal health have been compounded over the last two years by a governor who has opened the floodgates on taxes and spending, and hit middle-class families when and where they can afford it least.

If Connecticut stays on this path, it will enjoy one final distinction in the "last" column — as the last state to recover from the national economic crisis.