

SB 1186

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**JOINT
STANDING
COMMITTEE
HEARINGS**

FINANCE

**PART 2
330-726**

1971

Senator Louis S. Cuttillo, presiding

Committee Members Present: Senators: Cuttillo, Sullivan, Power
Representatives: Violette, Bigos, Griswold,
Martin, E. King, Genovesi, Holdridge, Beck,
Thornton, Comstock, Fox, Clynes, Rimer,
Gagliardi, Clark, Harlow, Spain, Nevas, Pugliese
Ritter

Senator Cuttillo: Good morning, I would like to welcome each and everyone of you here this morning. I would you please identify yourself.

Adolph Carlson, Commissioner of Finance and Control: Bill No. H.B. 7705.

AN ACT CONCERNING THE EDUCATION, WELFARE AND PUBLIC HEALTH TAX.
I wish to speak in favor of H.B. 7705. As you all know, the present rate of the sales and use tax of 5% was enacted in 1969 and was imposed for the two-year period from July 1, 1969 to June 30, 1971. This bill repeals the rate of 5% and imposes a rate of 7%, for the calendar quarter ending June 30, 1971. This rate increase of 2% points is recommended for the purpose of reducing the amount of the general fund deficit of the current biennium. It is estimated to bring in additional revenue of from \$26 to \$30 million, depending upon the extent of the revival of consumer buying in Connecticut. This amount is required to balance our 1971-72 budget. We wish to emphasize that this bill does not disturb in any way, exemptions under present law. Transactions now exempt from this sales and use tax will continue to be exempt under this bill. In reviewing and studying this bill since it was filed, we find two changes necessary. The present alternative method of computing the amount of tax provided for by sub-section (3) of Section 12-414 of the 1969 supplement to the general statutes must be revised to give effect to the proposed seven per cent tax rate. Also the tax rate schedule for sales in amounts from one percent to one dollar and seven cents on page 3 of the bill should be slightly changed for administrative purposes. To this end we have prepared a substitute bill identical with the one under consideration except for the alternative method of computing the tax and the changes in the rate schedule for sale of \$1.07 and less. Copies are in hand for filing with your committee. On Senate Bill 1186, AN ACT CONCERNING THE EDUCATION, WELFARE AND PUBLIC HEALTH TAX. Under present law the sales and use tax rate drops from 5% to 3 1/2% on July 1, 1971, and the 3 1/2% rate would obtain from July 1, 1971 and thereafter under H.B. 7705. This bill, Senate Bill 1186, would set the rate at 7% from July 1, 1971 to March 31, 1972 and at 6% thereafter. Inasmuch as these high rates will not produce the necessary revenue, S.B. 1186 would repeal several types of transactions that are now exempt from the sales tax. 1. It would repeal the exemption of electricity, gas, water and telephone service. 2. It would repeal the exemption on sales of fuel to be used for domestic purposes. 3. Gasoline and special motor fuels. 4. Magazines by subscriptions. 5. The trade in allowance on sales of automobiles, snowmobiles and farm tractors. 6. Medicine. 7. Material, tools and fuels used in production of tangible personal property. 8. Meals under \$1.00. 9. Insurance premiums, in this connection it should be emphasized that the tax is on the purchaser, to be

collected by the insurance companies, whether they are domestic or foreign companies, on all risks in Connecticut. 10. Non-professions services: This includes the following: repairing, altering mending, pressing, dyeing, laundering, dry cleaning, cleaning tangible personal property or applying or installing such property or a repair of placement part of other personal property including cleaning, waxing, polishing or lubricating motor vehicles. Parking of motor vehicles and trailers and storage of other personal property. Cleaning, maintenance and repairs of real property. Receipts from linen and towel service, coin operated devices, exterminating services, personal services (beauty parlors, barber shops, etc.) 11. Cigarettes. 12. Children's clothing. 13. Livestock, poultry, feed fertilizers, etc. Revenues are needed, this is an important way to raise the needed revenues in Connecticut. Thank you.

Louis P. Longo: I am a dairy farmer and I reside at 2990 Hebron Avenue in Glastonbury. I own 400 acres of land at Glastonbury, where I keep 325 head of dairy cattle. I am in the dairy business in partnership with my two sons. In 1935 there were 7,686 dairy farms registered for the sale of milk in the State of Connecticut. In 1970 there were 1,127. It is true, however, that the total sales of milk from Connecticut farms in 1970 was somewhat greater than it was in 1935. Dairy farming has grown from a family affair to a business. The average production per farm in 1935 was 68,000 lbs. on an annual basis, while in 1970 it was estimated to be 586,000 lbs. Dairying in Connecticut provides the largest single source of cash farm income in Connecticut. In 1969, it represented 31.6% of the total Connecticut Farm income, or \$52,702,000. In addition to this direct farm cash income the business activity generated in the non-farm sector of Connecticut business was an additional \$12,421,000. Various pressures had been building up over the years to create a trend for the discontinuance of dairy farming in Connecticut. This proposed new tax could be the straw that breaks the camel's back for many of those still remaining in the business. It would mean, to my farm operations, \$9,200 per year. The proposed tax of 7% on production materials for dairymen puts them at a complete competitive disadvantage inasmuch as approximately 50% of the milk consumed in Connecticut is produced within the State boundaries. The other 50% comes from New York, Vermont, Mass, and Rhode Island. The dairy farmer has no way to recoup the tax which will be applied to how...his production materials, for the price that he is paid for his product is set by the Federal Milk Marketing order. While that is a minimum price, set in this manner it has become the actual price, and definitely is the price with which he competes. The sales tax proposal in effect is a direct tax on food produced by dairy farmers, while the food itself is exempt from any tax to be paid by the consumer. In the case of a food product, where the costs of the tax on production materials can be passed on, which is not true in the case of milk and milk products, this proposed sales tax becomes a subterfuge in the form of a hidden tax, from the consumer's standpoint. Discontinuance of Connecticut dairy farming could eventually substantially increase cost of milk and milk products to Connecticut consumers by forcing milk to be transported great distances. It could also cause substantial tax increases on towns if the present open spaces required by dairy farming were converted into multiple dwelling sites. Discontinuance of dairy

farming could mean a loss to Connecticut residents of much of the open spaces which make the state a beautiful combination of urban and country living for after all, dairy farmers are the trustees of most of our open spaces. I strongly urge that the sales tax exemptions on agricultural production not be repealed. Saving agriculture will benefit all our citizens and the state's economy far more than the proposed tax.

Harold Liebman: I am a poultry farmer from Lebanon, Connecticut. I have about 25,000 laying hens and produce table eggs which are marketed in Connecticut. Mr. Chairman; the impact of this tax package...more specifically the application of the 7% sales tax to the sale of poultry feed, to chick and pullet sales as well as to almost all other farm operating costs... would be so devastating to our industry that it is hard for me to believe that the farmers of this proposal have any understanding of its effect. Poultry farming, in fact all agriculture, is a highly competitive low profit industry. We must do a large volume of business for whatever profit we make. We do not sell our product based on a "mark up", rather we sell at market price...whatever that happens to be. Egg prices fluctuate widely from year to year. At present the egg prices are at least 15-20¢ per dozen less than they were a year ago. Some years...we call them GOOD years...there is a decent profit. This usually is followed by several, so called BAD years with little or no profit. This has always been the nature of the egg business. Whether or not there is a profit our costs and our dollar volume of business remains the same. Only the market price of our product changes. My last financial return shows that over 75% of my costs would be subject to this tax under the new proposal. Poultry feed alone accounting for about two-thirds of the total. The amount of my tax would be equivalent to approximately 50%...of my average net income over a period of the past several years. We could not pass this added cost on to the consumer. Egg prices do not reflect the farmer's cost of production. Egg prices are made at terminal markets; New York, Chicago, Boston, etc., and are based on supply and demand at these terminals. Whatever the price is at one terminal, particularly New York, influences the prices at all other terminals. If today, the supply of eggs in New York is greater than the demand the price will drop to the point at which they will be cleared off the market. That will be the price the store will pay regardless of what additional costs will be hoisted on the farmer by this proposed 7% sales tax. Furthermore, there is competition from neighboring states and from states as far south as Georgia and the Carolinas. They have the benefit of lower labor costs, and in the south, that added benefit of lower freight and housing costs. Over the recent past, eggs from these areas have become more and more competitive for our home market. Egg prices are determined at the wholesale level and no egg dealer or store can, or will, pay about 3¢ a dozen more for local eggs than the ones he could buy from producers in the neighboring states. It would be impossible to continue to operate under such a burden, and as an industry, we would be forced out of business. Taxing agricultural production in this way is really taxing food, as food is the only thing we produce. If this is the intent, then the tax should be applied at retail where there would be no discrimination. On the other hand, why should food produced in Connecticut be the only food taxed? If Connecticut agriculture is to be expendable, then it should be so stated.

Connecticut agriculture, if I may speak collectively, prides itself in being a responsible member of the Connecticut business community and we certainly expect to shoulder our fair share of our state's financial problems. I cannot believe that it is the intent of this legislature to put us out of business. There must be other tax formulas that could solve our state's problems in an equitable manner. We look to you, our legislators, for that solution.

Jeremish Wadsworth, I am a resident of Farmington, citizen of the State of Connecticut, chairman of the Town Council of Farmington, Chairman of the Capitol Region Council of Elected Officials, Director of the Consolidated Milk Producers Association and member of the Connecticut Farm Bureau. I am a dairy farmer and a fruit grower. I appear today as dairy farmer and concerned citizen. Elimination of exemption of sales tax on materials, tools and fuels used in manufacturing, livestock feeds, poultry and feed, the full value of motor vehicle purchases, non-professional services and medicines, will greatly affect Wadsworth and Wadsworth, a partnership business comprising a 68 cow dairy farm with 65 heifers and an orchard of some 75 acres in Farmington, all located on 600 acres in Farmington River Flood plain and Falcott Mountain. The future of this farm is in jeopardy if SB 1136 is adopted as presented here today. We believe in paying our fair and equitable share of taxes in our community and in our state, especially in this time of dire need to recover financial balance in Connecticut. I resent being asked to accept payment of about ten times what the average family will have to pay. These exemptions were put in for good reason, I am sure. They all include items used in the production of food as far as agriculture is concerned. The farmers have no way of passing this added expense on to the consumers as manufacturers in other industries do. Therefore it must come as additional expense and be deducted from the net farm income. This farm, as an example for so many others, already pays \$7,803.73 in local property taxes. On hired labor we pay as the farm shares \$1,150.00 FICA in additional taxes. Removal of these enumerated exemptions to the sales will cause an additional \$3,195.83 based on 1970 expenses and costs vary from year to year of course, so it's impossible to know exactly. This figure is 7% of \$45,654.69 expenses that would be taxed at 7% for next year. This would bring our total taxes for an average year on our farm of \$12,154.00. In addition are federal income taxes or farm financing and mortgages. Agriculture is being asked for \$5.4 million from about 3,000 a farm families in Connecticut, an average of \$1,800 per family. Yet with Connecticut having a deficit of some \$250 million with about 3,000,000 people this averages out to \$80 per capita or \$320 per family of four. Much of agriculture will not survive this burden even for a short time, meaning a year or two. Add to this burden of the state the possibility of having to provide 25% of the cost of this land to maintain some open space for the future desirable environment for Connecticut people. This land amounts to 50% of the total land area of this state. Some 1200 dairymen own a majority of this because of land requirements for a family farm unit to produce any kind of a profit. Agriculture is a way of life-long hours, dedication and perseverance, but agriculture is also a valuable and very much alive industry to the past

present and future of Connecticut. An industry of more than \$150,000,000 in production food, stimulation of many tens of millions of economic activity in addition. It provides thousands of jobs for Connecticut citizens. Even Congressmen got excited when United Aircraft announced plans to lay off 4,100 people this year, yet I don't see any Congressman here this morning being concerned about this promise to reduce available jobs by more than these 4,100. The future of Connecticut Agriculture is in the hands of the 1971 Legislature with consideration of SB 1186 and proposed changes in PL 490, hearings for which have already been held. We continuously find ourselves justifying our existence when actually others should stand with us. I urge that the impact on the whole state and all of our people be carefully measured before we tax one vital area of our economy out of business. The Wadsworth Farm has been in existence since Thomas Hooker came down from Boston to Hartford and then to Farmington in 1636. The farmers in Connecticut today ask you to uphold the exemptions proposed for elimination so Connecticut people may enjoy a high quality and healthful food supply in the years ahead, in addition to continued use of our fertile soil as a good contributor to a desirable environment. Save Connecticut Agriculture. Thank you, gentlemen...

John Angevine: I own and operate a poultry farm in Warren, Connecticut. Farming is a family tradition. My father was a farmer as was his father before him. It is a heritage we look on with pride and that has been a factor in the responsibility we feel on toward our citizenship in the State of Connecticut. My father served in the State House of Representatives for six terms and one term as a State Senator. My purpose in telling you this is to establish that I am not new to this business of Farming. I have lived it, studied, it and practiced it all my life. Like most farmers in Connecticut it is a way of life that we have struggled to maintain through many periods of economic trial tribulation and that we hope to continue for ourselves and for our children. Ours is a family operation. My wife works beside me, keeping the books, helping in the egg room and wherever she may be needed. I sell and deliver a good percentage of my eggs direct to stores; by passing the wholesale dealer and processing plant, and sell also, direct to the consumer at the farm. As you can see we are utilizing every opportunity to keep down costs and minimize our profit. Yet my business shows a net loss for this year of 1970 of \$2300. Had the sales tax been in effect I would have had an additional loss of \$4500 for 1970. My tax return for 1969 shows an income of approximately \$17,000; 1968 shows an income of approximately \$14,000. An average of the above three years shows an income of \$9600. As you can see, egg farming is a highly competitive, cyclical business; income fluctuates sharply from year to year. The only fair way to show the effect of the tax is to average income a tax over a three year period. My figures show that a 7% sales tax would have taken 45% of my net income for the combined years of 1968, 1969, 1970. To my knowledge there is no other state in the union that has a sales tax on agricultural essentials such as feed baby chicks, livestock, bedding etc. as presented in the proposed tax bill. The Connecticut poultry farmer has had to work harder, manage better and sacrifice more to stay in business. We compete for Connecticut markets with neighboring states...and others...and have to overcome the burden of higher taxes, higher labor costs and in most instances, higher freight rates. The sales tax would be the straw that would

break the camel's back. I, for one, would have to go out of business and most likely by selling my land to developers who would build new homes and bring new problems of taxation for sewage, additional schools and environmental controls which would become necessary when Connecticut's open spaces cease to exist. This proposed tax would destroy a vital section of Connecticut economy at the same time with would destroy a vital section of Connecticut economy at the same time would make of Connecticut one huge city. It must be replaced with as a system of taxation that would not be destructive and would be more considerate of the particular problems of our vital industries. I trust and hope that you will take this, and other statements presented here today in opposition to this tax bill, into consideration and your decision will be one of saving agriculture and its way of life in our state, rather than destroy it. Thank you.

Mrs. Bertrand Bodwin of Glastonbury. I am a member of the Connecticut Water Resources Commission, Chairman of the Glastonbury Conservation Commission, a member of the citizens Review Committee for the Connecticut River Comprehensive Plan, and served as Chairman of the Planning and Zoning action Panel of the Governor's Committee on Environmental Policy. I am not representing any of these groups today, but merely mention them to show that I have had wide experience in dealing with environmental matters. When I first came on the environment scene, the topic was called "conservation", and those of us who were interested were considered to be way, way out-so far out that what we were saying didn't really matter. I'm happy to say that that attitude has changed, and there is now general awareness that environment does matter very much to every one of us. Another thing that matters very much to all of us here is the well-being of the State of Connecticut. What makes this such a special place to live? Think about it for a minute and you'll realize that the diversification of the countryside is a major factor. We have seacoast and rolling hills, bustling cities balanced by restful green fields and orchards. Think about it a bit more and you'll realize that farmland is a key feature in this fascinating mix of urban activity and rural tranquility. These are days of rapid change and turmoil; it is vital to preserve some of the peaceful aspects of our surroundings. Man has his roots in the soil, even though modern technology has made us believe we are independent of nature. We have torn apart our natural landscape and polluted our air and water to the point that we now have an environmental crisis and all of our life systems are in peril. What does that have to do with agriculture and with the large tracts of land kept open because of farming? Suppose we didn't have any farms in Connecticut; suppose all farmers were forced out of business, which is the frightening possibility we are facing today. Suppose all farms were turned into housing, roads and factories. What would happen to all of the basic necessities we all depend on for survival? Let's take water for an example. Where does water come from that keeps our lawns and gardens green, and supplies an ever increasing number of public and private wells? It comes from the ground is all covered with buildings, roads and parking lots... how can the rain soak in? It can't, of course, and rushes away, often causing damage from flash flooding. The water table falls; lawns and

gardens turn brown, and wells go dry. So what, you may say; this is the age of technology, we can get our water some place else. But where? We can't manufacture water. We have to maintain large open areas where it can collect, unpolluted. Reservoirs which gather surface water require enormous amounts of undeveloped watershed land. Most suitable areas are already in use, and any remaining ones would be prohibitively expensive to purchase. Besides, where would the money come from? Many communities have already turned to ground water as the only additional source of public water supply. Clearly we must protect it. We must maintain large tracts of open land throughout the state. But how? By public purchase? I shudder to estimate the cost. Fortunately, however, privately held open land serves this very important public function at no public cost. The large amounts of privately owned open land used by agriculture are of prime importance in protecting the supply of ground water. We must maintain our farms. Let's take another basic necessity, food. Farms produce food, that's their reason for being. Connecticut farms produce fresh milk, eggs, poultry, fruit, and produce for Connecticut residents to consume while flavor and food value are at their peak. Quality of food stuff is an important aspect of the quality of life. So what, you may say, this is the age of rapid transit; we can get our food from some place else. Perhaps we can but this is also the age of rising prices, and food costs would certainly be pushed even higher, if we had to import everything. Connecticut farms must stay in production so that Connecticut residents may have high quality food at reasonable prices. One way to combat the frightening inflationary spiral is by keeping Connecticut farms in business. I talked before about the importance of diversification in the landscape. There's another diversification we're all become uncomfortably aware of: the need for diversification of economic opportunity. Up until recently we had assumed that industry could provide jobs for everybody. That bubble has burst. It is an economic necessity to provide varied types of job opportunity. We must keep Connecticut farms in production. Previous speakers have demonstrated what a disastrous effect the proposed sales tax would have on farm operations. If we lose our farms, a vital part of Connecticut's natural, cultural and economic heritage would be gone. The quality of life in the state would be diminished. We must keep Connecticut's farms in business. I urge rejection of this confiscatory sales tax. Thank you for the opportunity to be heard.

Luther Stearns: I am a dairy farmer and reside in Scotland, Connecticut. I am President of the Connecticut Farm Bureau Association. The Connecticut Farm Bureau Association is a free, independent, non-governmental, voluntary organization of 2,500 Connecticut Farm Families, who are united for the purpose of analyzing their problems formulating action to achieve educational improvement, economic opportunity, and social advancement, and thereby to promote the general welfare of our communities and our State. Our members are organized in each of our 3 counties. Therefore, our scope of concern in Connecticut is both local and state-wide in nature. Our membership embraces every farm commodity produce in Connecticut including dairy, poultry, fruit, vegetables, nursery,

florists and bedding plants, potatoes, tobacco and general livestock and field crops. Mr. Chairman and Members of the Finance Committee, nothing has rested more heavily on the minds of Connecticut farmers over the last month, nor has any single issue created more concern and outright pessimism with regard to our farming future in Connecticut than has the proposed discontinuation of the exemptions from the sales tax on farm production supplies and expenses. Passage of SB 1136 would result in placing a 7% sales tax on virtually every farm production expense with the lone exception of labor expense. You have heard from previous speakers concerning the impact of this proposal upon their individual operations. While averages do not tell the whole story of the impact, we will attempt to graphically illustrate for the Committee what this tax really means to an average Connecticut farmer. Our source of information is from the Connecticut Farm Bureau's Farm Business Records-Management Service. It is a service operated at cost for members to provide monthly farm business records for 160 of our members, who participate in the service, as well as to provide management assistance and a tax filing service. We pulled, without selection, the records of some 30 farms for whom we have completed annual records and tax returns. The first graph on the case before the Committee will show the result of the application of the 7% tax to the production expenses of our average poultryman. The first bar on the chart denotes the average gross sales. (\$92,202.00) The second bar shows the total farm production expenses. (\$85,123.00) The area shaded in red on this second bar is that portion of the total production expenses, \$69,055 or 75% of the total expenses which, under SB 1136, would be subject to the sales tax. The third bar shows the average net Farm Operating Income. This, I should note, is the net income from the farm business. It does not include principal payments on farm business notes and mortgages or capital purchases. It is the Operating Net Farm Income or Business Return. The average for 1970 was \$6,779.00. The shaded portion of Net Operating Return shows that portion by which the Net Operating Return would be reduced by the proposed change in the sales tax. It is \$4,634.00 or 71.3% of an average poultry farm's Net Farm Income. This would leave 28.7% or in this case \$1,945.00 to cover principal payments on notes and mortgages relative to the farm business, as well as to provide for the family's living expenses. We might ask as this chart asks, "Could you live on this?" Our chart shows the average, in the same manner, for 20 dairy farms. The first bar denotes the average total sales of these farms, \$68,251.00. The second bar shows the total farm production expenses of \$57,931.00. The portion of this second bar shaded in red is that portion of the total farm production expenses, which would be subject to tax under the 7% sales tax proposal. It represents \$37,611.00 in production expenses, plus an additional \$3,216.00 in purchases of dairy cattle. The third bar shows the average Net Farm Operating Income (10,280.00) This is the net return from the farm business alone and represents a return, we might add, on capital, averaging close to \$100,000, the owners labor and his management. The shaded area of this net operating return is the portion which would be taken by the sales tax: \$2,357.00 or close to 30% of his farm's net operating return. The last bar, therefore, shows the amount remaining. This does not represent the dollars from the business left for his family

living expensis-food, clothing, medical expenses, personal loans and mortgages taxes on his personal home and car, etc. This, of course, would be something less than this amount. It must be pointed out that many of our farmers are increasing the size of their farm businesses, milking more dairy cows, keeping more poultry and cropping more acres per man, in an effort to insure greater efficiency to keep pace with rapidly rising cost--hopefully to provide a greater net return. Net return does rise, but not at a corresponding rate. The proposed changes in the sales tax will penalize these farmers to a greater extent. Higher production expenses with such a change in the sales tax will result in a greater number of dollars of farm expenses subject to the tax. Without a corresponding increase in Net Farm INcome he will be faced with a greater portion of his income being paid out in the form of sales taxes. In an attempt to keep food production cost low he would, in effect, pay a penalty for his efforts. While we have focused our attention on the dairy and poultry farmer, the largest segments of Connecticut Agriculture and that which represents 1,600 farmers (1,100 dairymen and 500 poultrymen), we must point out that the farmers producing other commodities will be similiary affected. Fruit and vegetable growers, nurserymen and plant growers, producers of other livestock and crops all incur production expenses, a sizable portion of which would be subject to this tax. The third and last chart shows the impact of discontinuing the exemptions from the sales tax on farm production expenses, rents, and non-professional services on the average of Connecticut's commercial farms. We understand that it is estimated that 5.4 million would be generated by such a change in the sales tax. To the 3,000 farm families, who make up the heart and soul of Connecticut Agriculture, it would be \$1,300 per farm - 20% of their net farm income. This does not include the added sales taxes that each family would pay on the taxable portion of their family living expenses. This tax would be imposed whether or not they realize a profit or a loss, and it does not consider the proposed imposition of an unincorporated business tax-imposed on gross sales whether or not there is a profit. Mr. Chairman, and members of the Committee, as other speakers have said, Connecticut farmers are willing to pay their share of the cost of running our state government. But, this type of burden, imposed without regard to net income, will just wipe out all of us. It will wipe us out together with the more than 750,000 acres of Connecticut's open space which we own, operate and conserve- open space that has helped Connecticut avoid expensive development, that has been maintained free from public purchase and free from taxpayer expenses for its maintenance. It has been retained in private hands as tax paying property. Our food production has provided a buffer against our total dependence upon outside sources for our food. Our woodland and growing crops cleanse the air, provide wild life habitat and protect our streams. No other general segment of Connecticut business is being called upon to pay taxes on such a sizable portion of its production inputs nor to the extent of incurring such a burden on net income. No family in Connecticut is being called upon to assume such a sizable burden in relation to the family's spendable dollars. No other state with which we must compete, to our knowledge, has imposed such a tax on the production inputs of their farmers. As previous

speakers have pointed out, there is no way for us to pass on this cost. We must compete in the market place with farm products produced by farmers in surrounding states and across the country, none of which are saddled with such a burden. Contrary to the beliefs of many, Connecticut Farmers do not produce, nor are they eligible for federal price support loans. One commodity has been subject to price support loans in the past and that is our outdoor, broad leaf tobacco. The cost of production and the low level of price support now required that a grower produce for the free market, which is currently yielding a higher price, or he will not grow a crop at all. Therefore, we can accurately say that no farm commodity produced by a Connecticut farmer is sold under federal price support loan. In spite of the fact that this is a high cost state in which to farm, it has provided the climate in which together with our own ingenuity, we have been able to sink our roots into the Connecticut soil, provide for our families and make a major contribution to this state. We credit this General Assembly with having had the wisdom over the years of providing us with this opportunity. Passage of SB 1136 or any similar legislation will wipe out much of this achievement in its first year. We recognize our State's current fiscal problems and its need for added revenue. Our Board of Directors has spent considerable time on this problem. While we are not prepared to do so today, we will submit to this Committee our recommendations relative to alternate solutions before the end of this week. We ask in closing, however, that the Finance Committee oppose any elimination of the exemptions on farm production supplies and expenses as proposed in S.B. 1136. Thank you.

Sen. Cuttillo: The Committee will be most interested, sir.

Charles Rarr: I serve as Executive Secretary of the Connecticut's Nurserymen's Association, and as Executive Vice president of the Connecticut Florist Association, appearing here today as Chairman of the Connecticut Conference of Farm Organizations, this is a statewide group of some 24 Associations representing the major divisions of Connecticut agriculture. You have heard the farm story presented by the previous six speakers, on behalf of the farm conference. The statements are being filed by several other organizations; one by, Mr. Julius Gleischnan, Executive Director Connecticut Poultry Association, by, Arbor Acres Farms, in Glastonbury, by Charles Yound, Wallingford, Connecticut. There are a number of others. This our farm story, many of our group will now leave, to make room for others, we thank the Committee very much, for the courtesies extended to us. Thank you.

Julius Fleischman, I am Executive Director of the Connecticut Poultry Association and Vice President of the Conference of Connecticut Farm Organization. I appear before you in opposition to the proposed 7% sales tax on feed, livestock, chicks and pullets. If this tax becomes law, Connecticut would be the only state in the Union that taxes the ingredients essential to the production of such staple foods as eggs, milk and poultry products. The poultry industry could not survive this sales tax. It already finds itself at a disadvantage with other producing areas. It is

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faced with higher taxes, higher labor costs, higher freight rates. By dint of hard work and good efficient management our farmers have been always able to remain in business. It is ironic that they would be destroyed by their own elected representatives. Our competitors from neighboring states would be able to undersell us by 3¢ to 1¢ per dozen on our own home territory. It is obvious that this can only be detrimental to our whole economic and ecological structure. Farmers own 25% of the land in Connecticut, and almost all of the open spaces. Faced with catastrophe, they would be forced to sell their land to developers, and in a few years there would be no open spaces left in Connecticut. I do not believe that this is being done by design; it must be that the farmers of this sales tax legislation have been badly misinformed. I sincerely hope that this committee will recognize the evil this legislation will bring to bear, and, in their wisdom find more equitable forms of taxation.

Francis J. Collins, State Representative of the 165th District and the House Minority Leader: I am here speaking this morning for the Republican House and Senate Leadership, and the Meskill administration in regard to H.B. 7705. This measure, as I am sure you are aware, would increase the rate of the Connecticut sales tax to 7% on April 1st, just a little over two weeks from now. Our state as I am sure you are also aware is deeply in debt. I need not remind you there is only one way to deal with debt and that is to levy more taxes. Nobody, least of all the Governor who originated this proposal in this budget message, is anxious to increase the tax burden on our citizens. The fact of the matter is that there are simply no options. The longer the General Assembly refuses to face the music the more grievous our situation becomes. Although passage of this bill represents a major step by the General Assembly it is, from a legislative point of view, an extremely simple matter. The present law, with changes only in the language specifying the tax rate and effective date, will accomplish our purpose and I do not think anyone can argue with the purpose of this bill. It is merely to begin paying off our massive deficit and one way or another we must do that. This measure is the first, and in that respect, a most vital component of the Governor's budget proposal. If this measure is not passed it will throw the Governor's budget proposal out of balance and require an upward adjustment on the revenue side somewhere further on down the line. Stalling action on this measure will not solve our problems, it will merely make them worse. The need for approval of this measure is obvious to me and to any serious student of the state's financial condition. There are in the legislature's immediate future some extremely unpopular options that we must, perforce choose from. We can, making the difficult decision to act swiftly and positively on H.B. 7705, ease slightly the difficult decisions we must make before we adjourn. I hope the Finance Committee will see fit to bring this matter to the floor with a favorable report so we can begin at the earliest possible date, restoring Connecticut's financial integrity.

John F. Tarrant, Tax Department: With your permission I will testify briefly on several bills before you today which bear upon the function of the department--particularly upon the revenue loss that might be generated by them. The 7% sales tax is assumed in all computations of

all figures are annual. Bill 5050--Based upon estimated wholesale sales of motor vehicles alone and deducting the 10% Federal Manufacturer's Excise Tax, the revenue loss would exceed \$2 million annually. Bill 5222-- There is no way of computing the revenue loss here, but this is another chipping away at the base of the sales tax. Bill 5223 and 7552-- These two bills seek to exempt farm implements and equipment from the sales tax and either, if enacted, will cause a revenue loss of \$1.8 million annually. Bill 5311-- To raise the meals exemption from \$1.00 to \$1.50 would cause a revenue loss of \$3.5 million (we already lost \$7 million from the \$1.00 exemption). Bill 5312-- The 1969 budget claimed a \$7.5 million revenue gain if the children's clothing exemption were reduced from 16 years to 10 years. If this is to be put back to 16 years as this bill seeks to do, then the revenue loss would be \$7.5 million. Bill 5610-- Statewide we have \$36 million of assessed value of boats at about 60% of market value (and many escape taxation entirely). Assuming an average trade-in value of 1/3, we come up with an annual revenue loss of \$1 million--at a minimum. Bill 6016-- The last figure of any firmness I had of the revenue loss involved in the exemption from the sales tax of "research experimental and developmental" material was \$3.5 million at the old sales tax rate of 3.5%--at the 5% sales tax rate the loss today would very likely run to \$7.5 million annually based on expenditures for these purposes of \$150 million annually. Bill 5937-- According to the latest census of Manufacturers which was done in 1967--4 years ago, \$145.7 million was spent by manufacturers in Connecticut on new plant and equipment. 5% of that would mean an annual revenue loss of \$22.8 million. Bills 5991, 6042, 6044, 6045 are all Tax Department bills and I hereby absolve the legislators whose names appear on them from any responsibility for their content. Bill 5991 -- This bill was put in by the Tax Department in an attempt to stop unintended use of the exemption of fly-away aircraft. As the exemption now stands, a dealer in used aircraft can fly them into this state and dispose of them here free of the salestax. Bill 6042-- Is an attempt to forestall abuse of the "meals" exemption under the sales tax. We find that some establishments are selling packaged meals costing over \$1.00 allowing their consumption on the premises, and charging no sales tax under the assertion that these meals come under the overall food exemption. Bill 6044 --This bill seeks to avoid another abuse of a sales tax exemption. Large companies spend millions of dollars on such items, let us say, as a distinctive letterhead where they commission to an artist to design it. It is the cost of the design that is intended to be exempt here, but these companies are exempting the entire print of the designed letterhead or whatever it may be. Bill 6045-- This bill is needed to help us to administer the sales tax law properly. All we want to do, you will note, is change the word "and" to "or" (at the bottom of the first page of the bill). The reason is that the word "and" causes taxpayers to contend that both conditions, (a) and (b), must be met before we can claim they are doing business in Connecticut, and we claim, and rightly so, that either condition will suffice. Bills 6560, 6979, 7636, and 7638-- All exempt senior citizens from the sales tax at ages 62, 65, and 70. One is

conditioned upon the recipient being "retired", another on his receiving welfare--both conditions difficult for the Tax Department to determine. According to the 1970 Federal Census, there are 289,000 people in Connecticut 65 or over. There is no Census breakdown yet for the other age groups involved here, but if all of the persons 65 or over were to be exempt from the sales tax, would cost \$9 million a year. This is computed at the Federal guideline figure of \$32 annually for the lowest income class (under \$3000) multiplied by 289,000. Bill 7322 -- The sales tax is applied to morticians applies to 50% of the funeral bill and the use tax applies to the materials used and consumed in the business. We think this is the fairest way to deal with the understandably emotional situation. Revenue loss \$615,000 exclusive of monuments. Bill 7538-- The revenue gain claimed was \$9 1/2 million in the 1969 budget when the motor vehicle trade-in allowance under the sales tax was reduced from full value to \$700, so to put this exemption back to full value as this bill seeks to do would cause an annual revenue loss of \$9 1/2 million. Bill 7396-- The same reasoning applies to this bill. In 1969 the revenue gain was claimed to be \$7 1/2 million when the children's clothing exemption was reduced to 10 years of age from 16 years. Now to put it back to 16 would cause a revenue loss of \$7 1/2 million. Bill 6100-- In the calendar year 1970 we got \$1,711,946 from applying the 5% sales tax to room occupancy. 3 1/2% of the = \$1,115,770. This bill at 12% would increase that figure to \$205,794 based on 1970 receipts, or an increase of \$60,000. We take no position as to how much money should be appropriated to the Development Commission to promote the hotel and vacation business--perhaps it should be more than this 12% will produce it should be obtained by appropriation not by earmarking revenues -- always a bad practice. Bill 7705-- I have only a word to say on this bill and I say that because I was asked. Based on receipts for the April, May, and June quarters of 1970 which amounted to \$67,5 million, this added two percentage parts for the same quarter of 1971 would yield about \$27 million in additional revenue. I understand there is to be a substitute on Bill 1136 and since I have not seen the substitute I shall have no comment until I do.

Mrs. John Walton of Glastonbury, speaking for the League of Women Voters of Connecticut. The League of Women Voters believes that a general sales tax should remain a part of our state tax structure. It produces stable, substantial revenues. While it is generally a regressive tax, in Connecticut the degree of regression has been reduced because of the exemptions of food, children's clothing, domestic fuels and prescription medicine. The sales tax is broadly based with everyone paying a share and thus is suitable for the support of general government services. In the interests of further equity and yield, the League favors the broadening of the tax to include personal, but not professional services. We also believe that close scrutiny should be given to the current exemption of sales to religious, educational, charitable and governmental institutions. However, we Oppose SB 1136. Increasing the rate of the sales tax to 7% and eliminating virtually all the exemptions except food and rent would make this tax far too regressive. Lower income groups would pay a greater percent of their income in sales tax than do those with higher incomes since the proportion of income

Connecticut industry and the pressing need of our economy to provide jobs to relieve the distressingly high rates of unemployment under which we now suffer. Unemployment at the present time is due in major part to the sharp decline in defense-related orders, but to a substantial degree it has also resulted from the deterioration of the competitiveness, including tax competitiveness, of this state's industry. The report of the State Revenue Task Force reviewed Connecticut taxes state and local, in comparison with the tax burdens on business in other states, and concluded that "extreme differences in tax burden can have an adverse effect on locational decisions." Support for that conclusion may be found in a paper prepared for the Task Force by Dr. Elliott R. Morss, "Interstate Fiscal Comparison". Although Dr. Morss pointed out that interstate comparisons are subject to qualifications, he nevertheless expressed the view that they may be useful. He then referred to a study made by the Council I represent in the following words: "One approach is to develop a hypothetical firm and compare its tax liabilities in various locations. Recently this has been done by the Naugatuck Valley Industrial Council and has subsequently been reviewed by the Connecticut Development Commission. The company has annual sales of \$20 million with operating costs before state and local taxes of \$16 million. Significantly different results. An obvious point is that the corporate headquarters of a firm would have a smaller tax liability than a factory a result that is probably quite appropriate in light of their differing social costs." Mr. Morss says it is a dangerous to draw a general conclusion from this type study, but I can assure the Committee it represents an actual situation. The cities used in the comparison are the actual locations of branch plants of Connecticut-based company. The conclusion to be drawn is that Connecticut has become an unattractive location, at least from a tax standpoint, for industries which require heavy investments in capital goods-machinery and equipment-and which must carry large inventories. It is my opinion that tax consequences have already played a part in the locational decisions of some companies companies which have expanded production in branch plants in other states rather than building more facilities here. The unemployment problem has been mentioned earlier. The way to meet it is to make it possible for industry to open up jobs, and the way to do that is to improve manufacturing's competitive position so that it can successfully bid for both remaining defense-related orders, and for domestic business as well. So, I appeal to the committee to look with favor on bills before you which tend to lighten the sales tax burden on industry, specifically Bills 5816 and 5987, which are intended to stimulate research and development resulting in new products and to exempt machinery and equipment used in the production process. I appeal to you to look with a jaundiced eye on bills which would do the reverse by increasing sales tax burdens on manufacturing. Among these are the Administration bills, 1186 and 7705, to increase the rate from 5% to 7%. We find especially damaging Sections II and 24 of Bill 1186. Section II would impose the sales tax on some insurance premiums, an action estimated to cost purchasers of insurance \$68 million annually, of which approximately one-half would be paid by employers who purchase policies for the protection of their employees. Section 24 would remove the

present exemption of materials, tools and fuels used and consumed in production of fabricated goods. This would impose an additional cost estimated at \$25 million on manufacturing. We are advised that Section 24 is not intended to remove the exemption on materials which are incorporated into finished products, but we urge your careful examination of the statutes to make certain this is the case. Removal of this exemption would be ruinous. Industry recognizes that some increase in the sales tax above the permanent rate of 3% and a broadening of the base is needed. Industry recognizes that some increase in the sales tax above the permanent rate of 3%. Industry is willing to pay its fair share of the total tax package which your Committee will recommend, but we urge you to bear in mind, as you consider the sales tax bills, the competitive problems we face. I have been asked by the Scovill Mfg. Co. to present a very brief statement for them which illustrates the impact this tax package has on one of the major employers in Waterbury. First of all, we would like to point out that we are just not arbitrarily opposed to any tax increases. We think our record proves this. For example, a few years ago at a public hearing in Waterbury we supported a special tax increase that was to be levied for necessary school improvements. We would also like to point out that Scovill and other companies are already paying a corporate business tax which is one of the highest in the country--8%. To our knowledge, there are only two or three other states with a rate this high. Under the proposed increase and extension, our sales and use tax would triple--from almost \$320,000 per year at the current rate to approximately \$1,000,000 at the proposed rate, with its extensions. This tax alone would be about 20% of the total earnings of Scovill in the State of Connecticut. In our viewpoint, this expanded sales and use tax would be ill conceived and detrimental insofar it affects our Connecticut operations. Our business is no different than that of running a family. The more money that we spend on taxes in Connecticut, the less money we have to invest in new facilities and new jobs in Connecticut. Thank you.

Arthur L. Woods, President of the Connecticut Business and Industry Association. I address myself to S.B. 1186, a bill which embodies most of the recommendations of Governor Meskill's Budget Message and in particular to the sections of that bill which would repeal the exemptions for "materials, tools and fuel used and consumed" in the production process and which would extend the sales tax to insurance premiums. We are opposed to these two sections. We are opposed to the elimination of the exemption for "materials, tools and fuel used and consumed" in the production process. Elimination of this exemption would be discriminatory to the small machine shops and tool makers who perform production work in Connecticut. Further, this will add greatly to the cost of retooling, at a time when companies are expected to convert from war to peacetime production. I want also to bring your attention that the bill as drafted does not retain the exemption for raw materials which end up in the final product and which was envisioned, we assume, in the Budget Message. Every state exempts such raw materials and the results of not doing so here would no doubt be that catastrophic. We propose that the sales tax not be applied to insurance premiums. It is estimated

that the revenue from this tax would cost Connecticut employers \$42,000,000 a year. A tax of this kind would be another first for Connecticut since no other state has found this tax to be practical. In some states it was passed and almost immediately repealed. In addition to its being an unfair tax on the general public in our opinion, it would place another millstone around the neck of Connecticut industry, which sells 96% of its product outside of Connecticut. I would like to take issue here with the general misconception that this tax on business can be passed on to the consumer. Since our competition does not have this burden it must be absorbed somehow. This means, among other things, further cuts in employment and fewer job opportunities. Another 7% levy which would cost business approximately 22 million dollars is the inclusion of gas, water, electricity, telephone and other utilities. Tremendous amounts are used in manufacturing and because of our geographic geologic positions costs for most of these products are already generally higher than in other sections of the country. Another part of the bill on which I wish to speak includes extending the sales tax to the leasing and rental of all tangible personal property. This tax seems to be aimed especially at business and industry and was not mentioned in Governor Meskill's Budget. We would like to know what this would mean in terms of revenue. We fear that it would be tremendously costly, especially to Connecticut's larger employers who rent expensive computer equipment as well as fleets of trucks, cars and other items used in business. Whatever the income, it has not been included in the total revenue. I would like to briefly point out that we are in firm support of HB 5816 and HB 5987. The former would exempt from the sales tax tangible personal property used for industrial experimental purposes and the latter would exempt machinery and equipment from the tax. The revenue loss from the former would be insignificant and from the latter, around \$10 million, based on the 5% sales tax rate. Both of these bills are designed to help create a positive tax atmosphere in Connecticut and to therefore attract new business here and to encourage existing business to expand in the state. We had hoped that in this session business and industry would receive some redress from its comparatively high tax situation. Our two largest wealth producers are the Insurance and Manufacturing industries. They may support many of the other businesses in the state, as well as employing directly almost a half a million people. There are those who say that we must change our economy from its present state, which depends partially on federal government policy and spending, to something free of the vagaries of Washington. They envision Connecticut as a park for the headquarters of the large world wide corporations and the home of many new research and development organizations. This may very well be our future, but it would take decades. In the meantime, let's not forget those industries that put Connecticut number one in per capita income and placed it in its former position as number one in manufacturing employment. Above all, let's not forget the hundreds of thousands of production people who cannot be retrained to fill the jobs that these new industries require. Let's not hasten the elimination of our present industries until we have something better to take their place. We are asking you here to eliminate some of the proposed taxes that would affect business and

industry. We realize that this would leave a gap that would have to be filled. We think that lengthening the time to pay off the deficit to two or three years may very well make up the difference.

William Holsten: I am Chairman of the Legislative Committee of the Connecticut Council of Senior Citizens, Inc.. Taxes of all kinds are a great burden on the elderly especially the sales tax. We opposed the increase in 1968 a to 5% but, reluctantly accepted. However, the proposed increase to 7% is a greater burden particularly considering the proposal to eliminate the exemptions now existing. Many of the elderly are in or just above the poverty class and to tax services such as electric, gas, water and other utilities and personal services, will result in their curtailing these services as much as possible. Their need for these services is nearly as great as for those of the more affluent. In many cases the income of the elderly consists of Social Security. According to the February issue of the Social Security Bulletin the average payment received in October 1970 was \$117.00 per month, or less than \$30.00 per week. Many who were not originally eligible for Social Security were made eligible upon reaching 72 years of age by an Act of Congress for a minimum of less than \$50.00 per month. Is it any wonder that they feel strongly against any assessment such as taxes? The proposed increase is in and of itself small but still it takes a much greater proportion of the income of these elderly than in the case of the wage earner who has been benefitting the constant increases in their pay. The frequent statement made is that the elderly are on a fixed income. This of course is fallacious. They are really on a declining income basis considering that inflation has been eroding its value. History has proven that the only equitable way to raise the necessary revenue is by a graduated Income tax on the basis of the ability to pay. As explained above the sales tax bears more heavily on the elderly and is therefore an unreasonable burden. A graduated income tax is a fairer tax and should be applied rather than an increase in the sales tax. It is common knowledge that over 40 states have both a sales tax and an income tax which would substantiate our position that the sales taxes have proven to be unduly burdensome even to other segments of the citizens. We strongly urge not only abandoning the increase but allowing the present exemptions to stand and the substitution of the income tax.

Mr. Alves, President of the Ebgubeered Sinterings & Plastics I c., Watertown. We are what might be called custom moulder. We make everything to order. First, we must have production tools, wether we produce parts for Xerox, IBM, other manufacturers. We must have tools. These tools are molds. Our tools are never owned by the manufacturer, they are owned by the customers that order the pieces. For 17 years, these tools appear to have come under regulation 9 which just says that if the cost of such tools, if the material cost is less than 10% they are exempt. Later on, there is another regulation 11, which states something about, if parts or if tools, or machinesnare capitalized in the tax, would apply. We have operated for 17 years on regulation 9, recently with the famine of money in the state, the tax revenue

people came in to audit our books, for few months there was a series of arguments. Because the information wanted was very difficult to give. We do business mostly out of the state of Connecticut. Anyway after much argument we had to make a compromise, either to court to fight it or settle it. We did settle. We don't care how much the tax goes up as long as our competitors in the other 49 states pay the same, but, obviously this is not the case. Since we settled with the tax people, I tried to charge the tax to our customers, from New Hampshire I just received this letter, dated March 1, 1971. Dear Mr. Alves: Attached please find two invoices which we refuse because we have never paid a sales tax and we do not intend to. We think this is an error and please send us corrected invoices. If this sales tax is correct, we certainly will make our purchases in other states than Connecticut. You must exempt production tools or the number of jobs in Connecticut will be decreased. Recently I made the recommendation that we watch...we might do better elsewhere. Thank you.

Bernard McMahon, Wethersfield, Conn. I am Vice-President and Legislative Chairman of the Independent Mutual Insurance Agents of Connecticut. This association representing some 2000 licensed agents is unequivocally opposed to the proposal to extend the sales tax to include insurance premiums. We believe it is a socially regressive and discriminatory measure--and the long range consequences will far outweigh the immediate budgetary problems it may solve. Our objections include: 1. It will drive business away from the independent agent--and the industry' 2. It imposes a tax on a service that much of the public consider a necessity; 3. It is inequitable and discriminatory. It would penalize the low income groups--the people who could least afford to pay it--by mandating the same tax rate for persons in all income brackets. In the same fashion, it would penalize those socially responsible who buy insurance. 4. It may force the buyer to buy out of state; 5. It would make Connecticut the only state in the country with such a tax. It is interesting to note that last year a similar measure was passed in Pennsylvania. Yet public reaction was so overwhelming that the legislature repealed the measure only three days after passage!!! Therefore, the Independent Mutual Insurance Agents Association of Connecticut strongly urge that insurance premiums can be named an exclusion to whatever measures are passed by this legislature. Thank you.

Douglas Beals, I am from Bristol, I work in Hartford. I appear before your committee once or twice before, expressing my concern for the tax problem of the elderly. May I first of all congratulate you and your committee for holding these public hearings with the public first. I think this is extremely important and valuable and you don't know much we appreciate this, after having to sit through 3 $\frac{1}{2}$ to 4,5 hours in many instances to have an opportunity to speak. Secondly, may I congratulate the legislature in the passage of this bill yesterday in connection with the hunter, fishing, trapping license exemption for the over 65, I would hope that this would be continued to the extent that these people can have a free rights to the state parks. I will speak briefly and quickly in concern for the older people and their plight with the sales taxes as I did before. I call your attention

particularly to bill 6560, 6979, 7636, and 7638. The first two bills have to do with exemptions for people over 65, and the last two bills have to do with the use of ID card. I know the concern of the this committee with the use of ID cards, in the fact they can be misused and so on, and I know of your deep concern of doing something for the elderly people. May I suggest again as I have at other hearings, that you refer to the bill which Mrs. Truex, has in the hopper in the present time. Having to do with the affidavit refund in connection with all people who are below a certain income level. Receiving a tax refund from the state tax department in accordance with the Internal Revenue Tax statement. Thank you.

Evelyn W. Gregan, Secretary-Treasurer of the Connecticut Legislative Council of the American Association of Retired Persons, appearing on their behalf, in favor of H.B. 7636, and 7638, and opposition to H.B. 7705, and S.B. 1186. There are many persons living on fixed incomes within our state who are 70 years and older who are in dire need and unable to eat properly. Last year during a probe by Ralph Nader it was learned that many thousands of these people, all over the country, and many right here in Connecticut, are living on Dog and Cat food as their main source of protein, simply because they cannot afford to buy meat and refuse to become a burden to the state by asking for welfare. The sales tax of 5% and the proposed tax of 7% does and will take the food out of the mouths of these people. At present so many essential articles are taxes, such as cleaning materials, paper products, soap, clothes, shoes etc., all necessary to our way of life, thus taking a sizable bite out of their meager incomes. You may say that the sales tax would amount to such a small amount that it would make little difference to them; that may be true, but, that small amount of sales tax may mean the difference between a dinner comprised of dog food and one of hamburger. The council realizes that our Governor is trying to economize but it is not economy to deny proper food and clothing to our older citizens who have worked and supported our state for more than seventy years. We ask you consideration of this bill from a humane standpoint. Thank you.

Ruth Towle, Shea Gardens Housing for Elderly in East Hartford. I am speaking for the Senior Citizens in this project regarding the 7% sales tax. This bill if passed would constitute a hardship on elderly people who are already burdened with about as much expense as they can endure. With continual rise in cost of medicine, prescriptions and hospital care, not to mention other necessary items such as food and clothes. We feel this bill is outrageous and should not be passed.

Joan Kemler, Chairman Public Affairs Committee Greater Hartford Community Council. We strongly oppose a 7% sales tax rate and extensions to the base which add to the regressivity of the sales tax. We consider such a rate to impose an unconscionable burden on those in the lower income brackets. We likewise recognize the need for state funds to finance necessary services, and recommend that whatever additional revenue is required above present base to maintain ongoing and necessary new programs should be raised through the imposition of a personal graduated state income tax. It should be remembered that an income tax serves as a federal block grant. When progressive, the deduction value is much

higher than would be the case when deducting sales taxes. Thank you.

Dale Van Winkle, Vice President of United Aircraft Corporation, and I appear before you to comment on Senate Bill no 1186--the proposed sales tax program. There seems to be rather widespread recognition that business and industry pay a disproportionately high part of the total tax burden in Connecticut. But, even more important, the tax burden on Connecticut. But, even more important, the tax burden on Connecticut business is at such a level that it places Connecticut industry at a disadvantage in competing for contracts and business opportunities against firms located in other states. Published data reveals that only two states rely on business taxes to a greater extent than Connecticut. In reality, however, Connecticut is the highest in reliance on business taxes because of the unique circumstances of the two higher ranking states-- Delaware, which has long had the reputation of liberal corporation laws to attract new incorporations, and Louisiana, which has a large amount of captive industry related to its oil resources. The significance of the high taxation of business is that it cumulatively has the effect of diverting industrial activity and jobs to other regions and states. Others have and will speak more to this point and so I shall leave it. Let's turn to an analysis of the impact of the sales tax program proposed in S.B. no. 1186. I cannot tell you in specifics what the impact will be on industry as a whole in Connecticut. But, we have estimated its consequences to one industry, United Aircraft Corporation. There are two features of the sales tax proposals which will work a substantial hardship. First, it is proposed that materials, tools and fuels consumed in manufacturing be made subject to the sales tax. This taxes the essence of our manufacturing operations and would impose a substantial increase in taxes. Second, it is proposed that premiums on insurance policies be subjected to the sales tax. We, like many other employers, pay premiums on group insurance policies providing benefits to our employees. The amount of this tax increase would also be large. For competitive reasons, I do not wish to give you dollar figures of the tax increases we would be subjected to by these two features. But, the picture will be clear from the amount of the percentage increase in taxes which we would pay. Without considering the several other sales tax increases which are included in the proposed program, just by virtue of the sales tax on manufacturers' materials, tools and fuels and the sales tax on insurance premiums, our total tax payments to the State of Connecticut would increase by about 75%. Business in general, and our industry in particular, cannot afford tax increases of this magnitude on top of already high business taxes if we are to remain competitive with other manufacturers. Both of these proposals--the sales tax on manufacturers' tools, materials and fuels and the sales tax on insurance premiums--should be deleted from the proposed tax program. Thank you.

Richard J. Rawson, Greenwich Democratic Town Committee: We oppose the 7% sales tax because this tax would impose an inequitable burden on the already overburdened working family. The tax rate for those families who must spend almost 100% of their incomes on necessities would be on that 100% while for families fortunate enough to have incomes far in excess of their spending the tax rate would be only on that smaller

percentage despite their larger income. This tax affronts not only one's knowledge of sound fiscal policies but also one's sense of justice and must be defeated.

John H. Filer, Executive Vice President, Aetna Life and Casualty, speaking on behalf of the Insurance Association of Connecticut, an association of all the insurance companies domiciled in Connecticut. We are opposed to the imposition of a sales tax on insurance premiums for the following reasons: First of all, the tax would place a harsh and unfair burden on the insurance buyers of Connecticut. As far as individual buyers are concerned, this 7% tax would apply to life insurance, auto insurance, homeowners insurance, fire insurance and accident and health insurance--all necessities of modern life. Clearly this proposal is regressive. A more equitable tax must be found which would not penalize prudent individuals seeking to provide protection and savings for themselves and their families through insurance. Businesses as well as individuals purchase insurance protection in Connecticut. They buy insurance to cover their plants and equipment for example, as well as to protect themselves from liability in business connected incidents. In addition to insuring themselves, businessmen provide a whole range of fringe benefits for their employees through insurance. Insured pensions, group life insurance and group accident and health insurance are just a few of the coverages purchased on behalf of employees. A sales tax on these programs would cause them to be discontinued or their benefit levels to be reduced. This would not be in the best interest of business or the thousands of covered employees and their families. It is not the result our tax laws should encourage. Secondly, we oppose the tax on insurance premiums because of the severe competitive problems it would create for our industry. Banks and trust companies; securities dealers and mutual funds; and medical and hospital service organizations are competitors which would have no similar tax burden. Also, self-insured and non-insured arrangements exist and would replace insurance in many of the large cases where price is a critical factor and an additional 7% would be more than a corporate insurance would pay. The argument that competitive equality exists because tax would be due on premiums of all companies fails to take into account another factor and that is the retaliatory system of insurance company premium taxation in existence in practically all of the states. In the short space of four days between the enactment and repeal of a sales tax on insurance premiums in Pennsylvania last year, five states officially threatened retaliation against the Pennsylvania companies. If this position were taken by the 49 other states against Connecticut companies, it would place a crushing burden on us. Since Connecticut insurance is an "export" business and 95% of our products and services are marketed outside the state, almost all of our business would be subject to retaliatory taxation. A sales tax on insurance premiums is one of those proposals that appears both simple and attractive at first blush. It penalizes one form of thrift and it discourages an individual from purchasing protection for himself, his family and his business. The lesson to be learned from other states which have considered and rejected a sales tax on insurance premiums, including Pennsylvania, is clear. It is that such a tax is ill-conceived from the standpoint of both the insuring public and the

industry which provides the insurance services required by the public. It is particularly ill-advised in Connecticut where the domestic insurance industry is of major importance to the state's economy. Finally, I suggest that you view this proposal in the perspective of the current inequitable tax burden on Connecticut insurance companies. Each company in Connecticut now pays in state taxes far more than it would pay if such company were incorporated in any one of the other 49 states in the country. I assure you that the sales tax proposed on insurance premiums, if enacted, would mark 1971 as the year in which Connecticut no longer could rationally be referred to as the "insurance state". On behalf of our companies, their agents, employees and policyholders, we ask you to study seriously and consider all the implications of this tax and its effect in Connecticut. We respectfully request you not to act favorably on S.B. 1186 or on any other bill which would impose a sales tax on insurance premiums.

Frederick C. Maynard, Jr., Senior Vice President. The Travelers Insurance Companies. I am also speaking for the Insurance Association of Connecticut in opposition to the proposal that insurance premiums be made subject to the Connecticut sales tax. You have heard many valid arguments against such a concept by previous insurance industry representatives, and I fully support their comments. For your consideration, I would like to point out several obvious problems which would be inherent in a sales tax on life insurance policy premiums. As you are well aware, life insurance is a savings mechanism, an investment for the future. It is a strange fiscal policy which recommends a tax on one form of thrift and exempts all others, such as deposits in banks, purchase of mutual funds, and investment in the stock market. Certainly, this would be unfairly discriminatory. Constitutional and other legal issues must be considered regarding the intent that the tax is applicable to existing policies, wherein the actual sale would have been completed prior to the effective date of the proposed tax. The proposed tax would encourage the sale of mail order life insurance by companies which are not licensed by the state of Connecticut. In the case of a mail order sale, the state could be deprived of all tax, including the premium tax presently paid by licensed companies. Finally, the question of collection becomes a major consideration. Should a life insurance policyholder refuse to pay the tax, the company could not declare a forfeiture of the contract, and it would have no legal right to assess the tax against any existing cash value. As a practical matter, there is no way the company can collect the tax from any policyholder who refuses to pay it. For these and the other reasons brought to your attention, I respectfully urge that this tax proposal be retained in your Committee. Thank you.

DeRoy C. Thomas and I am a senior vice president of the Hartford Insurance Group. First, I would like to adopt and reaffirm the points just made by Mr. Filer in opposition to the sales tax on insurance premiums. Now for one or two points relative to property and casualty insurance. The proposed tax discriminates against those of low income and is especially regressive. It also provides a strong motivation for self-insurance which creates a loss for insurance agents and insurance companies. The proposed tax would weigh most heavily on families in modest circumstances

The addition of a sales tax on insurance premiums would bring an extra burden to automobile and home owners already paying high insurance costs resulting from our inflationary economy. Property and casualty insurance is a necessity for the family of today regardless of income level. The requirements of mortgagors and automobile financial responsibility laws emphasize this fact. A flat premium tax hits low income groups disproportionately and is particularly regressive. For many of these people an additional and substantial sales tax could cause a re-assessment of their insurance needs for their homes and automobiles. In all too many instances this might lead to their going without proper amounts of needed insurance protection. In the commercial area, large firms might elect to self-insure their property and casualty liabilities because of added tax. This would yield the state tax collector nothing and hurt the agents livelihood as well. The concept of taxing insurance premiums is not new or unique. Certainly it has been evaluated by legislators in other jurisdictions. We think it is significant that if Connecticut were to put such a law into effect it would be the first state to do so.

John Tripp, resident of Simsbury, Connecticut, and I am employed as Regional Affairs Manager for the Allstate Insurance Company. Although our home office is located in the Northbrook, Illinois, and we are not domiciled in the state of Connecticut, we would very very much like to go on record as being opposed to the sales tax on premiums here in the state of Connecticut. Thank you.

John F. O'Brien, Executive Director Connecticut Petroleum Council. We are opposed to the proposal to place a sales tax on the retail sale of gasoline. Motor fuels in Connecticut already carry a 50% tax burden which is borne by more than one and one-half million passenger vehicle owners. This levy includes an 6¢ per gallon state tax and a 4¢ per gallon federal tax for highway use. It should be remembered that the state tax in Connecticut was 6¢ per gallon for several years until July 1, 1967 when it rose to 7¢. The very next session of the General Assembly voted to increase it another penny per gallon, and this became effective July 1, 1969. There are only 3 states in the nation that have more than an 8¢ per gallon tax. Returning to the proposal to place the sales tax on the retail sale, it should be pointed out that of 45 states that have a sales tax, 36 of them exempt gasoline and only 9 place a tax on it. It is our information that none of the 9 place the sales tax on the entire purchase, including both the federal and the state tax. To explain this, let us take an average price per gallon. Placing the proposed 7% sales tax on this amount means that every gallon will be taxed another 2½ cents. We are speaking for the motoring public when we say that this would be a grossly unfair burden. We realize that such items as cigarettes and liquor also are the targets of the state's need for eliminating its deficit, but we strongly urge the Finance Committee of the General Assembly to realize that gasoline is not a luxury item but an absolute necessity in our society. Therefore, it should not be considered in the same light as items like cigarettes and liquor, personal services and other items that the administration proposes to tax this year. We would appreciate the Committee's consideration of our position.

Frank Longo, I am here to talk about Converse All Star Sneaks. They are used by kids. We are talking about \$11.99 which now you are talking about a 77¢ sales tax. I am not a lobbyist, just representing the youngsters below 16 who use sneakers and athletic clothing for gym meets. Now, these sneakers are worn into games, for church, to hikes, fishing, etc., and I feel very badly in Bristol, Connecticut where I have my sporting store to charge youngsters below 16 state sales tax. I am opposed to these 7% sales tax and I think an income tax is much better. However, I would like to urge and recommend that if this sales tax goes through to 7% that you find some means of exempting students below 16 the force of sales tax on their gym clothing, especially sneakers. Thank you.

Chester Reneson, President of the Game Breeders Association, on the Board of Directors of Connecticut Wildlife, delegate to the National Wildlife in Washington. I am here to speak against taxing the feed and farm machinery bill no. 1186. Gentlemen, we are game breeders of Connecticut, we try to compete with men out of state. If you impose this tax, on feeds, medical, litter, etc. it will cost each breeder around 40¢ a bird. We cannot absorb this cost, we cannot compete against men out of this state. We are in the same position as all the poultry and dairy men in this state. We have to compete out of state, as we have not enough sales in this tax to sell all of our merchandise. I wish and I hope you will not increase this tax upon the feed. Thank you.

James Bailey, Attorney in Washington, D.C., Council for the American Society for Insurance Management. Our organization represents 2900 of the most prestigious companies in the United States. With 1900 risk manager personnel scattered throughout the United States and Canada. Of the companies whose risk managers I represent here today, located in Connecticut we have the Armstrong Rubber Co., Combustion Engineering, New Britain Machine Co., Northeast Utilities Service., Scovill Manufacturing, Stanley Works, United Aircraft Corp., just among a few. I am here Mr. Chairman, because the American society of insurance management is the largest consumer of insurance in the United States. Our risk managers spend 8½ billion dollars annually in premiums to cover the insurance needs of the American industry. Here in the state of Connecticutpresently running 75 to 80 million dollars in premiums for years. ASIM its local chapter members are opposed to the inclusion of insurance and medical services in the legislation known as HB 1186. This will only increase the cost of doing business. Such cost will have to be passed because these are manufacturing companies or service companies will have to be passed to the consumer. In that respect we represent the interest of the man on the street. With the exception we find the job in industry where most of those people work. The tax, scheme in this particular bill does violence to the orderly taxation of insurance. I would suggest that no precipitous action be taken by the committee, in this particular area of insurance. It is already paying its way. Connecticut must have a healthy insurance climate. At the present time there are taxes paid by the domestic companies, and by our members there are additional taxes

there already is a 4% premium tax on surplus lines business. Separate and apart from that tax on insurance for American industry alone located in his state there is a 3% unauthorized returns tax which the legislature just enacted last year. So, what you have as result of putting 7% in his bill to the pyramiding of taxes, the question of insurance taxation is very complicated as some of the previous speakers have already said. I happen to be in Pennsylvania at the time when the tax situation got so crucial, and I was one of ten members who met with Governor Schaefer to try to get him to veto that bill, but, he had already previously given his word to the legislative leaders he felt bound by that, and after an hour and half of conversation with him, these were not just small insurance men, these were the men the Presidents, Chairman of the Board, the most influential insurance companies doing business in that state. We could not convince him, he did not veto the bill, but, he did call a special session and that tax was repealed. Why was it repealed Mr. Chairman let me tell you, not only was the mail volume and the telegram volume terrific, but, there was an organized march and a picket protest around that capitol not just one day, but, several days. Because that bill included financing for the state Universities and other institutions there were strikes on that aspect also. Insurance is something that everyone must have, but, it is exceptionally crucial for American business. I would earnestly suggest the Finance Committee look into this Pennsylvania situation, look into the question of retaliatory taxes with your neighboring states, indeed, any state in the United States would have a reason to oppose against an insurance company domiciled and doing business here if it did business in that state. All reference to insurance be stricken from the bill, simply because it is not in the public interest. It is an unfair advantage and burden on the public. Our buyers do know how to avoid a tax which is legal. Thank you.

Sen. Cutillo: Have you sent a statement of your testimony to the Governor?

Bailey, James: We have not, but I will be very glad to prepare something for the Governor and summarize my statements as of today.

Janet Wilson, I represent Warburton Community Church, 120 Brookfield St., Hartford, as a member of its Social Action Committee. I am Warburton's sole representative at this hearing because others of my church are working or going to school and cannot attend daytime hearings. However, they wish to be heard, and are with me in spirit as I present the following resolution which was voted by the Social Action Committee on the night of Tuesday, March 9 and read to the church on Sunday morning March 14th. Be it resolved: That the Social Action Committee of Warburton Community Church supports enactment of a graduated income tax in opposition to a continuing or increased sales tax, in the belief that an income tax adjusted to people's earnings and expenditures is the most realistic and equitable way to raise the state's revenues. We oppose S.B. 1186 or House Bill 7705. Be it further resolved: That the Social Action Committee shall urge the members of Warburton Church and the surrounding community to notify their state legislators of their views in writing; and if possible, to attend the hearings at the State Capitol on Tuesday, March 16, and Thursday, March 18, in evidence of the people's rights and

concerns as responsible citizens and voters.

James Kelleher, here representing the United Rubber Workers, Local 231, New Haven. They are unanimous in opposing the 7% sales tax. Above the rather above all the extension of that to domestic fuels for home heating, children's clothes, insurance premiums, and auto repairs, they are very much in favor of a graduated income tax, placed on ability to pay. I am also speaking for myself I have a family of 6 and between ages 8-18 I have insurance premiums on all the kids, from age 6 months. For the purpose of compulsory savings towards their education. It is unthinkable to have a 7% tax. I think everything else has been covered very well. Thank you.

Harold Hodgdon, President of the Connecticut Association of Independent Insurance Agents. Our organization comprised of over 2,000 independent insurance agents, vigorously opposes the application of the Sales Tax to insurance premiums. For an industry that needs tax relief to remain competitive and grow, a 7% sales tax on Connecticut insurance premiums would cause major new problems for the business, for its employees and agents, and for the public it serves. Connecticut already taxes its insurance companies at a far higher rate than any other state in the country. It would make Connecticut the only state in the country with such a tax. It would apply to all insurance premiums including life insurance, auto insurance, homeowners insurance, fire insurance, health and accident insurance. (A man paying \$500 a year for life insurance would be taxed on an additional \$35 a year.) It would penalize the person whose savings are in life insurance; (there is no such tax on savings bank deposits or the purchase of stocks and bonds). It would hit Connecticut employers, large purchasers of insurance, including group programs, with an additional \$40 million-a-year tax. It would encourage Connecticut policyholders to buy insurance in other states. Group insurance is extremely competitive. A 7% sales tax would encourage employers to partially or completely self-insure. This would result in a serious reduction in group business. Connecticut's insurance industry is an export business. 95% of its products and services are sold outside the state- generating a flow of income into the Connecticut economy and providing 40,000 jobs. Under the retaliatory tax laws, Connecticut insurance companies could have to pay upwards of half a billion dollars a year in new taxes in the other 49 states-an impossible burden. Thank you.

Mr. Frolick: Mr. Chairman, members of the Committee, I rise to oppose the 7% sales tax as proposed by Governor Meskill. I support a graduated income tax. The membership which I represent is Local 45, United Rubber Workers, in Naugatuck, Connecticut, one of the previous speakers had a pair of sneakers here, demonstrating Converse, I hope that everybody buys Keds, and keeps the work in Connecticut. We are the largest manufacturer of the sneakers, and I support his statement, but, I wish they would buy Keds instead of Converse. The one point that I would like to make, that was not made this morning, although, I support all the previous speakers John Driscoll, and other speakers in regards to the 7% sales tax, is that the and also the retired workers. The one point

that I would like to make is that a year ago January, we were faced with the closing out of our plant and putting approximately 3-4000 people out of work. This would be a very detrimental economic blow to the Naugatuck Valley and the state of Connecticut. We had to make a decision as to whether what we could do in order to keep the plant at Naugatuck and keep these people working. We like the retirees are on a fixed income for the next 3 years. In order to keep the plant here, and to help the economy of the state, we took a more close look on wages for the next 3 years. So, we are on a fixed income also, and our members cannot support or afford to pay a higher tax, in the form of a sales tax. So, we support the graduated income tax, because this this the people who are will be able to pay based on their earnings. Thank you.

Robert Hardigan, I am an Hartford attorney, and I am representing Northeast Utilities better known to you as Connecticut Light and Power Company, and Hartford Electric Light Company. I wish to comment briefly on S.B. 1186 many of the arguments you have heard from other segments of the industry apply with equal force to the position of the Utility Industry in this state, but, I do want to call your attention to two aspects of this bill which might otherwise, escape your notice. Subsection I on page 2 under Section 1 does of course, put the 7% sales tax on utilities services. In this connection I would only call your attention to the fact that unlike most industries the utility of the industry pays an addition to the regular corporate income tax, a gross earnings tax, which is in effect a 4% tax applied to all its sales. It is applied to its gross income without regard to net earnings. The second point I would call your attention to is at line 59 on page 2 sales of fuel whether or not used exclusively for domestic purposes, would be subjected to the 7% sales tax. It is my understanding that this maybe an inadvertant inclusion as expressed by a previous speaker in describing the application of the sales tax to raw materials used in business. The fuel used by the utility industry in generating electricity we understand, perhaps were not intended to be taxed. But, by this line which they would be taxed. For the same reasons that raw materials probably should not be taxed, we call your attention the second layer of the 7% tax in being applied to fuel. In round numbers we think this would cost the rate payer about 6 million dollars. Thank you.

John Hardiman, Professional Social Worker, resident of Newington, and am here as managing editor of Professional Newsletter, news and issues. We should like to urge the adoption of the Ritter proposal for a graduated state income tax, with some amendment. As a sound alternative to the Meskill sales tax increase, the northern Connecticut Chapter National Association of Social Workers recommends the adoption of a graduated income tax without the inequities of the federal income tax. The Ritter proposal should be amended, and worked through to include corporations on a higher tax rate scale, without the exemption to the federal law. In place of a state sales tax, on all necessities, which these taxes should be eliminated. Also, the property tax, which has been the overworked revenue source, should be reformed and placed on a uniform

from all over the state assembled at the Statler Hilton in Hartford to listen to the tax views of several prominent key members of the House of Representatives and the Senate. Namely, James Kennelly, Wilbur Smith, Louis Cutillo, Howard Klebanoff and George Ritter. Several Republicans in the House and the Senate were invited to explain Meskill's 7% sales tax bill. But, not one would appear before our delegation. This speaks for itself. The delegates 100% strong, rejected the 7% sales taxes and voted to support a graduated income tax bill that would accomplish all of the aims of the Ritter bill. Each of the 40 locals in the state were asked to set up a special tax committee which would be charged with the responsibility of opening up the lines of communications between them and their Representatives in the House and the Senate. Apparently Governor Meskill in his proposed budget and new list of taxes did not take into consideration the average wage earner and the people of fixed income. In conclusion, I would like everyone here to bear in mind the 7% sales tax as you start your day. The first thing in the morning when you turn on your lights, your taxed. You wash up, your taxed, your wife starts cooking your breakfast, your taxed. Start your car and your taxed as you drive to work. Mid-morning coffee and donuts and your taxed. This goes on all day long. Now with summer almost here, all the comforts of your air conditioner and fans and your taxed. As you drive to the beach and lakes, your taxed every time the kids want hot dogs and ice cream, even the McDonald hamburger under a dollar meal will be taxed. Thank you.

Harmen E. Snøke, Executive Vice President Manufacturers Association of Bridgeport, Connecticut. I represent a group of job makers in the greater Bridgeport area. Connecticut has had an excellent broadly based tax structure, and I hope the Committee will not lose sight of this in the swelter of opposition to Bill 1186. If you go back in history in 1948 when the tax was first passed, it brought in so much money they had to have a special session of legislature, I believe, to cut the tax in half. Since that time, it has gone up gradually over the years and the concept of course, of SB 1186 is to make the most of that broad tax base and broaden it somewhat, to help meet the state's tax needs. There are some elements however, in SB 1186 which have been touched upon by Mr. Woods, and Mr. Dale VanWinkle in particular there statements are in the record, I will not burden you with some of the things they said. However, manufacturers now are carrying a disproportionately large share of the state tax burden. And, in the S.B. 1186 there is a matter that has been mentioned of materials, tools, and fuel. Where there is no exemption for raw materials in there. That is what we make things out of, and that is what we sell. It is the basis of trading wealth. It gives employment to the people of Connecticut. The raw materials should particularly be excluded. Insurance is a real cost to the manufacturer, that has been pointed out, I will not say anymore about that. Property leasing has cost with every company large and small now getting a variety of all rather a computer on a leased basis on leasing machinery and on doing other things, when they don't have working capital they have to lease. In Bridgeport, as we have communicated with you before, they are losing companies Remington Arms is expanding and half of its operation

usually bring their suits, linens on a regular schedule. To illustrate how unfavorable this tax would be on our customers let me show you how much sales tax would be paid on one shirt, if it were laundered every week for one year. If the original cost of the shirt was \$5.00 plus 35¢ sales tax, (if 7% is accepted) laundering charges are 35¢ a week for 52 weeks, taxed at 7% would be an additional \$1.27 so that in one years time the customer would have paid the total of a \$1.62 on his original \$5.00 shirt. On a two year average service shirt life, it would mean \$2.89 in sales tax on his original \$5.00 purchase. We used to point out that our industry is extremely sensitive to the cost of our services. Since 90% of our customers already have washing machines in their homes, any increase in price no matter how small makes more people do their laundry at home, or wear their suits a day or two longer before having them cleaned. In an industry plagued with lost business due to the permanent press products, higher costs start the vicious cycle of less business more unemployment, less profit, and less revenue for the state of Connecticut. Many in our industry also provide coin-op washing and drying machines for people who cannot afford their own. Oftentimes, in low-income areas, these units are the only laundering facilities available. A tax on these services would impose a hardship on the people who can least afford any increases. Clean clothing is a matter of health and is directly related to a person's need to earn a living. 85% of dry cleaning services are done on garments worn to work and 90% of laundry service is on the personal items such as shirts, underwear, sheets, and the towels; the cleanliness of which is an obvious necessity. Because laundry and dry cleaning services are a hygenic necessity in today's world, we feel that the people of the state of Connecticut should not be taxed for appearing in clean clothes and being well-groomed. Thank you.

M. J. Brady, representing American Linen Supply Co., and linen rental industry. Our business is renting sheets, towels, garments to Hospitals, Hotels, Restaurants, Food Stores, Doctors, and many other kindred businesses. Such places require cleanliness in linens. Cleanliness is so necessary to the health and welfare of the state of Connecticut. The Linen Rental Industry is opposed to the inclusion of a sales tax upon its services. This will mean an increased cost to our customers for which we are legally compelled to collect. An increase in costs will definitely compel the consumer to reduce consumption. Reduced consumption will reduce work force. Reduced work force will increase unemployment and eventually welfare cases. Increased unemployment and welfare rolls increase taxes. The linen supply industry is now paying use tax on all items which it rents to the public. Broadening the base will mean that these items will be taxed again each time they are rented to a customer. This will mean the state will collect at least double on these rental items. This industry uses many unskilled workers which we are able to train and put to good use. Please consider these facts and do not include laundries and linen rental industry in the sales tax.

W. Skinner, Counsel for the Prudential Insurance Company of America. I would like to record the Prudential's opposition to SB 1186. To the

Mrs. R. Antupit: current expenditures, and did not give sufficient aid to its municipalities. We in New London can not do much more to help ourselves short of reducing necessary services. Both the League of Women Voters of New London and of the state of Connecticut have decided that an income tax would most equitably provide the revenue required for our state to exert the leadership it should and to support its municipalities. We favor some form of revenue sharing and urge that not merely total population be considered as a criterion, but density and number of public housing units as well. Our educational system requires substantially more support from the state if it is to meet its responsibilities to the youth of New London. We know that New London's financial crisis is caused by its limited ability to raise sufficient revenue through taxation. We hope that the state does not cause this crisis to become worse by continuing to postpone facing its financial responsibility. Thank you.

Rep. Martin: Thank you. Any questions of the Committee.

Rep. Spain: Yes, I have one question. Perhaps I misunderstood you, but I thought that you said that the \$12. million budget spread among 6000 taxpayers, this is \$2,000 average tax bill. The average taxpayer in New London pays \$2,000

Audience: \$14. million not \$12. million. Can not hear.

Rep. Spain: That's what I understood. Does the average taxpayer here in New London pays a \$2,00 real property tax.

Mr. Chairman, much of that tax is offset with revenue inaudible that the City Manager can give you more information.

Rep. Martin: Any other question from the Committee. If not Mrs. David Ginsberg.

Mrs. David Ginsberg: of the New London League ow Women voters and I want to thank you Mr. Chairman and the Legislators for giving us an opportunity to speak to you. We believe that we should retain the general sales tax at 5% as part of our tax structure because it produces a stable, substantial revenue. The sales tax is broadly based with every individual paying a share for government services. Its degree of regression has been reduced because the exemption of food, childrens clothing, domestic fuels and prescription medicines. We feel it would be wrong to include these items in a general sales tax, as they are necessities of life. In the interest of further equity and yield we do feel it would be wise to broaden the base to include personal but not professional services. We also believe that close study should be given to the present exemption of sales to religious, educational, charitable and governmental institutions. We oppose SB1186

SB1186

SB1186

**JOINT
STANDING
COMMITTEE
HEARINGS**

FINANCE

**PART 3
727-1114**

1971

Hulls Hill Rd.
Southbury, Conn.
April 4, 1970

Conn. State Finance Committee
Hartford, Conn.

98

Dear Sirs:

We want to voice our strenuous opposition to Senate Bill 1136 which would increase the sales tax to 7% and remove the exemption on farm production items.

The following items are taken from our books for 1970 and are attributable only to our farming business.

Rent of land - - - -	125.00
Feed for cattle - -	7,056.25
Fertilizer - - - -	959.77
Machine hire - - - -	45.00
Breeding fees - - -	355.00
Gas and oil - - - -	348.05
Insurance - - - - -	671.00
Utilities - - - - -	394.94
Sawdust - - - - -	150.00
DHIA - - - - -	333.44
Medications - - - -	50.00

TOTAL: \$10,587.08

$10,587.08 \times 7\% = \underline{741.09}$ tax

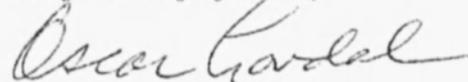
We milk about 30 cows and grow nearly all of our own roughage.

This tax is just about equal to 1) our local real estate tax and 2) our federal income tax.

We feel that this tax is exorbitant, selective and punitive. Furthermore we have no way of recovering this added expense in the market place because of the obvious competitive advantage of other states.

A state income tax would be much more equitable by any standard.

Very truly yours,



Oscar Lovdal

H-120

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 13
5555-6226**

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Calendar No. 1430, Senate Bill No. 523, An Act Defining Dependent Child for Purposes of Temporary Public Assistance.

MICHAEL COLUCCI, 88th District:

Mr. Speaker, I move adoption of the committee's joint favorable report and passage of the bill.

MR. SPEAKER:

Will you remark?

MICHAEL COLUCCI, 88th District:

Yes, Mr. Speaker, what this bill does is to protect the needy child under 18 years of age or who is under age 21 and is in full attendance at a secondary school, a technical school, a college or a state accredited job training program. This happens when the child has been deprived of his parental support or care by means of death. It's a good bill, Mr. Speaker, we urge its passage.

MR. SPEAKER:

Further remarks on the bill? If not, all those in favor indicate by saying aye, opposed? The bill is passed.

THE CLERK:

Page 28, Calendar No. 1658, Substitute for Senate Bill No. 1186, An Act Concerning Revenue Sources for the State of Connecticut, as amended by Senate Amendment Schedules "B", "C", "D" and "E".

ROLLIN METTLER, 96th District:

Mr. Speaker, I move for suspension for immediate considera-

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tion of the bill.

MR. SPEAKER:

Is there objection? Hearing none, the rules are suspended.

ROLLIN METTLER, 96th District:

Mr. Speaker, I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

MR. SPEAKER:

Will you remark?

ROLLIN METTLER, 96th District:

Mr. Speaker, the Clerk has Senate Amendment Schedule "B".

MR. SPEAKER:

The Clerk will call Senate Amendment Schedule "B".

ROLLIN METTLER, 96th District:

If he would read it, Mr. Speaker, it is quite brief.

THE CLERK:

Senate Amendment Schedule "B", adopted on June 7th:

In line 551, strike out "and (4)"

In line 552, strike out "are" and insert in lieu thereof
"is"

In line 569, insert a bracket before "(4)" and at the end of the section.

ROLLIN METTLER, 96th District:

Mr. Speaker, I move adoption of Senate Amendment Schedule "B".

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MR. SPEAKER:

Will you remark?

ROLLIN METTLER, 96th District:

Yes, Mr. Speaker, the amendment that the Clerk has just read, very simply, reinstates the \$500 exemption on automobile sales as far as the present sales tax is concerned. I move adoption of the amendment.

MR. SPEAKER:

Will you remark further on Amendment "B", if not, all those in favor indicate by saying aye, opposed? Senate "B" is adopted.

ROLLIN METTLER, 96th District:

Mr. Speaker, the Clerk has Senate Amendment Schedule "C".

MR. SPEAKER:

Will the Clerk call Senate "C".

THE CLERK:

Senate Amendment Schedule "C" adopted by the Senate on June 7th consisting of one page and five lines.

ROLLIN METTLER, 96th District:

Mr. Speaker, if I may I will summarize. Yes, Mr. Speaker, Senate Amendment Schedule "C" makes some technical changes in certain sections of the bill which referred to the so-called I.D.C. G. tax, basically what it does it changes the exemption provisions in the act from the age of 65 to the age of 60. It increases the multiplier from 2 to $2\frac{1}{2}$. It also in line 71

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exempts barber shops, beauty shops, laundries and dry cleaning establishments from the imposition of the proposed 5% sales tax on non-professional services. I move adoption of the amendment.

MR. SPEAKER:

Will you remark further on the amendment?

FRANCIS COLLINS, 165th District:

Mr. Speaker, question through you to the gentleman from the 96th, he indicates that a portion of this amendment would eliminate from a tax on non-professional services, barber shops, beauty shops and was that it, or was there one other, laundries and dry cleaners, I guess, was the other one. What effect would this amendment have on the projected revenue which I understand was supposed to raise some \$21 million under so-called Plan III?

ROLLIN METTLER, 96th District:

We would estimate, Mr. Speaker, that the \$21 million might be decreased to approximately \$20 million.

FRANCIS COLLINS, 165th District:

Mr. Speaker, I rise in opposition to the amendment. I think that the answer that the gentleman just gave is probably one of the most optimistic and unrealistic answers that we may see in this session of the General Assembly. By the gentleman's own admission some \$21 million was estimated for non-professional services in the proposed budget. This amendment

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would strike at the very heart of some of those non-professional services and exempt what would appear to be a rather significant and large source of revenue. To indicate that only \$1 million would be the net effect is, in my opinion, unrealistic, I think it is unwarranted, I think the amendment is bad, if only for the fact that it will throw the proposed Plan III even further out of whack than it is.

MR. SPEAKER:

Further remarks on the amendment? If not, all those in favor indicate by saying aye, opposed? All those in favor indicate by saying aye, opposed? The Chair is in doubt.

ROLLIN METTLER, 96th District:

Mr. Speaker, I move the vote be taken by roll call.

MR. SPEAKER:

Question is on a roll call, all those in favor indicate by saying aye, a roll call will be ordered.

Are there further remarks on Amendment "C"? Let me announce again.

SARAH CURTIS, 164th District:

Mr. Speaker, a point of personal privilege. Mr. Speaker, in the well of the House today we have our Regional Community Health Planner, Mr. David Simpson from the town of Danbury, and I would like to introduce him to the House, if he would please stand up and take a bow.

JOHN FABRIZIO, 147th District:

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Mr. Speaker, point of personal privilege, in the gallery of the House we have the distinguished gentleman from the Motor Transportation Association, Mr. Blascoe and his charming daughter, if they will stand up I'm sure the House will accord them the warm welcome.

EDWARD GUDELSKI, 110th District:

Mr. Speaker, a point of personal privilege, regarding the Consent Calendar. Earlier in the day we had placed on the Consent Calendar, Calendar No. 1643, file 1600, Substitute for Senate Bill No. 1699, I object, Mr. Speaker.

MR. SPEAKER:

Your objection is noted on page 26, Calendar No. 1643, that will not appear on the Consent Calendar.

For the benefit of the members who have just returned to the Hall of the House, will they please be seated and will the House come to order. Will the aisles be cleared? Will the members be seated and the aisles cleared. For the benefit of the members who have just returned to the hall, we are on page 28, Calendar No. 1658, tax program, Amendment "B" has been adopted on a voice vote and we now are considering Senate Amendment Schedule "C" as offered by the gentleman from the 96th.

ROLLIN METTLER, 96th District:

Mr. Speaker, thank you. As I mentioned before, Amendment "C" does primarily two things. It changes the exemption

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schedule in the proposed interest, dividends and capital gains tax by lowering the exemption age from the age 65 to age 60, by changing the multiplier of the exemption from 2 to $2\frac{1}{2}$. It also exempts from the provision of the proposed sales tax on non-professional services barber shops, beauty shops, laundries and dry cleaners. I urge adoption of the amendment.

FRANCIS COLLINS, 165th District:

Mr. Speaker, just briefly, again summarizing my opposition. The gentleman from the 96th indicated that his estimate of the revenue that would be reduced by the attachment of these exemptions to the non-professional services, which is proposed under the Democratic budget would amount to a net reduction of \$1 million out of the total of \$21 million, which is proposed. I submit, Mr. Speaker, the elimination of those exemptions would, in my opinion, result in reduction far beyond the \$1 million which he indicated. I think the amendment, if the intent is to exempt certain services, should at least be truthful and the amount of revenue lost that will result from the adoption of this amendment. If it is predicated on a \$1 million loss it is unrealistic, it is unwarranted and I think it should be defeated.

MR. SPEAKER:

Further remarks on the amendment, if not, will the members be seated, and I'll make a final announcement. Gentlemen, will you join us so we can proceed with the vote. Will the staff

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please come to the well. Will the staff please come to the well so we can proceed with the vote. The machine will be opened. Has every member voted? Is your vote recorded in the fashion you wish. The machine will be locked and the Clerk will take a tally.

THE CLERK:

Total number voting		167
Necessary for adoption		84
Those voting Yea	91	
Those voting Nay	76	
Absent and not voting	10	

MR. SPEAKER:

The amendment is adopted.

ROLLIN METTLER, 96th District:

Mr. Speaker, the Clerk has Senate Amendment Schedule "D".

THE CLERK:

Senate Amendment Schedule "D" adopted by the Senate on June 7th.

ROLLIN METTLER, 96th District:

Mr. Speaker, I will summarize. Mr. Speaker, Senate Amendment Schedule "D" primarily brings the Section 57 and 60 and 71 in line with the federal tax law. I move its adoption.

MR. SPEAKER:

Will you remark further on Schedule "D"? If not, all those in favor indicate by saying aye, opposed? Amendment "D" is adopted.

ROLLIN METTLER, 96th District:

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The Clerk now has Senate Amendment Schedule "E".

THE CLERK:

Senate Amendment Schedule "E" adopted by the Senate on June 7th:

In line 1709 delete the word "or" and insert the word "and"

R. METTLER, 96th District:

Mr. Speaker, I move adoption of the amendment. Mr. Speaker, I believe the amendment is fairly self-explanatory if you read the line. I move its adoption.

MR. SPEAKER:

Motion is on adoption of Senate Amendment Schedule "E", will you remark further? If not, all those in favor indicate by saying aye, opposed? Senate "E" is adopted.

GEORGE RITTER, 6th District:

Thank you, Mr. Speaker. I believe the Clerk has another amendment on his desk?

MR. SPEAKER:

The Clerk will call House Amendment Schedule "A" offered by Rep. Ritter of the 6th.

THE CLERK:

House Amendment Schedule "A" offered by Mr. Ritter of the 6th District consisting of 67 pages.

GEORGE RITTER, 6th District:

Will the Clerk please read it? If he prefers, I'd be

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happy to read it, of course. Mr. Speaker, instead of the Clerk reading it, perhaps it might be better for me to go through a brief explanation. Before I do that, lest I forget, may I request under Rule 10 that this be printed in the Journal so that all members have copies, and may I request, too, that when the vote is taken that it be taken by roll call.

MR. SPEAKER:

The first motion to request to print it in accordance with Rule 10, so ordered. The motion now is on a roll call, all those in favor indicate by saying aye. A roll call vote will be ordered.

GEORGE RITTER, 6th District:

Since most of the members know what this amendment involves I will only take a short time to outline it. Essentially it would raise \$650 million a year. It would completely eliminate the present sales and use taxes as well as eliminate the need for the proposed investment and income tax. Further, it would abolish the incorporated business, banking, insurance, and telephone taxes, as in the present bill. It would replace all of these taxes with one single personal graduated income tax, which as I said before, would raise \$650 million a year. That amount is on the gross income of approaching \$15 billion a year which is earned by the citizens of this state annually. This adjusted gross income tax would not only act as a full substitute for this grabbag of taxes but would provide an

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additional \$150 million a year to be returned to the cities and towns. This money would be returned in the form of one-half of the educational expenses of each of the cities and towns. It would be enough to reduce the real property taxes in almost all of our municipalities by at least 15%, in many cases considerably more. Mr. Speaker, and members of this House, this tax is patterned on the form found in the vast majority of the income taxes of our sister states. Forty-three of our states now have an income tax. This tax taxes all income by closing the loopholes now found in the federal tax laws. It can therefore provide for far larger personal exemptions, for example, this bill provides \$2,000 for a single taxpayer, for example, \$6,000 exemption for a family of four. It has a truly graduated scale so that those who are better able to pay do, in fact, pay their fair share. This is basically the same formula you will recognize that I have advocated throughout this session and it is the same formula that was overwhelmingly supported at public hearings of your Finance Committee throughout this state. Although this bill is fairly well known, Mr. Speaker, I feel I must take a few moments to explain why under these extraordinary circumstances, why I am compelled to introduce it at this time. First, Mr. Speaker, I am offering it because I believe it is truly the most popular tax measure introduced thus far. Now, I know that some claim that they have thousands of petitioners

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against such an income tax. But statements like that are quite easy to make and I have not yet seen one such petition. However, I was at the public hearing on the sales and income taxes and I know that most of the same taxpayers who attacked the income tax also attacked the sales tax and that they are outnumbered by those who said they favored a progressive income tax regardless of the form by a margin of 5 to 1. And even if these petitions do exist, Mr. Speaker, I have to wonder how many of the signers really understood the income tax that is being proposed here today. I know that one member of this House, after explaining that an income tax could mean the end of the sales tax and the reduction of real property taxes found that the leader of the taxpayers association in his town was suddenly in favor of the income tax. But while there are still some who fear an income tax, without truly understanding what it can mean to our state and its municipalities, I believe the job of educating the public has been quite successful. And that the people of Connecticut now, more than ever, appreciate that an income tax is the most efficient and, indeed, the equitable way to apportion the state's tax burden. It is for this definite majority that I feel that I must bring the matter to a vote during this session. Mr. Speaker, but even if the income tax had not received the support that it did, at the public hearing, even if it had not been endorsed by such groups as diverse as the Connecticut Business Association,

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the Connecticut Chamber of Commerce and the Connecticut State Labor Council, I would still want the members of this House to have a chance to vote their conscience on this matter and before this session must constitutionally adjourn. Now many members have told me that while they do favor an income tax, even the total approach as taken in this amendment, they have been asked not to break party discipline at this time. They feel that by forcing a special session that perhaps the income tax will be more assured of an ultimate victory. Mr. Speaker, I understand that position and, indeed, I do believe that even if this amendment is defeated, even if it is defeated that an income tax will ultimately be enacted for the benefit of our state. And I certainly hope that no one, members of the press, or those who have worked so diligently for an income tax will view the vote on this amendment as a final one. They must understand as the green and the red lights form their nice neat rows and the Democratic leadership tax package is finally approved, in the face of a certain veto, that partisan politics does have its place. And it may just be that this is the only way to emerge with a sound income tax this session. In conclusion, Mr. Speaker, I would only add that I would not be able to face my constituents, and I know that that's true of many others of you here, if I did not offer this amendment, at this time. Therefore, I offer this amendment to all those who do wish to stand apart as a matter of conscience, the

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chance to express themselves before we are forced into a special session. Mr. Speaker, I again move the adoption of the amendment.

CARL AJELLO, 118th District:

Mr. Speaker, I rise in opposition to the amendment. I am opposed to the income tax, sir. I've listened with interest to the arguments of the gentleman, and others who are for the income tax and I respect their rights to bear that opinion and to be for it. There's no unanimity of thinking about this subject either here or in the state of Connecticut. My reading is entirely different from the gentleman who just spoke. I think the income tax is absolutely not popular with the vast majority of citizens of the state of Connecticut be they rich or be they poor. I know that it's not popular with the people in my area whom I represent, and whom I am representing as I say this. Their general feeling is, when the gentleman says that it will give more money to the cities, they don't want to give all of their money away, in a wild spending program for the benefit of whether it be the cities or any other source of our largess. They rather feel that we should pay attention to economies wherever they are possible and I submit that the Democratic budget, which we adopted here yesterday, intends to do that. In my view, sir, the income tax is an albatross to be hung around the neck of the middle-income wageearner. I cannot support such a principle. And to those who feel it is

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the only answer I say it is not the holy grail. The income tax is a tax. No politician likes to impose taxes. One is not any better than the other, if you are taking the money out of the taxpayers pocket. But the important thing to me is who's pocket does it come from. It comes from the people who are now bearing the vast brunt of the economy of our state and our nation. Any income tax that I've heard about would perpetuate the gross inequities that are heaped upon the very people whom I represent and who make up the backbone of this state and this country, the middle-income wageearner. These taxes will not remove the inequities in the federal system which allow people who make millions of dollars to pay no taxes at all. Many millionaires, who earn interest on tax free bonds, who have vast capital gains, go virtually untaxed. None of this. The rates that I have seen are so high it has become nearly confiscatory in many cases. This, at the expense of saying, the low income people, the disadvantaged will be lightly taxed. I'm all for that but I'm not for socking it to the middle guy for that very purpose nor, am I for soaking the rick to an unconscionable degree in order to perpetuate this myth that the income tax is fairer. I don't feel that it is. I feel, further, Mr. Speaker, that the income tax would have an adverse affect upon the economy of the state of Connecticut, at a time when we are trying to attract more people, new industry, this would, I think, be an adverse factor

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in their decision as to whether or not to locate here. Look at what has happened to the federal government and with neighboring states which have this tax. It hasn't gotten any smaller, it is never a temporary tax and it is not likely to be repealed. It will get larger, it is so easy to move the rate up a point or two without regard to a legitimate concern for the people who have to pay the money. The rates I've seen, as I say, are so high as to be disastrous to the middle-income wageearner. If we pass it, we'll always have it with us. I think, Mr. Speaker, that this kind of fiscal program must come from the executive branch, I've noticed no demands for it from that area and I intend to continue to oppose it.

FRANCIS COLLINS, 165th District:

Mr. Speaker, I rise in opposition to the amendment. And I can concur to a great extent with the remarks of the Majority Leader. There have been several indications in the last few weeks that the state of Connecticut will somehow be perilously headed towards an income tax. I think all of us know that that is about as far from the truth as the fiscal estimates that Rep. Ritter would have us believe in the amendment before us. Mr. Speaker, those of us who represent areas in Fairfield County know very well the type of tax program that their constituents are for and very well the type of tax programs that their constituents abhor. I submit to you, Mr. Speaker,

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the amendment before us not only an unwise proposal, it is an unsound proposal. To think, and to estimate, that revenues of the magnitude required to finance this state for the next year could be required by an income tax, which would abolish the sales tax is, in my opinion, completely unrealistic. Like the Majority Leader, the rate schedules that I have seen regarding the proposed amendment are at the point of being confiscatory in the middle and higher income groups. I cannot support a program of this nature, I have, as the Governor has contained, campaigned during the last election against an income tax except as an absolute last resort. Mr. Speaker, even if we were at the last resort the amendment before us would not be the solution. It would, Mr. Speaker, a disease worse than the cure it is supposed to accomplish.

HOWARD KLEBANOFF, 9th District:

Mr. Speaker, I rise in support of the amendment and I'll be very brief. Yes, I realize I'm speaking out of conscience and not with any practical feeling of having this amendment passed. But I have long supported an income tax, I feel it is the only equitable way for us to raise the needed revenues to support local needs. We have been pathetically lax in our support of our localities. We have been terribly lax in our support of local educational needs. I don't have to cite specifics, I think everybody in this room knows just how lax Connecticut is in supporting local educational needs. The

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problem is that our cities and towns are left with a disastrous alternative of either cutting local educational budgets or raising property taxes. No one gains in that situation. And too often our students, the children, the citizens and voters of the future, are the people who lose the most. We need to raise money for our state in an equitable manner. We need money to give back to our cities and towns. We need to eliminate the regressive taxes and to develop an equitable program of taxation that will enable us to meaningfully help our cities and towns. I believe the income tax is the only fair and equitable way to do so and I urge its support.

NICHOLAS LENGE, 13th District:

Mr. Speaker, thank you, sir. Mr. Speaker, while I stand to cast my vote against this amendment, I do not find all of the fatality and wrong that seemed to be raised by some of the prior speakers. I think that there can be little question that if we are called upon to respond in terms of what is needed as well as the capacity to fund, then the short answer is not what is popular, as was raised by a previous speaker, I think that the question is what is the statesmanlike thing to do, the right thing. And in terms of the concept of the income tax, I find the cavalier rejection less than an addressing of it on its merits. I commend the proponent of the amendment and those who cosponsored it with him. I think that it is not the answer at this moment, it is not the final word on

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an income tax and certainly we cannot do it on horseback this afternoon and that's the futility and the frustration of the situation. I think that it is not a question of socking to the middle-income man, and I don't think it is a question of soaking it to the rich and I don't think it is a resort to easy money, as we did yesterday or anything else. I think it is responding to the total taxpayer and the total taxpayer pays taxes at the local level, he pays it at the federal level, he pays it here, he pays a variety of taxes, people responding in terms of their obligations to support government and their capacity to support it. I don't think that this General Assembly if it were given, truly given the opportunity, does not have the capacity to come up with a fair and just and equitable tax system, one which is an apportionment, a burden on the capacity to pay and that means at every level, fairly. Nobody, no man who has the right to call this place home, and to live amongst us and with us in a common destiny has the right to shirk one bit of his duty in response to what must be done in terms of funding government and I find it rather empty and hollow to be making an attack on one aspect of the means of funding it. And, as far as I'm concerned, in terms of alternatives, which, Mr. Speaker, is what we are discussing at the moment, the bill in the file, and you'd better stop and look at that discriminatory tax, and the alternative proposed by ~~the~~ amendment I find the amendment far more palatable.

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CLYDE BILLINGTON, 7th District:

Mr. Speaker, I rise to support this amendment. Mr. Speaker, there are many good reasons why a state income tax should be approved. They have been endorsed by almost every group involved in better government in this state. It is the form used by most states to bring in revenue, it would provide enough to meet our obligations to the cities and towns, it would result in a savings of over \$2 million in federal income taxes, it is a simpler tax less costly to administer but when you boil it all down, Mr. Speaker, it comes to this. An income tax, one that doesn't have loopholes and is really based on the ability to pay is simply fair, far fairer than even the Governor's package or the one contained in the bill as submitted. If this amendment is defeated, I will vote for the Mettler plan because I certainly feel it is better than the Governor's proposal. I urge the passage of this amendment.

MICHAEL MORANO, 151st District:

Mr. Speaker, I rise to oppose this amendment. Many of you have a copy of the State Revenue Task Report and many of you might have read my dissenting minority report in opposition to a state income tax. I will not read it to you now, I suggest you read it. I will only repeat that if we pass an income tax in this state we'll be putting a monkey on the back of every employer in this state. Let us not be panicked into a state income tax.

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ROBERT VICINO, 34th District:

Mr. Speaker, I rise in support of this amendment. Mr. Speaker, I represent a town that leads the state in unemployment, a town where there is very little income left, very little income left to be talked about or be taxed. And I think it is only fair and equitable that a just tax be levied. A tax that would distinguish between those who had \$3,000, and \$10,000 and \$15,000 and \$20,000 of income. We've been effected very drastically in our town by unemployment, I have a great deal of support from my constituency for an income tax and I hope other members of the House will support this measure.

ROBERT D. KING, 48th District:

Mr. Speaker, I would like to endorse the statement in entirety that Representative Lenge has made and I wish I could be as eloquent in expressing but briefly, I would like to add to it. Mr. Speaker, roughly three years ago, it seemed to me, in view of the direction in which our state finances were headed, and the means that we were using to raise them, that the income tax must ultimately be the answer and so, Mr. Speaker, I did come out publicly for an income tax and may I point out to you that this was in the midst of the most dire warnings of what would happen as a result of that. Well, Mr. Speaker, three years later I look back, not only in our community in eastern Connecticut but elsewhere around the state

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and I have only one conclusion, the people of the state of Connecticut are far more aware of the realities of the situation than most of us sitting in here representing them. Now, Mr. Speaker, we have heard or we have witnessed the cat and mouse game that's going on in the past few weeks, we have heard the statement that this is a matter which cannot be adopted until we have reached the last resort, whether this is the last resort or not, I'm not prepared to say but I do say this, Mr. Speaker, that in principle I support Mr. Ritter's plan, whether that is the plan or not that ultimately will be adopted, I do not know but I think, Mr. Speaker, that we cannot ignore the best brains of Connecticut that were gathered together for the purpose and the report they reached in the Revenue Task Force. I don't think there is any question about it, Mr. Speaker, we have reached the point or are very near the point where we have no alternative. Mr. Speaker, there have been many courageous men in this state, who have literally stuck out their necks on the principle, not because of politics but because they felt that this was the most equitable form of taxation. I think, Mr. Speaker, that ultimately the people who have done that are going to deserve the respect that perhaps all of us are not giving them today. Thank you.

BERNARD AVCOLLIE, 94th District:

Mr. Speaker, members of this House, I'd like to associate myself with the remarks of Representative Lenge except as they

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related to the Democratic proposal. I personally am not ashamed of the income tax proposal either. I feel the Democratic proposal is such a fantastic answer to such a dire problem that at this time I'm certainly going to have to temporarily abandon my support of the income tax and of the proposition that Rep. Ritter put before us. I believe, in effect, the Democratic proposal does embrace a form of an income tax, no matter how you slice it. When you read all of the print in this amendment. I have two questions in my mind, one, I wonder whether or not we'll have an opportunity, as did the Senate last night, to vote on the Governor's proposal because it is easy to stand up here and criticize this amendment and the Democratic proposal but I wonder whether there will be enough fortitude to put forth the Governor's proposal and wonder, again, whether or not he will get any votes down here and lastly, as a comment to George Ritter, for whom I have the greatest respect for his courage and his convictions, I do want you to know, George, a Marine never retreats but we occasionally recognize the need for a strategic withdrawal and I hope that I can join with you to fight another day.

NICHOLAS PANUZIO, 134th District:

Mr. Speaker, thank you, I'll be very brief. I rise to oppose the amendment and I would oppose any income tax amendment that comes forth. I want to point out that comments were made about the fact that many organizations and groups

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had endorsed the proposal. I think if you will look you will find that those organizations that are many of the organizations that will be seeking additional funds in sessions to come. I can hear many of our legislators next year and the years hence talking about how easy it would be to have one more percentage point and how much more we could do for everyone. I think this has been the problem of the last two sessions, I imagine it must have been very nice to sit here in '67 and '69 and be able to say yes to practically everything. The unfortunate problem is that we no longer can do that. I can well feel the problems coming from a large city that have ensued but I tell you, despite all of the problems that we have in Bridgeport, the vast majority of the people there are opposed to this income tax or any income tax and based on that, I shall oppose the amendment.

OTHA BROWN, 148th District:

Mr. Speaker, very briefly, I would like to associate myself with those who are in favor of the income tax. I am in favor of it, I indicated it in 1967 and I have continued to indicate that this type of tax is the most fair and equitable type of tax and also the kind of tax that will help solve some of the very serious problems of our state. I might indicate, Mr. Speaker, that as far back as in '67 when I indicated by support for this tax in elections subsequently I believe to this day, from the city of Norwalk, I am the only one who has

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publicly out of the five representatives to come out publicly in favor of this tax, I do so now, I put it on the record, I would hope that they would join me because I have been trying to convince them, I'm hopeful that they will give their testimony today. I do support it. I urge passage by this House. I might say finally that if my good friend, Rep. Ritter, is not successful in his attempt for an income tax, I want you to know that I'm a good Democrat and I'm prepared to support the Democrats all the way in another proposal.

IRVING STOLBERG, 112th District:

Mr. Speaker, it's with a great deal of regret that we all sit here today on a day that I think might bring some degree of shame on all of the legislators and on the Governor's office, that the government of this state has not been able to come up with a revenue raising package for the people of Connecticut. It is with great regret that I have sat here and listened to the leadership on both sides and potential candidates disassociating themselves from the only revenue program that can keep this state afloat in the future. I'm sure, whether its a few days from now, or a few weeks from now, or a few years from now, we will realize that. It's unfortunate, indeed, Mr. Speaker, that we, the leaders of Connecticut will be the last ones to realize it. You all have before you a notice from Channel 8 in New Haven that points out that not only labor, not only the business community, not only the

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chambers of commerce but all of the groups that have the interest of this state at heart have endorsed the concept of an income tax. I will vote for this alternative as we all know the votes are counted, when they are counted, it probably won't pass. Then on a close party vote, an alternative will be passed that will be vetoed by the Governor and we'll have to be back here in session to then try to negotiate what we should have already accomplished. That is a program that must include an income tax. Now, this income tax that Mr. Ritter has proposed, I think is a very sound program, it is not what I would have suggested. I think a balance revenue raising program for this state is what will be necessary either today or tomorrow and that will include a tax, a sales tax or some sort, I would hope reduced to about 3% in conjunction with a graduated income tax. I would suggest that the arguments that deal with spending are irrelevant here today. I think every member in this chamber is for cutting the unnecessary bureaucracy and yet for maintaining the very, very necessary services that all of us, and particularly on this side of the aisle insist must be provided for all of the people of Connecticut. I'm not sure about the question of popularity. I find in my district I believe a majority of people have come to support an income tax because they understand it and I would suggest with understanding will grow support for the only, the only rational way of raising revenue for the state.

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The question though is not really whether it is popular or not, the question is whether it is right and virtually all the economic leadership in this country, of all of our sister states, recognize that the only way to fairly raise the revenue is by a program that includes a graduated income tax. In conclusion, Mr. Speaker, I'd like to say that this term has been one of great pleasure for me, I've grown to acquire a great deal of respect for every single member of this chamber but the greatest sadness that I have come to realize is that there are some of us, and there are many of us outside, who would believe what we want to believe, despite all the evidence in the world. Indeed, if we believed the world is flat, there is no way of changing our minds, I hope I am wrong, I hope in the extra session that seems inevitable now, we can rise to the requirements that are placed upon us by the people of Connecticut and stop partisan political pandering that is a disservice to the people of this state and arrive at a balanced revenue package that includes an income tax and includes a balanced program for all of the people of Connecticut. If this program that Mr. Ritter has suggested does not pass I will support the alternatives that will be on the floor because I think this body should at least pass some revenue raising program and then enter into serious negotiations with the Governor and meet our responsibilities, those we have not, thus far, met.

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JOSEPH COATSWORTH, 76th District:

Mr. Speaker, I rise to support Mr. Ritter's amendment calling for a state income tax in the state of Connecticut. I would contend and argue if I might that this tax plan would be only the most fair and equitable or perhaps the only tax solution to the problems of the cities and towns of this state. The question of an income tax, being an issue before the public for some time in this state, I think the time has come for this idea, it is an economic necessity. I believe otherwise only puts off the inevitable. Mr. Speaker, I would contend that the low and middle income people of this state, are asking us to find an adequate tax solution to the problems and the programs which we must appropriate money for. And I think we all know to some degree or another that the income tax is the most fair way to tax people, it is the best way and most efficient way to collect tax revenues, it is the most economic way in terms of providing for growing tax revenue over the next fiscal period. Mr. Speaker, I think the time has come for an income tax in this state because at the present time we are financing most of our educational institutions on the basis of the property tax and most of the secondary schools and elementary schools are financed that way, that kind of financing have driven the little man, the working man, the low income and moderate income man of this state, to the point where he almost has to abandon his home, in the face of

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ever rising property tax revenues. Mr. Speaker, the property tax is the single most important and compelling argument for the income tax because the property tax is probably the most regressive form of taxation ever visited upon any member of this state. Now, it asks the approval of the members of this House for the income tax. I think the time is now, we are facing a crisis both political and economic, we need this tax program and without it we will not finance the kinds of programs that this state must have.

ALAN NEVAS, 144th District:

Mr. Speaker, I rise with mixed emotions with respect to this amendment. I have come to respect Rep. Ritter and have talked with him at great length with respect to his bill, I think I understand it but I also think I am going to vote against it because I think that at this juncture I have to support my leadership, the leadership of my party in the hopes that in the discussions and negotiations that are bound to take place within the next week or so, I have confidence, not only in the leadership of my own party but in the leadership of the Democratic party that they will work for the best interests of the people of Connecticut, and I say this coming from Fairfield County where, at least, politically, I thought originally that the income tax was an unpopular issue. I have since found that not to be the case, incidentally, I am in favor of an income tax. I think that if everyone in this

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chamber were honest and fair and realistic and practical almost to a man, and if they could do so, in a vacuum, they'd vote for an income tax because they know that it's the best and fairest method raising the revenue that is needed for this state. The most responsible business and professional people in this state, insurance, bankers, commercial and industrial people have unanimously supported an income tax. We all know it is inevitable. I would urge the leadership of my party, and I would urge the leadership of the party across the aisle, in their discussions and in their negotiations in the next week or so to think in terms of what is best, as I know they will, for the people of this state. And to be sure that in the final tax package we have the fairest and the most equitable method of raising the revenues, an income tax.

STANLEY BIGOS, 45th District:

Mr. Speaker, I, too, wish to support this amendment and especially the concept of a state income tax. When I say it has already been said by many others, the only difference in the way I should express it. I wish to report what my constituents fed in my district. There are approximately 20,000 of them and many have written to me and sent in petitions. I have a total of about 1,100 petitions, all favoring the income tax and among them there is only one that showed any opposition. I come from an area which is purely industrial and people of a low income and I think that they represent a view

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which is typical of the view of the working people of the state of Connecticut and I say to you that I am for the working people and therefore, I feel that the income tax is the best solution.

DAVID SULLIVAN, 130th District:

Mr. Speaker, very briefly, it disturbs me to hear the words shame used in regard to those who are against an income tax and it disturbs me to hear that Channel 8 is in favor of an income tax and that the chamber of commerce is in favor of an income tax and yet those of us who are here as representatives of each of the 177 districts within this state are not considering this as been suggested, that we should consider this in a vacuum and that we would consider an income tax to be the fairest method of determining what method of taxation should be imposed upon the people of this state. It's my opinion, as a freshman representative here, who canvassed 1,500 homes himself, last fall, that we who come from relatively small districts have to stand for election every two years and are in constant touch with the people within our district are the best people to determine what sort of taxation the people want imposed on them. I, for one, don't stand here and say that I'm so smart and I've been so well educated that I can tell everybody in my district what I think is best for them. I think we have an obligation to consider what our people want, try and balance the inequities and then make a

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fair decision and I can't think of any place in the state of Connecticut where the people are better qualified to make that decision than in this House. Thank you.

MR. SPEAKER:

Further remarks before we vote, or will everyone speak?

LEONARD FRAZIER, 10th District:

Mr. Speaker, thank you. I've jumped up so many times I don't know what to speak about. I, too, wish to speak in favor of this amendment. Mr. Speaker, I come from a low income area and when I think of the tax paid by people I think of a pyramid, Mr. Speaker, and at the base of the pyramid, you find most of the people who pay the taxes and at the pinnacle you find the few that make the most money that don't pay the income tax. Mr. Speaker, the cities are in a crisis type situation....

MR. SPEAKER:

Will the aisles please be cleared, will the members be seated, will the gentleman hold until this is done. Will the aisles please be cleared.

LEONARD FRAZIER, 10th District:

Mr. Speaker, the cities and all our major towns are in a crisis type situation at the present, the good Governor, in his infinite wisdom has cut off many programs, the monies for many programs, DCA, CRT, these are funding agencies that help many, many programs that work for children and teen agers when the school is out. Mr. Speaker, only an income tax will

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bring in the revenues needed without taxing the poor and work to help our state still more. Mr. Speaker, I urgently ask for the support of every member concerned about our cities and towns to vote on this amendment.

JOHN MAIOCCO, 133rd District:

Mr. Speaker, I rise to oppose the amendment and I do so, Mr. Speaker, not because I am fearful that the Governor will only veto it if it were passed anyway. I'm opposed to it because I'm fearful that the Governor might possibly sign it. I oppose the income tax and I oppose the concept. I've heard all through this session and on the floor here today that this the only type of tax that can save the cities. Now, I come from a city, Mr. Speaker, come from the city of Bridgeport and my district is wholly within that confines, the confines of that city. I have to date not received one phone call, not spoken to one person, personally, or received one post card or letter from any of my constituents indicating any support for an income tax. Mr. Speaker, contrary to that what I have received is a great deal, great number of calls, great number of letters, great number of post cards urging that the income tax not be enacted. Also, I've received from these same people, these beleaguered taxpayers a request that our sales tax not be increased to 7%. Mr. Speaker, the cities can be adequately taken care of with the budget we passed yesterday and also the revenues can be raised to take care of the cities and

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take care of the necessary monies to take care of the problems of the state, as well as the cities, by the alternate plan III that we are going to propose today and I can go back to my constituents and I can say to them I am not giving you an income tax and I am not giving you an increase in your sales tax. Mr. Speaker, this is the best that we can do for them, this is what they want, this is what the people in my district want so I have to oppose this amendment.

ELMER MORTENSEN, 24th District:

Mr. Speaker, it seems to me as though we are wasting an awful lot of time. I am of the opinion that whatever we pass we are going to be vetoed and it is my thinking and experience that probably next week, members of both sides of the House and the Governor will get together and that will be the package that we are going to be forced to vote on. Now, some want an income tax, some don't want one, if I had anything to say about it or any authority to say about it, I would suggest a small increase in the sales tax on the present tax that we do have at the present time. My suggestion has been, and I've spoken on this many a time outside of this hall of the House, that we should have a 6% sales tax, take a deficit and put it over a period of four years and don't try to be millionaires and pay off your debts in one year, or two years, or the biggest portion in one year. If this was spread over I think that we could make everybody happy with a small income tax and also a

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small increase in the sales tax and I do hope that some of these great orators that we have up here are pretty well unwound and we could get along with the business and I will predict right here that I will be back here tomorrow and that whatever you do here is going to be vetoed so save your breath until the right thing comes along.

MARY GRISWOLD, 109th District:

Mr. Speaker, I quite agree with the saving of your breath and we are wasting a great deal of time. But as an original backer of an income tax in the session of the House, in 1969, as the lady who had the honor of putting in, as a bill, the proposal of the State Revenue Task Force for income tax this session, I must rise to say that although I do not approve of abolishing a sales tax, I shall certainly vote for this amendment. I want to be on record every time I can, being in favor of a state income tax for the richest state in this country and a state which, I believe, has as great a discrepancy between the rich and the poor, as any state in this country. I feel very strongly that this is needed and I regret that we cannot all come together and enjoy the benefits of a moderate, graduated state income tax which will help all our localities not just our cities. This I hope we will have in a special session. I will move for this amendment. I know it will fail. I will vote for the Mettler alternative III plan because I hope in this shadowboxing this will give our side of

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the aisle something to box with together, a graduated state income tax.

MR. SPEAKER:

I would remind the members that 21 speakers have spoken, we still have to vote on the amendment, the Governor's program is offered by amendment by Rep. Collins, so you'll have an opportunity on that and finally the bill itself.

SAMUEL LISKOV, 135th District:

Mr. Speaker, thank you. Mr. Speaker, I have heard my colleagues speak including several of my own home town in Bridgeport and coming from a large city, and having expressed myself previously on the matter of an income tax, I was for it two years ago and I've been for it consistently at home and abroad and when I say abroad, not being a prophet in my own home town, I mean here. I'm glad to associate myself with this amendment and I will support it. I merely want to say that on the basis of the research offered in Rep. Ritter's plan, that merely on the savings and reimbursement to the city of Bridgeport there would be some \$9 million coming back as a reimbursement from the Educational Fund. That would represent approximately 15% of...savings of 15% of our taxes that we have to raise on the beleaguered...and I say that because that term has been used here in this hall...on the beleaguered taxpayers who own their property and have to support the municipal budget by property taxes and I call that

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to the attention of my good friend, the representative from the 134th District, who aspires to be perhaps a modern hero in the tale of two cities. So, I want to continue my support in this concept of the income tax and I will support this amendment. If the amendment fails, I certainly will support the alternative plan because in that plan there is only all the elements of a modified income tax and we know that as Mr. Justice Holmes once said, taxes are the dues that we pay to live in civilized society. And I think that held in his age and it continues to hold today. Thank you, Mr. Speaker.

MR. SPEAKER:

Are we ready to vote?

THOMAS DONNELLY, 46th District:

Mr. Speaker, thank you, I will try to be brief; sensitive as I am to the desire of all of us to be out of this chamber sometime before 3 o'clock tomorrow morning, the hour at which we departed this morning but I feel impelled to make a few remarks in reaction to some of the things which have been said here already this afternoon, the first of which I am dismayed, Mr. Speaker, indeed, shocked at the statement that this debate is a waste of time. We are here, ladies and gentlemen, to speak for the people, the people speak through us to the other chamber upstairs and to the Governor. And they have a good deal to say on the subject of taxation. You all know that there has been a rash of bond proposals defeated

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in referenda, chiefly for the construction of schools in Connecticut, the people have spoken on these occasions and in loud and clear terms indicating that they have reached the end of their ability to spend additional monies for municipal purposes, chiefly education. I....

MR. SPEAKER:

I suggest two reasons for the noise, one, the heat and two, the length of the debate. I'd encourage the members to shorten their debate, if possible, so that we can get on with the vote on the amendment.

THOMAS DONNELLY, 46th District:

I think the people are telling us two things in these cases. First, that the tax burden on every level is becoming oppressive and secondly, that they see little result, indeed, a diminishing result of more dollars spent. In the case of education, Rep. Klebanoff, in speaking for this amendment did so chiefly on the ground that it would afford a wider tax base on which to support education. And yet I think the people are saying to us that it seems the more money we spend on education the worse the product becomes. Now I'm not enough of an educator, indeed, of a philosopher to know if there is a cause and effect relationship and yet, I suggest to you, ladies and gentlemen, that is what is precisely what is happening. Also, in the matter of welfare which we discuss at great length here. In the last several days we've

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had several debates centering around the philosophy of the welfare programs in this state. And I want to tell you what I think you already know is that there is a deep seated feeling in the minds of great portions of our populace to the effect the more we seem to spend on welfare the worse the problem becomes and the more we are called upon to spend. I oppose this amendment simply because it would be saying to the people that we are opening up a new source of revenue, a seemingly bottomless pit for new revenues to do all the things that seem to be working just in reverse. One final point on the ease of administration. It may be, Mr. Speaker, ladies and gentlemen, that psychologically we ought not to have a tax easy of administration. It may be that the difficulty of administration is a meaningful check on the spending programs implemented with the revenues produced by the tax programs. I suggest that that ought to be given more thought before adhering to this argument that the income tax because it is easy to administer is therefore good. I suggest that perhaps just the reverse is true. I oppose the amendment. Thank you, Mr. Speaker.

MR. SPEAKER:

Are we ready to vote?

JOHN PAPANDREA, 78th District:

Mr. Speaker, it is with a degree of reluctance that I rise because we have spent a great deal of time on this

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amendment and also because deep down I realize that there are few, if any minds, that on this question are open enough to permit a persuasion. Mr. Speaker, I think a few things need saying and a few thoughts need considering. It was my pleasure to serve along with several other members in this body as a member of the Governor's Revenue Task Force and, as such, for a period of approximately 18 months, it was our duty to examine many alternatives which presented themselves for our consideration in order to develop and adopt a recommendation to this legislature to meet the revenue and fiscal needs of this state for the next 20 years. One of the things that struck me, was that this group, the Governor's Revenue Task Force, was a very widely based cross section of the Connecticut community. And all of them felt that while there were inadequacies in our sales tax system that one of the greatest revelations to us was that on close examination, based on the exemption system we had adopted and followed in this state, the incidence curve was one of the most equitable in the entire nation and as a matter of fact, strange as it may appear to many was almost comparable to some of the income tax provisions. Now, I think, as a member of the Governor's Task Force there is no secret that I have not been known to be against more equitable forms of taxation. I proudly subscribed my name to the Majority Report and to several dissents which make pretty clear where I stand on this question. I must address to this

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amendment because I don't think this is a time for Connecticut to abandon its sales tax. I don't think this is properly the time for Connecticut abandon its property tax and I don't think it is time for Connecticut to embark on an unprecedented spending spree. I think that we must react not because the people are acting upon us persuading us to be somewhat astere but because we are not prepared to tunnel this kind of money at this time, as would be done if we were to adopt the amendment before you. The problems of a city are significant, they are substantial but the problems are not limited to the cities, there is not a town in that state that does not have similar problems. I think that before we do away with entire tax programs such as a sales tax and such as a property tax, while we can recognize that we must hold the line until some in the future modify the sales tax and while we must put an end to the seemingly endless spiral of rising property taxes, that we must know exactly what we're going about. We cannot impose the amendment that is before us on the people of this state, at this time. It's a matter of reasonableness. It's a matter of degree. It's a matter of preparation. Now, let me address myself just for one moment to the equity that is contained in option III. Now, if you are concerned about progressivity and I ask you, for a moment, let's not just be married to magic words like income tax. The income tax appeals to many, I submit, because it connotes for many of

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us an equity, an equality. Now, examine Plan III and realize that 90% of the income that will come from this plan comes from people with income of over \$10,000. Examine what else is contained in option 3, the fact that \$5,000 can be gained as investment income before a single penny of tax is paid to the state of Connecticut. And if you are concerned with progressivity can you in conscience shed one tear for a poor widow over 65 who has \$100,000 in the bank. Now, stop and think of it. If you are concerned with progressivity look and see what that formula does and compare it, yes, compare it with the amendment that is before you. Now, one of the things that I think we have hesitated to do is examine the heretofore untapped reservoir of funds made available by alternative 3, there has been a great deal of misunderstanding. There has been a great deal of deliberate calculated effort to misrepresent to the people of this state where the burden falls because of option 3. Now, I am sick and tired of reading in the press despite the handout of hundreds of circulars explaining exactly what option 3 does, I am tired and I am sure that most of you here understand plan 3 of reading that after they tax on thrift, that after they tax on honesty, that this is an oppression to the poor and deprived of this state. I'll yield to Mr. Camp.

HERBERT CAMP, 163rd District:

I think we're getting into the Democratic tax package

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and not onto the income tax that we are discussing.

MR. SPEAKER:

I was hoping we would, sir. Not to be facetious but there are 97 double starred items for consideration. We were here until 3 a.m. last night, I think we are on way to 3 or 4 a.m. I urge the members to show some restraint.

JOHN PAPANDREA, 78th District:

Very well, and I'll facilitate our getting on to actually voting on plan 3, by summing up that there are many of us who have not shirked from going on record as being people who favor more equitable programs of taxation. The question here before us is whether or not we want to wholly understand and appreciate the benefit from plan 3 or go for something that at this date is actually not prepared to accept or adopt.

MR. SPEAKER:

I'll announce an immediate roll call.

RICHARD EDWARDS, 155th District:

Mr. Speaker, I'll be very brief. I rise with no reluctance though. There is one point that has been completely overlooked, I believe, and the only reason I rise is that I think it should be considered. The amendment and many of the other comments on an income tax, in fact on other taxes, seem to deal with our problem as if it were in a closed box. That here within this little closely confined area we have a problem of raising so much money for expenses and that all we

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have to do is just distribute that money a little differently and like magic some people will be better off and some less. We fail to take into consideration the fact that we are not in a small box. We are one state very closely mingled with the federal government. Now, originally when proposals were made on a \$400 million deficit it was estimated I believe that it would take a 20% deficit piggyback tax in order to meet that as an income tax. That was with the figure of a \$20 million for 1% piggyback. Now, if we were just reapportioning our expenditures that would be fine but we do not take into consideration a certain memorializing, I believe, of the federal Congress to pick up welfare payments, over \$300 million of which would be, let's say, to the State of Connecticut. Where is that money coming from? Over 80% of federal income, which we ask for back for the state, comes out of the income tax that the low and middle income person in this state pays. Again, so when you start saying that an income tax is easy on the low and middle income person this is not true because already he is paying a tax in order to get back money which comes back only at the rate of \$1.00 for every \$1.70 we pay into the federal government. On top of that you are now asking that we ask federal government for more and more funds, none of which is coming back to the state of Connecticut on a parady basis so when you speak of income tax the low and middle income people are already paying a heavy one, you are asking for more

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so you must consider this, not just in the framework of this little box and how are we going to distribute the budget within people here. It is a far bigger problem and the problem,... the amendment as proposed does not take that into consideration.

ROBERT CARRAGHER, 2nd DistrictL

Mr. Speaker, Thank you, Mr. Speaker. I also rise in favor of this amendment and the concept of the state income tax. I must say that I cannot understand the view of some who feel an income tax is such an unpopular tax. I was at the public hearings held on the income tax and I found that while an increase in the sales tax was universally condemned the income tax was approved by those speaking by a margin of 5 to 1. I'd just like to read two quotes from those hearings that seem to me to sum up what was said by the majority of those speaking. "Our present tax structure in its reliance upon the sales tax and local property tax is one of the most inequitable and regressive revenue programs in this nation. Sales and property taxes fall most heavily upon citizens with lower incomes, upon the elderly and retired and upon the ever resisting middle class. To talk about an income tax, to talk about helping to relieve the local property tax burden by developing an equitable state tax system, related to one's ability to pay." Mr. Speaker, 43 other states now have an income tax. Forty-one of them are the type offered today. I think it's about time that Connecticut joined them in the

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last half of the 20th century. In conclusion, Mr. Speaker, I wish to make it clear that if this amendment is not adopted, I fully intend to support the plan offered by Rep. Mettler, since it is far superior to the plan offered by the Governor of the state of Connecticut.

MR. SPEAKER:

If it weren't so hot I'd say the woods are only dark and deep but it appears that they are.

EDWARD GUDELSKI, 110th District:

Mr. Speaker, I oppose this amendment and it's not because that I object, or I disagree with the concept of the income tax. I oppose this amendment simply because it provides a productive form of collecting taxes so that we can spend more. All those who have claimed that the income tax is a fair and equitable one, I refute that particular concept and I say the only fair and equitable tax program is one that is a balanced program, balance tax program includes or may include an income tax as a base and stretches out to provide or gather income from all other segments of our society. It's a complex society and as far as the income tax is concerned it is not all covering. Therefore, Mr. Speaker, I must reject this amendment.

MR. SPEAKER:

If the members would take their seats, we can proceed with the vote.

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HILDA CLARKE, 158th District:

Thank you, Mr. Speaker. There are those who believe that an income tax will eliminate all other taxes. Nothing could be further from the truth. The proponents of the state income tax are telling the poor that the acceptance of a state income tax will allow the elimination of the sales tax which they claim is a regressive taxes that bears relatively more heavily on the poor than on the well to do. The truth of the matter is, that 90% of the states with an income tax also have a sales tax. Don't think for one moment that you are going to get rid of that. And some have even doubled their sales tax. The claim of those individuals favoring a state income tax that the poor will benefit and the rich will pay is totally unfounded. In reality a careful check of the income tax states shows that in no state the property tax is equal to, or higher than, those states not saddled with a personal income tax. If you will glance at the charts and information sheets of this report you'll realize that it is the middle-class wageearner who is burdened with the staggering tax load in the 39 states who now have state income taxes. I'm definitely opposed to a state income tax. Thank you, Mr. Speaker.

MR. SPEAKER:

Will the members please be seated. Ladies and gentlemen, we've had 29 speakers. We have another amendment which is the Governor's tax program, the bill itself, the bond program and

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97 bills. I suggest strongly that we evidence our feeling on the bill by our vote.

JAMES CLYNES, 27th District:

Mr. Speaker, I'll be very brief but I rise to oppose this amendment and I do not doubt Mr. Ritter's figures that this tax will raise and I respect the work he has done in this area, in fact, months ago I encouraged him to bring this plan before us so that we could at least discuss it. I oppose the proposed income tax not because I fear the political implications of an income tax but because I fear the yearly rate increase that this tax will incur and only as a means for greater spending and spending programs that the people of this state do not want. But the programs that would have to be paid for by the average worker that I represent in my town. So, therefore, I'll oppose this amendment, Mr. Speaker.

MR. SPEAKER:

The members will please be seated and we'll proceed with the vote.

E. RONALD BARD, 145th District:

Mr. Speaker, I'll be as brief as the gentleman that proceeds me, I campaigned against income tax and I will vote against an income tax, even if we are here until next September. Thank you.

MR. SPEAKER:

The members will be seated and we'll proceed with the

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vote. Will the staff please come to the well of the House?

MARILYN PEARSON, 128th District:

Mr. Speaker,.....

Martha B. Schmidt,
House Transcriber

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MRS. PEARSON (128th):

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I'm happy that Rep. Ritter did bring this amendment out because my second term up here and I'm happy for this opportunity to speak about the income tax. We didn't talk about it last session and I feel it's an important issue and I want to speak on it. Instead of talking about curtailing programs, I feel, or to save any money, we've been hearing many cries about the income tax as a form to raise money. I feel that the supporters of the income tax have had a tendency to supply us with misleading propaganda to the public concerning this tax. They say that an income tax is necessary if we are going to keep our state operating at its present level. In truth, a personal state income tax is not so much a necessary evil as it is a necessary evil necessity for governmental incompetence and legislative chicanery. I feel that once this tax is established, it would become a veritable money tree for inept politicians. It would give them license to perpetually pick the pockets of the taxpayer whenever they bungle finances of the state. If an income tax is adopted in the State of Connecticut, we will see more worthless programs, political programs. These fairy tales seem to be the stock in trade of the people that are supporting an income tax. Not a single proponent of this tax has seen fit to inform the citizens of Connecticut how unfair and burdensome this income tax has proven to be to the states that do have it and have adopted this measure. We are told, as Rep. Clark said, that the rich will pay the bulk of the tax. Yet in all of the states that have a personal income tax it is actually the middle income worker who has assumed the entire burden almost of this tax. We hear that it's going to reduce our property tax when it is a fact that the states that already have this, their property tax is equal or higher than those states without a tax and it has even been pointed out by a member of the State Revenue Task Force, that once the state imposes

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this income tax on Connecticut residents, the tax will not remain at a fixed level but it will continue to grow with our state's economy. In today's world our government is really very close to the people and it's looked at as a purely human affair and I think, as legislators, it's our responsibility not only to take into account our constituent's health and welfare, but the right to expect us to allow them to exercise their democratic right of free choice by majority rule.

In the United States, the people are the power of the government, and we, as the legislators, are elected as representatives of that power. When a public question, such as this income tax is to be settled, or an official is to be chosen, an orderly vote is taken in our state. This is how the people let their wants be known to us, by the right of the majority rule. And I feel that each one of us is elected by that same rule. That's what democracy is about and it's our responsibility to protect this right until all the people could decide whether or not they want this income tax. I wasn't afraid to put this question to the vote, to the people. In fact, I oppose this amendment of an income tax so much that I submitted a House Joint Resolution No. 62, which would have allowed this particular measure to go to the people of the State of Connecticut. Many people have disagreed with this amendment but I felt that this was important. We've been hearing so much about an income tax, I felt that we should have the other viewpoint of it.

The personal income tax is going to be just that, it's going to be an added tax to our state tax structure. I feel it's going to be a coverup and it will provide another avenue to the taxpayers' pockets for the spenders in the state government to have a field day, as they are refusing to scrap many of their useless political programs and they want to spend and spend more

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and this would give them another avenue to do that. I object to this amendment and I hope that everyone else does to.

THE SPEAKER:

The machine will be open. Will the members be seated. The machine will be open. Has every member voted? Is your vote recorded in the fashion you wish? Check the board. The machine will be locked and the Clerk will take a tally.

MR. LA ROSA (4th):

Mr. Speaker.

THE SPEAKER:

For what purpose does the gentleman rise?

MR. LA ROSA (4th):

Mr. Speaker, I voted yes. I meant to vote nay.

THE SPEAKER:

Rep. LaRosa indicates he was present in his chair and wishes to be recorded in the negative. Would the press please correct that on the sheets that have been handed out?

I would remind the members that we have next an amendment to be offered by Rep. Collins and then the bill itself.

The Clerk will announce the tally.

THE CLERK:

Total Number Voting	168
Necessary for Adoption	85
Those voting Yea	30
Those Voting Nay	138
Absent and Not Voting	9

THE SPEAKER:

House Amendment "A" is LOST.

The Clerk will call House Amendment Schedule "B".

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THE CLERK:

House Amendment Schedule "B" offered by Mr. Collins.

MR. COLLINS (165th):

Mr. Speaker, in moving adoption of House Amendment Schedule "B", I would move you, sir, that the reading of the amendment be waived and I be permitted to summarize and I would further move you sir that the amendment be printed in the journal in accordance with rule 10.

THE SPEAKER:

So ordered. The gentleman will outline the amendment.

MR. COLLINS (165th):

Thank you, Mr. Speaker. This really is a technical amendment. It takes a bad bill and makes it good.

THE SPEAKER:

That's a new definition of technical, sir!

MR. COLLINS (165th):

It all depends on your purpose, Mr. Speaker. Mr. Speaker, the amendment, as is widely known by the members of this House, is basically the Governor's revenue proposals as submitted to this General Assembly on February 15th. The plan before us in the form of this amendment has been updated to indicate certain variations and to take into consideration public sentiment on the elimination of certain exemptions. The Governor's program, embodied in this amendment, is predicated on an increase in the sales tax to 7%. Most of the exemptions now permitted under state law would be eliminated. However, the exemptions on food, life insurance premiums, materials and tools used in manufacturing, livestock, poultry and feed, and medicine and prescriptions would be retained. Further revenue sources are anticipated in reinstating the unincorporated business tax which would now be extended to professionals

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at the 1969 rate of one-half of one percent.

THE SPEAKER:

The aisles be cleared so that we can hear the gentleman from the 165th.

MR. COLLINS (165th):

There would be an increase in the tax on alcoholic beverages, an additional fifty cents per gallon. An additional four cents per pack would be imposed on top of the existing cigarette tax. All of the existing taxes and the existing rates we now have in the state would be maintained. Other items of revenue raising include a projected \$2.5 million for a lottery which this body passed yesterday.

Mr. Speaker, that basically summarizes the revenue raising proposals before you in the form of this amendment. It is our estimate that the revenue package presented would raise a total of \$1,172,000,000, of which \$130 million would be paid on the projected deficit of \$261 million. Mr. Speaker, as much as all of us dislike to acknowledge the fact, this General Assembly is going to have to raise taxes very substantially. I submit, Mr. Speaker, the amendment before you encompasses a budget which is responsible. It contains no bonding for current expenses. It contains no income tax as will be before us shortly in the form of plan 3. It takes a deficit payment into account and it is a budget that for once in the last four years would wind up balanced. I strongly support adoption of this amendment, sir, and move that when the vote be taken, it be taken by roll call.

THE SPEAKER:

Question is on a roll call. All those in favor indicate by saying aye. A roll call vote will be ordered. Further remarks on Amendment Schedule "B"?

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MR. AJELLO (118th):

Mr. Speaker.

THE SPEAKER:

Mr. Ajello, if we can clear the vast throngs around him so that he can be heard.

MR. AJELLO (118th):

As the gentleman said, this is basically the Governor's proposal and I think we saw some measure of the acceptance that that has gained last night when I understand that the State Senate voted on basically the same plan and rejected it unanimously. I would hope that the Republicans, for whose opinions I have great respect here in this House of Representatives and all of our friends on that side, would take the same action. I think it's a terrible plan and I intend to vote against it.

THE SPEAKER:

Further remarks before I announce an immediate roll call?

MR. STEVENS (122nd):

Mr. Speaker, just very briefly, I hope I don't disappoint my good friend from Ansonia but I intend to vote for this fine package.

MR. MORTENSEN (24th):

Mr. Speaker, a question through you to Mr. Collins, if he would answer me. How much would this revenue tax support the towns and the cities? How much revenue would be included in this to support the cities and the towns in ADM and so on?

THE SPEAKER:

Does the gentleman from the 165th care to respond? Rep. Mortensen has the floor.

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MR. MORTENSEN (24th):

Hearing no answer, I can imagine.

THE SPEAKER:

Further remarks before I announce an immediate roll call?

MR. LOWELL (38th):

Mr. Speaker, in rising to speak on this, I'm taking an opportunity to go back to the last one where we were very rushed. Apparently, you'll take a little time before you get the people in.

I'd like to make some comments generally about taxes in fairness and equity and who's socking who and who always carries the brunt of any tax package. The indication is that in the income tax, the middle income earner is the fellow who carries the weight. I maintain that in this particular tax package and in the one that we're talking about, alternate 3, the middle income taxpayer is going to carry the brunt of the taxes in that particular tax program also. Fairness and equity is in the beholder's eyes, as beauty is. To say what is beautiful or what is fair, has to come from each individual. I, myself, don't think that any particular tax is desirable but I think that responsibility requires that we provide sufficient funds to cover the expenditures of the State of Connecticut. This particular tax program, which I think is very disagreeable in many respects, does provide the necessary funds and as such, I would vote for it. Thank you very much.

MRS. BECK (50th):

Mr. Speaker, I would like to place on record as being very strongly in opposition to this amendment on two grounds. The first is that the revenue proposal as presented in this amendment provided at the time that he was tied in with a budget package, absolutely no further potential for local property

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relief which is the local tax issue in the State of Connecticut and one of the most critical issues which we will face in the next decade. This amendment has no potential whatsoever for solving the problems of the State of Connecticut because it relies upon a tax base which for two decades, two decades has failed to break through on the local property tax crisis. And, therefore, I oppose this amendment.

My second reason for opposing this amendment is that it takes a proportional tax roughly and it changes that tax in a most fundamental way which the people in the State of Connecticut must be aware of. It changes that basic state sales tax to a regressive sales tax and up to this point, Connecticut's sales tax in fact has been relatively tolerable. On those two basic grounds, I reject this amendment as moving away from tax justice instead of in the direction of tax justice.

MR. KING (37th):

Mr. Speaker, I rise to support this amendment but in doing so feel that I should state, for the record, that I do so only because I think it is highly preferable to the plan which is offered by the Democrats. I do so in the knowledge, or at least the belief, that in a matter of days hopefully, no longer than that, that we will be here again voting on an entirely new tax program and one which, I hope, will be acceptable to both parties and in order for that to occur, I think I should state, as I have on many occasions for many months past, that I believe that some sort of an income tax will have to be, to find a place in the overall tax program.

THE SPEAKER:

Will the members please be seated? For the benefit of the members, we are now considering House Amendment Schedule "B" of the tax program as

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offered by the gentleman from the 165th. Will the members please be seated? Further remarks on amendment "B"? If not, one final announcement. Further remarks? If not, will the members take their own seats. The machine will be open. Does the gentleman from the 165th wish to move reconsideration? Has every member voted? Is your vote recorded in the fashion you wish? The machine will be locked. The Clerk will take a tally. Rep. Holridge indicates he is in his seat, wishes to be recorded in the affirmative.

MR. KLEBANOFF (9th):

Mr. Speaker, I was in my chair. My button is not registering. I wish to be recorded in the nay.

THE SPEAKER:

Rep. Klebanoff indicates that he wishes to be recorded in the negative.

MR. DOOLEY (47th):

Mr. Speaker, my machine is inoperative. I'd like to be recorded in the negative please.

THE SPEAKER:

I think these may be recording on the machine so the Clerk will have to take some time.

MR. MAHANEY (92nd):

Mr. Speaker, I note that the board does not have the vote registered for myself and I'd like to be registered in the negative.

THE SPEAKER:

The Clerk will be allowed the time to check these against the machine.

For what purpose does the gentleman rise?

MR. PAPANDREA (78th):

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Mr. Speaker, through you to inquire while we're waiting about the state of health of the Republican leadership after its near disaster.

MR. COLLINS (165th):

Alive and well, Mr. Speaker.

THE SPEAKER:

Does the gentleman from the 118th care to indicate our schedule for the balance of the evening while we waiting a check on the tally?

MR. AJELLO (118th):

Yes, Mr. Speaker, we intend to complete work on the bill before us and to take up one other item prior to breaking at approximately seven o'clock to give the members an opportunity to have a real honest to goodness dinner, the McDonald Company is lobbying against that, but our course is set. And we expect to break for approximately an hour and a half. We would ask the members to bear in mind that it is very hot and the longer we delay and procrastinate in getting to the vote on these matters, regardless of the wisdom of the pearls being cast, the later we'll be here tonight. We do intend to complete the calendar this evening.

MR. COHEN (59th):

Mr. Speaker, immediately after this bill is completed, we will have a House meeting of the Appropriations Committee, executive session.

THE SPEAKER:

The Clerk will announce the tally on the amendment.

THE CLERK:

Total Number Voting	169
Necessary for Adoption	85
Those voting Yea	75
Those voting Nay	94
Absent and not Voting	8

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THE SPEAKER:

Amendment "B" is LOST.

The gentleman from the 96th speaking on the bill as amended.

MR. METTLER (96th):

Mr. Speaker, with a certain degree of trepidation, I ask the Clerk if he has any additional amendments in the well.

THE SPEAKER:

The Clerk has no additional amendments on this bill.

MR. METTLER (96th):

Mr. Speaker, I move acceptance and passage of the bill as amended by Senate Amendments "B", "C", "D" and "E" in concurrence with the Senate.

THE SPEAKER:

Will you remark?

MR. METTLER (96th):

Mr. Speaker, the bill that is presently before us maintains the present state sales tax at its existing 5%. It also maintains all of the present exemptions with one change, the sales tax from this point on is imposed on advertising. In addition, we have imposed the 5% sales tax on certain non-professional services. Included also in this tax program is a tax on interest, dividends and capital gains which have exemptions for individuals over the age of sixty, living basically on retirement income, or those who are widowed. In addition to the I.D.C.G. tax, the program makes the following--

THE SPEAKER:

Those members who are going to the hall, please do so. We still have this bill to vote on and the bonding program before we break for supper.

MR. METTLER (96th):

In addition, Mr. Speaker, briefly summarizing, the bill increases the

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telephone company tax from the present 6% to a total of 8% of gross income. It increases the public service tax by 1% to 5%. It also rolls back a tax exemption for banking institutions. At the present time, such institutions may utilize interest paid during as taxable year as a deduction from that income. It also imposes an unincorporated business tax of five mills, including professional people. It imposes a tax of 10% on capital gains at death, with the homestead exemption. It maintains the present insurance company tax structure in the state as well as present structure on alcohol and cigarettes.

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Mr. Speaker, it is estimated that this bill will yield a total revenue of approximately \$1.83 billion. I urge its passage.

THE SPEAKER:

Further remarks?

MR. COLLINS (165th):

Mr. Speaker, I rise in opposition to the proposal before us. Mr. Speaker, I think it's a matter of public record that at least the Connecticut Public Expenditures Council has made an analysis of this budget and has indicated that it is already substantially overestimated in much of its revenue raising projections. They indicate some \$24,000, \$24 million overestimated on the yield from the sales tax. We think it's even a little bit worse than that. We think it's over \$26 million short. Public service tax increase, we think it's some \$3 million, CPEC says \$3½ million. And the granddaddy of them all, the new income tax, the interest, dividends and capital gain at 10%, this plan estimates that it will raise somewhere about \$240 million. We think it will raise about \$57 million or less than that and the Connecticut Public Expenditures Council thinks it will raise \$91 million less than that.

Mr. Speaker, we think this budget, this revenue package, is short in

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its own projections by some \$69 million. CPEC says \$95 million. In any case, Mr. Speaker, its the same old story that we saw in '67 and '69. We're bringing in proposals that are overly optimistic in their revenue raising estimates, putting it up before the people of this state, and then winding up with a deficit and saying, there is nothing we can do about it. There is something we can do about it. We can be honest. We can be forthright. We can try and put together a proposal that's acceptable not only to us but beneficial to the people of the state. It's already been said in this House, and I don't have to repeat it at any length, by members on the other side of the aisle, this so-called plan 3 is a combination income tax and a sales tax and in spite of the fact that many people on the other side of the aisle indicated their opposition to an income tax, I expect to see them going right down the line for just that, an income tax proposal as embodied by the interest, dividends and capital gains tax. Mr. Speaker, it's a tragic kind of tax. The Governor has eloquently put it, it's a tax on thrift that will hurt retired persons and those who have been prudent throughout their lives in savings and investments. Mr. Speaker, it's predicated on what is basically an unsound tax and I think we don't have to go far from the borders of this state to draw the analogy of a similar type tax enacted in the State of Rhode Island, just a few years ago and since that time repealed. That tax in Rhode Island was found to be grossly inefficient, almost impossible to administer, and enforce. It was a tax that was easy to evade. It had a number of serious flaws very similar to the type of proposal that we have before us. Mr. Speaker, I don't think there's any question that this tax, if it was enacted and passed into law, is one that would be back here before us next year, not only seeking revision but in all probably, seeking repeal.

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I think it's a bad tax proposal. I think it's unfortunate that it's the only alternative to the Governor's proposal that has been presented and I urge all of you to defeat it, defeat it soundly and move when the vote be taken, it be taken by roll call.

THE SPEAKER:

Question is on a roll call. All those in favor indicate by saying aye. A roll call vote will be ordered.

MR. PAPANDREA (78th):

Mr. Speaker, after listening to the Republican amendment, which I must say showed at least that this administration is capable of some degree of progressivity when we contrast it with the document presented to this body on February 16th, which shall go down in the history of this state as the most regressive, the most unresponsive and the most irresponsible tax package ever to be presented to the legislative body of this state. It is easy indeed to get up with pride and with pleasure to urge the adoption of plan 3.

Stop and consider for a moment why there is such widespread fear and opposition on the part of the Governor and the Republican Party. Just look at where the incidents of this tax falls and compare that incidents with the incidents of the Governor's irresponsible tax program. In the past few days, we have read consistently in the newspapers of the Governor's concern that plan 3 will be a tax on thrift and a hardship on the elderly. Now I said a few moments ago in addressing myself to the Ritter amendment, that I, for one, have grown tired of such an analysis because the people of this state demand and have a right to the truth. And I think the communications media have an obligation to present plan 3 fairly and squarely and in all its, completely and in all its detail.

Now with opposition to a tax of 7% on fuel that retired people would

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have to pay, which for most people would be at least \$200 worth of fuel a year at 7%, on the telephone, water and electric bill, on their magazines that they buy, on motor vehicle trade-ins, on cigarettes and gasoline, on meals under a dollar, and that is what he's presented today. Let's not talk about asking people who are retired and living on fixed incomes as he did on February 16th to be prepared to pay 7% on medicines, prescriptions, and medical devices. Why the reaction to that proposal, it was decidedly turned down by all the people of this state, not only those who would be adversely affected by it. It was a disgrace and an insult to the intelligence of this, the state with the highest per capita income of all fifty states.

I call on the Governor not to say that this is a tax of last resort because I dare say, even contrasted with the so-called Ritter proposal, that this is by far and clearly the most progressive tax proposal ever presented to any legislative body in this state. Examine it for a moment and then ask yourself, you on the other side of the aisle, in good conscience, can you agree that this is a tax on thrift and on honesty and a burden on those who are retired or over sixty-five? Well, first of all, it's down to sixty and the exemptions have increased. Ask yourself, what do you have to have at age sixty-five before you pay a single penny. Are you poor and oppressed as the Governor would have the people believe? The answer is resoundingly and clearly no, because you have to have a minimum of \$100,000 before you paid a single penny. There is no tax program, no proposal, that has ever been advanced that would be so progressive and so fair to the people of this state. And I mentioned before a statistic which was somewhat startling and I ask you to consider it, that in proposal 3, 90%, that's 90% and that's not a wild figure, that's an actual figure, 90% of it would come from people with incomes of over \$10,000. Now this is why the Governor has shown his concern

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This is why he has turned to the greatest ploy of all times. He has deceived the people of this state into believing that he is the champion of the very people whose purpose it is and has been since February 16th on the part of this administration to oppress. Now the issue is clear here. You have the option to be for a tax which puts the burden where it should be, on those who are best capable and can best afford to pay the burden that's imposed by the progressive programs to the people have asked for and demanded and are deserving of. That, or a program which, without doubt, is the most regressive that has ever been presented, not only to this legislature, but to any legislature in the fifty states. If you think about it, if you act intelligently about it, if you stop to realize that despite its regressivity, despite its concern with paying off a deficit to the detriment to the needs of the people and those least able to pay, that it has not addressed itself in one single instance to the needs of our cities, to the needs of our towns; not one penny of ADM, not one penny of block grants, the most ridiculously little amount ever to our cities through the Department of Community Affairs. You look at it and examine it and in conscience you must conclude that it is totally irresponsible and that the only alternative plan is the just plan, the plan that's embodied in alternative 3.

MR. STEVENS (122nd):

Mr. Speaker, there's been a great deal of talk about the Meskill tax proposal being the most regressive proposal, not only in Connecticut but in all of our sister states. It seems to me there was one offered in 1969 by a former Governor that was more regressive. In fact, if there's anything I don't like to admit, I must say that in searching around for a way out of our fiscal mess, it was necessary to take a good look at that tax document sent

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to us on February 15, 1969, which as I recall, my good friend from Meriden, wholeheartedly supported throughout the State of Connecticut. It's funny how in two years, those things which are progressive become regressive.

Now the two proposals which we've had a great deal of debate about today are the so-called Ritter plan and the Snieder plan. Actually, both are nothing but income taxes and I don't think this state wants one as we have certainly had enough debate about today. I think that the Snieder plan is best described as fiscal euthanasia. I certainly didn't coin that phrase, we all know where it came from but I think it's true. It puts the burden, as my good friend from Meriden says, where it should be. The only problem is where he thinks it should be is on those people who are prudent enough to save and if there's anything that's unfair, that's it. I can understand the pride of authorship which he feels in the Snieder plan for I think it's misnamed. I also think it's a bad tax as do most of the people in the State of Connecticut and I'm pretty confident, as I'm sure he is, that it won't ever be adopted so let's stop the debate, get on with supper.

MR. COATSWORTH (76th):

Mr. Speaker, I would rise to support this bill. I might add that I would support this bill with more reluctance than I have ever had to support a bill in this House during this session, that this bill in fact causes considerable problems among many of the members here because of the fact it's not, it's not the alternative that meets the needs of the State of Connecticut, it is not the alternative that is the most progressive, it is the only alternative at this time that seems to have any political life and unfortunately, we have to vote on it very quickly and apparently it will be a party line vote.

I would ask, Mr. Speaker, that many of us here that considered the income tax as probably the most progressive way to deal with the tax problem,

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I think the failure of this legislature to confront that issue and to ...
honestly and to extend some political life to that question is a failure that
will be reacted to with great disappointment among the people of this state.
Mr. Speaker, I suspected that the people of this state expected greater leader-
ship from its political leader than it has received. As far as I'm concerned,
the plan before us now that much more than a real political charade upon the
people of this state, as Governor Meskill has agreed to veto this bill the
minute it reaches his desk anyway. I will support the plan because, in the
final analysis, it is to some degree at least more progressive than the
Republican alternative and it is with reluctance that I will vote in the af-
firmative on this measure.

MR. MORANO (151st):

Mr. Speaker, a question through you to the gentleman from Hamden. Mr.
Speaker, I would like to ask the gentleman if he'd care to give an example on
just how the exemptions of the 10% tax on interest and dividends will apply to
the elderly.

MR. METTLER (96th):

Mr. Speaker, it's a relatively complex thing to attempt to do on the
floor but I think I can give one relatively simple explanation or example,
through you, sir. Assuming a person was over the age of sixty and his or her
total income came from interest, dividends and capital gains, and that total
income in a given year was \$5,000; in the case I have just outlined the in-
dividual would pay no tax under our proposal.

MR. MORANO (151st):

Mr. Speaker, commenting on the gentleman's answer, I think this is
a shame. I think it's dreadful. It's a license to steal, a license to steal

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from this poor old lady or the old man who have been saving all these years, after educating all their children, and just barely skimping along each day, to take money away from them in a form of an income tax, and then trying to shield this by saying, we are giving exemptions to the elderly. It's dreadful.

MR. HANNON (16th):

Mr. Speaker, they may be poor old ladies in Greenwich but in 168 other towns, they're pretty well off. I would add to Rep. Mettler's remarks by saying this. As I understand the tax, if you added to that \$5,000 of interest and dividends income all the annual money from pensions, social security and annuities, there would still be no indebtedness to the State of Connecticut. The fact of the matter is, Rep. Morano and others, they're just off scot free and what the Governor says just ain't so.

MR. GORMLEY (142nd):

Mr. Speaker, I oppose this bill and I protest the incredible high tax proposal now being considered. A tax of 10% on interest on savings and dividends is both appalling and highly discriminatory against a certain segment of our population. We have in my Assembly district, many of what can be called middle income families whose income has been somewhat reduced by present economic conditions. They have had to curtail their home activities involving any expenditure of money so that they can live within their income, pay off their mortgage and try to save some money for their children's education. Since they are forced to do this, I suggest in fairness to the average middle income family, that it is high time that both the local, state and national governments cut their expenses and economize in every way possible. Mr. Speaker, as it has been stated so well by many, the average middle income family pays the cost of government. They have neither the tax shelters of the

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wealthy nor are they eligible for welfare payments. Their children cannot get ad-
scholarships or loans and the parents have to really scratch to pay the cost
of higher education. They are the people who have qualified themselves to be
the backbone of the basic fibre and structure of society in Connecticut. I
ask, Mr. Speaker, why should these people be so drastically penalized and
ground into the earth while bearing the other problems of the so-called silent
majority. Many of these middle income families cannot survive raising and
educating their children or even live decently if this tax program goes through.

Further, if this tax proposal is passed, it will impose another
financial burden on the already over-burdened middle income family. In fact
if this kind of tax program continues, we will eliminate the middle income
family entirely and the silent majority will soon be shouting down the roof-
tops of the capitol, down around our ears here in this legislative body. I
don't want this to happen, Mr. Speaker. I oppose this bill and will vote
against it. Thank you, Mr. Speaker.

MR. GILLIES (75th):

Mr. Speaker, I think it's rather ironic that we hear from that side
of the aisle concern about the middle income and the cost of college and
tuitions at this state. I would remind the members of that side of the aisle
that it was from your Governor that the recommendation was that we should in-
crease tuition at our colleges, which would directly hit this middle income
group. I have no qualms about this plan 3, as it is called, the Snieder tax
or the Papandrea tax or any other tax you want to call it. I have no qualms
about this tax. This tax, we can say with pride, imposes a 5% sales tax on
the people of the State of Connecticut, as opposed to a recommended 7% sales
tax. It imposes a tax on the higher income groups, clearly the persons in a
better position to pay. I don't know who was listening on the other side of

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aisle when the example was given as to the imposition of a tax. If you had heard, you would have heard there was no tax at all in the example given, no theft there, no tax at all. I submit this is a good tax. I don't know whether the Governor is going to sign it. I gather he is not but I have no reservation in saying, I suggest Governor Meskill you look at it, look at it closely, and then perhaps you'll pick up your pen and decide it's a darn sight better than what you've proposed to us, and sign it.

MR. CLARK (14th):

Mr. Speaker, I seem bound to have to say this. I wasn't going to stand up. I didn't up to now, but I think some of us in here ought to realize, I passed around some paper here today, that three-quarters of any income tax form would be paid by those who have wage and salary income only and only one-fourth or less by those with investment income. Further than that, figures do show that over 80%, 80% of our nation's wealth is held by less than 1% of the population and a tax on investment income is certainly an appropriate mechanism for balancing the tax structure. Now we hear about the poor people who are overburdened, the poor rich who are going to be overburdened, but the poor little guy in the middle who is going to be breaking his back and can't get the scholarships and can't get the benefits, I say this is a good bill and I think we should vote for it 100%.

MR. LENGE (13th):

Mr. Speaker, I rise to oppose this bill and I've tried to listen very attentively and I've also tried to study the formulas and see how they would apply and if ever have I listened to a proposal that has been flying under false colors, this is it. And if ever I've listened to a case of oversell, this is also it. It definitely will not produce the revenues, it

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definitely is not what it purports to be and I think the example given was a well selected one in terms of the proponents, in terms of \$5,000 and no earned income, but let's remember another thing, what the thing that is left unsaid here is the yo-yo aspect of it. On the one side, we have a proposal that started out at age sixty-five, dropped to sixty. Now we know that that can go up and down. If there was every unanimity on anything in this chamber in these last several days, it's the fact that once a tax is established, we play around with it. It stays but we start fooling with the exemptions and all other things. And then the exemption figure, that's been moved around a bit too by the amendments that have come in here. Now, I'm going to get to some other aspects of this thing, but I think it only fair that we use some of the criteria for selling that have been proposed by the distinguished Majority Leader. He said that popularity, popularity or lack of it, attaches a very critical factor in his mind, and I heard him say it earlier. I tell you that if popularity is the criteria for acceptance or rejection of this proposal, income and dividend tax, then this bill should be just as dead as a doornail, because the outcry from all segments, the young, the old, the middle aged, the middle income earner, everywhere, they have said that this is absolutely unfair, discriminatory. They feel as though they've been deserted. They feel as though their hard efforts to be responsible citizens, in one fell swoop have been just poured down the drain. Now I ask you, the distinguished Deputy Majority Leader said he points to this one with pride and he says, look at where the incidents of tax falls. And then he starts to tell us where it will fall and with pride, he tells us, we are proposing a discriminatory tax. The distinguished Majority Leader said he was concerned about socking it to the middle income earner. Well, I ask you, where does this one sock it? The

proposal has been that this is a tax on thrift. Well, I tell you that that is just a limited aspect of what this proposal is. What it really is, is getting to the heart of the system. It's a shaft. It's a drive. It's a rubout of individuality and the attempt and the will for enterprise and some degree of respect and self-respect and self-maintenance. That's what it is. And I ask you, what has happened? I'm not asking to roll back some kind of calendars in all of this thing, but what has happened to the forebearers of Mr. Papan-drea and myself. How about those days of little individuality and little shops and the merchants and all the rest who saved in the little family pass-book and they deposited it in the savings accounts and it was a matter of pride to be able to deposit a few dollars and build them up for a stated purpose and to maintain the dignity of doing it on your own. Why should we aim at this class and this category? What is at stake here is the rugged individualist, if you will, and the real determination, the foundation of this whole society, the individual, the family, and everything put together. And I say, if you're going to parade this one under false colors, calling it unearned income, then that is the last straw. Because where did the income come from except by the sweat of the brow and the willingness to deny self and save a few dollars and a little bit of self-respect for those last years when you ought to be able to rely on it and not have an assault made on it in a discriminatory manner as this proposal is. There never has been, there never will be a substitute for a fair and fairly apportioned tax system that puts the burden on an equitable basis at every single level. If you get something for nothing, you don't appreciate it. It's just that simple. And nobody, no citizen of this state or this nation ought to ask for something without being willing to shoulder it equally equitably. And for those who think that

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an income tax, that an income tax is the endall, we're missing the boat if you think that's true too. ad

We need to keep a composite tax structure here. We've heard all the stories and I think they're right about curtailing expenditure and getting this thing in shape. And if anything has been done in this session, and I am just, I am beside myself listening to the attack on where it started in February and everything else, the fact of the matter is, a mirror has been held up to this General Assembly and the people of this state. We were in desperate straits in February and let's forget the past history. You don't have to have it rubbed at you, but let's get together and face this thing the way we should. You know this is no answer. It distinguishes a special category of income and it is like another tax, the most regressive of all, the tax on property. And if this is not a tax on property, personal property or property of that type, then I ask you what is. And forget those examples. The one thing that was said was, that this is a complex formula, a complex formula. And I say to you that it will not work the way you are saying and there will be those who will lose all drive and all incentive and really when you try to straighten out this tax program and this system in the future, you're going to have an awful lot of heels digging in. And I say that this is not the answer, and for us to parade it under this type of false color when we know it failed in Rhode Island and with the tracks and with this apparent bonanza and everything else, they're in desperate straights as bad as we are, if not worse.

So, let's not call it something that it is not. Let's be honest about it and I think it's been said time and again here this afternoon, that we know that this is just a little playgame we're going through and let's get to the main problem, we have to come back.

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MRS. BECK (50th):

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Mr. Speaker, as a supporter of the income tax for fifteen years and a believer that the only source of true tax justice for the State of Connecticut will be an income tax, I am supporting this proposal. And I think we all here today should remind ourselves that we are at the end of the first round of tax negotiations. We have seen the Governor's representatives come together with his tax proposal. We have seen the Democrats come together with that same group with their tax proposal and we have seen those negotiations break down. And it would be difficult for any of us in this room to acknowledge that they were not very close to agreement on a state income tax. I, for one, strongly applauded their efforts. I think they worked intensively. And I feel very deeply that what has happened in the last few days is that we, as politicians, who believe that politics is the art of the possible, we have seen a breakdown of negotiations, we have heard a request for a renegotiation and for me personally, it has been a source of deep disappointment that I believe that the Governor's failure to call the people back in, indicates that he is practicing the politics of the impossible. And I am forced personally today, having voted my conscience and my heart for a state income tax, I wish all of you very well on both the Republican and Democratic sides. I think we have had bipartisan speeches for an equitable tax system. I think now we are talking again about trying to come back together with two alternatives and I am going to back this proposal and say that I hope very much that the Governor of this state will exert leadership and will say, we must give the people of Connecticut, they must have a statesmanlike tax, an equitable tax, a bipartisan state income tax to solve the local and state tax crisis in Connecticut.

MR. AVCOLLIE (94th):

Mr. Speaker, I'd like to say very briefly I certainly am delighted ad to finally find out what it is that Nick Lenge's district over in West Hartford has. We heard in the last week, they don't have used cars, they don't have welfare recipients, they don't have people that need hospitalization, we finally found out what they do have -- old ladies with big, big, big bankbooks. I've heard him say there's been a great oversell here but I think he forgot to say that there's been no sellout, and that's the important part of this program. No sellout to the people of the State of Connecticut. As to the outcry, I don't think there would have been any outcry had it not been for the prevarication that came from the second floor and I don't mean this House, when the people of the State of Connecticut know what this program is, know that it's a Democratic program, know that it's a program that we stand for for the people, then I don't think there'll be an outcry that's going to make the other side of the aisle very happy. That old lady that we're talking about has \$100,000 in the bank, she doesn't pay a penny and she's going to need another \$100,000 in the bank before the tax under this program would even come close to the 7% she'd have to pay under the Governor's program.

So, let's face it. Liars figure, but figures don't lie, do they? And I think it's pretty obvious that this program is for the people. Perhaps it might not be for the fat cats in some of the districts, in the silk stocking district, or maybe even in Nick's district, but for 85 to 90% of the people in this state, it's an equitable tax program.

One last thing, I didn't understand about Mr. Lenge's statement was the yo-yo aspect. I only want to assure him that there's no yo-yos on this side of the aisle.

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Further remarks before we vote?

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MR. CAMP (163rd):

Mr. Speaker, through you please, a question to Mr. Mettler, if he would care to respond. Is the tax on that part of capital gains--

THE SPEAKER:

He's not back in the hall. Thank you. Rep. Camp has the floor unless he'd like to yield to you. Not tonight, he says. Rep. Camp.

MR. CAMP (163rd):

It's being pressed, Mr. Speaker. Is the distinction in the capital gain tax, as indicated by line 1642, between the long-term and the short-term gain. Would a short-term gain be 10% and a long-term gain be 5%.

THE SPEAKER:

Would the gentleman answer that yes or no?

MR. METTLER (96th):

It is my understanding, through you Mr. Speaker, that both would be taxed at the rate of 10%.

MR. CAMP (163rd):

Through you, a second question. Would a tax, would an exemption as presently allowed on an exchange of a house or virtual exchange of a house be allowed?

MR. METTLER (96th):

Mr. Speaker, through you, yes.

MR. CAMP (163rd):

A third question, on a, on the, you indicated there was an exemption of \$5,000 on a person over sixty. As I read line c, on page 36 and 37, it seems to be a \$2,000 maximum exemption for a person under sixty and I think

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the age of sixty-five on section e, line 1704 and it appears to me that the double exemption would be two times \$2,000, \$4,000. Have I misread the bill?

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MR. METTLER (96th):

Through you, Mr. Speaker, yes. Actually, you have read the bill correctly, Mr. Camp, but you should also read the amendments that were introduced several hours ago. The amendments lowered the age limit from sixty-five to sixty and made the multiplier from double to two and a half times the two thousand or a total of five thousand.

MR. CAMP (163rd):

Next, on line 1671, you talk about income or capital gains constructively accrued as opposed to income or capital gains received in fact. Does that apply to unrecognized gains?

MR. METTLER (96th):

Through you, Mr. Speaker, this section was modified to bring it in accordance with the federal statutes and I believe that the question to your question, well I'm going to have to withdraw an answer to your question because, very frankly, I don't know at the moment.

MR. CAMP (163rd):

Thank you. I think at the time your amendments were introduced, I didn't have the language in front of me. I add no more to what was said already, Mr. Speaker, except that I think this is an obvious administrative horror because, as we well know from those who have followed the federal income tax, taxes on interest, dividends and capital gains, were not widely paid, unfortunately, until they had a widely used reporting belief and I think the Tax Department will report to you this year, the tax on capital gain was exempt and largely ignored. Consequently, I think that any figures of how much income is going to be received from this are probably extensively

overstated. It's an obvious income tax and in that regard, I'm a little surprised that those people have ignored New York, where with the miracle of an income tax is supposed to solve all our problems, the State of New York has gone on a big spending cutback this year. Income tax doesn't, I don't think this does. ad

THE SPEAKER:

Are we ready to vote?

MR. NEWMANN (146th):

Mr. Speaker, I strongly oppose this proposal and I say in 1967, you led us down the path to the brink of financial disaster. In 1969, you led us down the path to the brink of financial disaster. And I say to you on the other side of the aisle, here and now, in most certain terms, I implore you, please don't do it again. And that's just what you're going to do if you manage to get this proposal through.

MR. BRUNO (132nd):

Mr. Speaker, through you I'd like to ask a question to the representative from Hamden. I have two questions, Mr. Speaker, so be tolerant with me please. What type of a tax form, in the event that this bill is passed, will the taxpayers of Connecticut be faced with?

THE SPEAKER:

Does the gentleman care to respond?

MR. METTLER (96th):

Through you, Mr. Speaker, as simple as possible.

MR. BRUNO (132nd):

Mr. Speaker, has this form been prepared by your committee or is it still in process?

MR. METTLER (96th):

Through you, Mr. Speaker, the answer is no.

MR. BRUNO (132nd):

The second question, Mr. Speaker, to the gentleman from Hamden, what will be the tax force and the cost to collect this tax? Have you given that any consideration?

MR. METTLER (96th):

Through you, Mr. Speaker, we estimate the additional cost for the collection and regulating of this tax will be in the area of approximately \$1.7 million and the money for this is included in the appropriations act passed last evening.

MR. BRUNO (132nd):

Therefore, Mr. Speaker, I oppose this bill on the basis that this is another form of income tax.

THE SPEAKER:

Let me announce an immediate roll call.

MR. STOLBERG (112th):

Mr. Speaker, I think the thunder we hear are the gods expressing their chagrin at what we're doing today.

THE SPEAKER:

I think it may be the chagrin of the gods the fact that you're getting married Saturday.

MR. STOLBERG (112th):

No, I'm sure that's a joy. I'd just like to say that I will vote for this because I committed myself that if we got a fair chance to hear out the income tax, I would vote for this bill. It's not a bad bill but it's

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certainly not the best that this Chamber is capable of. Let me also say that in the deliberations that will be following among the leaders of the Democratic Party and Republican Party and our good Governor, if you're looking for someone to blame the income tax on, we will submit a list of volunteers from the Chamber because once this plan is vetoed, after we pass it, I commit myself as I committed myself to vote for this plan, that it will be very difficult to bring out of this Chamber without a great deal of effort against some of us who are committed to a fair revenue package, a package which includes not rests entirely on, but includes a fair and graduated income tax.

THE SPEAKER:

Let me announce again.

MR. PROVENZANO (127th):

Mr. Speaker, I want to assure the residents in the, my constituency that after the Governor vetoes this package, I shall work against an income tax with all my vigor and all my strength.

THE SPEAKER:

Will the members please take their seats? Will the members please be seated? The machine will be open. Has every member voted? Is your vote recorded in the fashion you wish? Will the members please check the board? The machine will be locked. The Clerk will take a tally. Rep. Hill from the 67th indicates she was in her seat at the time of the vote and wishes to be recorded in the affirmative. Further members please check the board. The gracious lady from the 40th.

MRS. HANZALIK (40th):

Mr. Speaker, I'm afraid I'm going to have to suggest that the Clerk look at the voting list. I may have been properly registered as voting in the negative but I may not. The button does not seem to be working right now.

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THE SPEAKER:

It's recorded on the list. I'd remind the members we are now going to the bond program before breaking for supper.

THE CLERK:

Total number voting	169
Necessary for Passage	85
Those voting Yea	90
Those voting Nay	79
Absent and not Voting	8

THE SPEAKER:

The bill is PASSED.

THE CLERK:

On page 28, Calendar No. 1660, substitute for S.B. No. 1253, An Act Concerning the Authorization of Bonds of the State for Capital Improvements and Other Purposes, as amended by Senate Amendment Schedule "A".

MR. SPAIN (166th):

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill. The Clerk has Senate Amendment "A".

THE SPEAKER:

The gentleman from the 166th has moved acceptance and passage. The Clerk will call Amendment Schedule "A".

THE CLERK:

Senate Amendment Schedule "A" adopted by the Senate on June 7th.

MR. SPAIN (166th):

Mr. Speaker, I'll summarize the amendment, if I may.

THE SPEAKER:

Please proceed.

MR. SPAIN (166th):

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Page 4 please top of the page, second item, Cal. 1082 File 1504. Favorable report of the joint standing committee on Finance, Substitute for S.B. 1186 An Act Concerning Revenue Sources for the State of Connecticut.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR CUTILLO:

Its a good bill and ought to pass. I understand there are a few amendments.

THE CLERK:

The Clerk has a number of amendments on his desk.

SENATOR BUCKLEY:

Mr. President, the Clerk has Senate Amendment Sch. A. I move adoption of the amendment and ask that we waive the reading of the amendment.

THE CHAIR:

Will you proceed on the amendment?

SENATOR BUCKLEY:

Mr. President, Senate Amendment Sch. A. in the hands of the Clerk is a very lengthy amendment. It must 15 or 20 pages at least. And it is the Governor's Tax Package. It is Governor Meskill's tax package introduced to us for the first time at his budget message on or about February 15th of this year. Including his 7% sales tax. An increase, I might remind you from 5 to 7, with all of the other tax increased that the Governor has proposed. Mr. President, I personally oppose the amendment. Although I have introduced it. But I felt frankly and fairly that the original Meskill Tax Plan should be given a fair airing

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here in this chamber before we proceed to the Democratic tax package. And any amendments which may be offered to it. In order to expedite this matter, I ask, Mr. President for the privilege of yielding temporarily to certain people around this circle, for the purpose of speaking only on the amendment with the privilege of retaining the floor, being returned to me once they have proceeded. And at this point, the first I yield to the first Republican Senator on the list, Senator David Odegard with a request that he make whatever comments he has concerning Senate Amendment Sch. A. The Meskill Tax Package.

THE CHAIR:

You are not obliged to rise or speak if you do not wish to Senator Odegard.

SENATOR ODEGARD:

I pass temporarily.

THE CHAIR:

Senator Rimer.

SENATOR RIMER:

Mr. President,

THE CHAIR:

For what purpose do you rise? While Senator Buckley has the floor.

SENATOR RIMER:

If Senator Buckley would yield to me for the purpose of asking a question?

SENATOR BUCKLEY:

I will be around to Senator Rimer. And although it may appear discourteous to him. I will yield to him for the purposes of the question at the time I reach him.

THE CHAIR:

Senator Dowd.

SENATOR DOWD:

Point of Order. Mr. President, this is a gross abuse of the practice and privilege of yielding. The distinguished Senator

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from the 17th is not a school master. He has no right as a member of this circle to demand comment from anybody. I would ask that you rule that he is out of order.

THE CHAIR:

Would either of you cite the rule under which you make your remarks?

SENATOR BUCKLEY:

Mr. President, since the challenge has been made by Senator Dowd. I ask him to cite the rule that he relies upon as the matter of yeilding to people has been of long standing in this circle. Over the many years you have been here, Sir. And I have too.

SENATOR DOWD:

Mr. President, I press my point of order. We all know that through practice one yields to a Senator when he want to, when the second Senator would choose to make some remarks. It is a matter of courtesy. It is not a challenge thats thrown down to any member of this circle. I believe that we all know that what is exactly going on now, sir, and I ask you to rule on long standing parlimentary practice. That no Senator may challenge another Senator to make a comment on anything that he does not choose to. It is not a school room.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President in answer to Senator Dowd, I think its wholeheartedly generous of Senator Buckley to offer to the Republicans their chance to defend their Governor's budget. Now he has brought up a comparable budget. And I think the Republican's in due course shoudl answer properly. In defending this budget. So the good Senator Buckley is making this offer and I think the Republicans ought to take him up on it.

THE CHAIR:

Senator Buckley, it is the Chair's opinion that Senator

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Dowd is correct. That you cannot conduct, just a minute please. I haven't finished the sentence. That you cannot conduct a circus by the device of so called yielding to persons who have not indicated to you a request that you yield to them for comment. You have no more right to go round this circle and ask each person his opinion on a subject than any other member. For if this were practice to be accepted. We would indeed have a circus in the true sense of the word. A circus in the round.

And I rule that your, my ruling is that your request of various persons who have not requested that you yield to them, is out of order.

SENATOR BUCKLEY:

Mr. President. Respectfully I challenge your ruling.

THE CHAIR:

Well you challenge. Do you appeal the ruling of the Chair?

SENATOR BUCKLEY:

I appeal the ruling of the Chair, Mr. President. And ask that when the vote be taken on my appeal. It be taken by roll call.

THE CHAIR:

Senator Fauliso.

SENATOR FAULISO:

May we stand at ease for a few seconds, Mr. President, I ask your indulgence?

THE CHAIR:

I'm not going anywhere. Thank you Senator.

SENATOR BUCKLEY:

Mr. President.

THE CHAIR:

Senator Buckley.

SENATOR BUCKLEY:

May we be back in order. Senator Fauliso asked that we stand at ease.

THE CHAIR:

The Senate is back in order and you appealed the ruling of

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the chair.

SENATOR BUCKLEY:

May I withdraw the appeal of the ruling of the chair, Mr. President?

THE CHAIR:

You may.

SENATOR BUCKLEY:

Mr. President, I believe I still have the floor?

THE CHAIR:

You still have the floor.

SENATOR BUCKLEY:

May I ask then instead of going around the circle in the interest of saving some time, since its now seventeen minutes after eleven by the clock which stands in back of you. That any Republican member of this circle who chooses to stand and defend Governor Meskill's tax package presented in Senate amendment Sch. A, please take the opportunity now since I will cede the floor to stand and do so.

THE CHAIR:

You may ask that because you have already done so.

Senator Eddy.

SENATOR EDDY:

Mr. President, I think all of us came here tonight expecting to play a charade. I suppose this can be classed as sort of tonight's play pen. And I think we're now engaged in a charade. I think everyone is tired of it. And I recall early in the session that Senator Buckley talked of Governor Meskill. He called him hip shooting Tom. And I thought that was an amusing description at the time. And I think that Senator Buckley should now be called a hip shooter too. The one difference he appears to have no guns.

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THE CHAIR:

Will you remark further? If not, Senator Murphy.

SENATOR MURPHY:

My only comment Mr. President is that's really no defense at all of the Governor's so called tax package. It's just an attempt at some humor here. And apparently no one on the Republican side really wants to defend this package.

THE CHAIR:

Senator Rimer.

SENATOR RIMER:

Mr. President, through you a question to Senator Buckley. I gather that since we waived the reading of the amendment and it's been proclaimed that it represents the Governor's tax package. As I recall one of the vital elements of the Governor's tax package, which was a very, in very delicate balance with his appropriations package, was the interim sales tax at the at 7%, an increase from 5 to 7% for the period of April 1, to June 30 and it appears to me that that question is rather academic at this juncture. But just for the point of clarification since that involved roughly twenty-seven million dollars of revenue. My question through you Mr. President to the Senator from the 17th. Is this particular provision of the Governor's tax package included in this amendment?

THE CHAIR:

Senator Buckley.

SENATOR BUCKLEY:

Mr. President the last page of the amendment says that it's effective as of July 1st. Obviously this does not therefore go back in time. Point of time to April 1, or whatever date Senator Rimer indicated. If Senator Rimer is able now to offer an amendment to increase the Governor's recommended 7% to $7\frac{1}{2}$ or $7\frac{1}{2}$ or whatever would make up that difference, I would be pleased to have that type of an amendment considered at this time.

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THE CHAIR:

Will you remark further? Senator Dowd.

SENATOR DOWD:

Mr. President I rise to speak to the motion. The time has passed. Circumstances have passed. And I would suggest to my distinguished colleague from the 17th. That the Republican position would be widely known tonight. Will be debated tonight. Will be put forward tonight. Will be justified tonight. And he will have an opportunity to speak to that position pro or con. As the hours go by.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President the purpose of Senator Buckley's amendment is quite obvious of course. And we want to bring to this floor, the circle, the Governor's Tax Package. One that I am sure all Republicans are very proud of. Now I'd like to give the benefit of the doubt. Ever since the Governor came out with the package February 16th. I've been against it. I've been against increasing the sales tax, whatsoever, much less up to 7%. But if we have a consensus of Republicans in this circle, then your wholeheartedly behind your Governor's budget. I will offer myself to vote for that Governor's budget. And you can have it. Put it in front of your Governor's desk. Are you all that proud of it? Now I'm on record. I am against the Governor's budget. I am for an income tax, based on gross income. But Mr. President we must move with the business of the state of Connecticut. And I'm sure if it was my Governor, I'd be as proud of-it as I am sure all the Republicans here are. And I offer myself to break that tie and give it to the Governor.

THE CHAIR:

Will you remark further? Senator Cashman.

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SENATOR CASHMAN:

Mr. President, shortly after the Governor's tax package was proposed, I made it plain both in my local press and to any one else who ever asked whether or not I supported his particular tax package. I indicated at that time that I did not. That I felt that on balance an income tax would be fairer. That position has been well know. Its been well known to Senator Cutillo for some time. I'm a little bit upset at this, Senator Eddy called it play pen charade that we're going through right now. Its nonsense. We aal know where we all stand on these various matters. We should be debating an income tax. As it is we're playing games. And I think its most unfortunate that grown men have to go through this nonsense.

THE CHAIR:

Will you remark further? Senator Dupont.

SENATOR DUPONT:

Mr. President, I don't feel that this is any charade or any game. I think this is a proposal that was made by Governor Meskill. Its the only proposal thats been made that I know of my the Republican party. I think the only sad thing about this is that it wasn't brought out sooner, by an unfavorable report. Or petitioned out of committee by the Republicans and put before this body. To let every single member of this circle vote upon it. I know myself, I've received hundred and hundreds of letters in opposition to this proposal. And I am committed to vote against it. And I aam proud to vote against it. I'm not ashamed to vote against it. I'll vote against it tonight. I think every member of this circle on this important tax program should be put to a vote on what he is for and what he is against. Thats what we're here for. Thats what its all about.

THE CHAIR:

Senator Hammer.

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SENATOR HAMMER:

Mr. President, I just want to ask one of my questions, of Senator Cutillo. How could we vote on a tax package of which a key part, was to apply a 7% sales tax beginning April 1st?

THE CHAIR:

Senator Cutillo. Well you wished to speak anyway, did you not Senator? I had you down here. You wish to speak? You don't have to answer the question if you don't wish to. But you wish to speak still? Senator Cutillo.

SENATOR CUTILLO:

You know, Mr. President and members of the circle, the allusions or the references to a game and charades is really nonsensical. The fact of the matter is, this is serious business. I have no greater responsibility to my district as anyone of you in here. And no greater responsibility in my district nor the people of the state of Connecticut than the Governor. And if we can look at this tax package as being haphazard and bad in general. Then its going to hurt the low, moderate income people and elderly people. And we know its bad. You mean to say to me, Mr. President members of this circle that the Governor before he gave it February 16th, didn't know it was bad. And didn't serve the responsibility he was elected for. Do we know better than the Governor? I'm afraid to say, we do. Because of the lack of response on the Republican side in defense of this. Now if it is all together as good as the Governor has made it out to be. Then lets vote for it. On the way coming up here today. A reading in the paper I saw the Governor's challenge. He says-I want to put through my 7% sales tax. Mr. President, I ask the Republicans to stand and be counted. In behalf of their Governor. And the Governor of the people of the state of Connecticut. Is he best serving the interest of the people of the state of Connecticut by giving this sham to all of us. Lets be counted. I know all Democrats have been counted on this. I'm asking the Republicans to be counted. If its good lets vote for it. Republicans and all.

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Obviously ladies and gentlemen of this circle, it isn't good, is it? Or else you would be standing and pounding your fists and saying lets give it to the Governor. Lets give it to the House of Representatives. Why arn't we doing this? I ask that question of any Republican in here. Why arn't we doing it?

THE CHAIR:

Senator Smith did you wish to rise? Senator Rome.

SENATOR ROME:

Mr. President I would like to partially respond to Senator Cutillo. To why we're not doing this. It is fun and games tonight and its unfortunate. Because I came here tonight expecting that we would begin to carry our our responsibilities. Exliminate the word blame from our agenda. And substitute the word responsibilities. Whether or not I would vote for the Governor's budget really depends upon whether or not your serious. And whether or not your colleagues in the House are serious, about supporting that budget also. There are some minor modifications that I and perhaps some other members of the Republican party would like to have in that budget. But with those minor modifications and with the assurance of the House as well as you Senator Cutillo, that we could go on and pass that budget, I would be prepared to so vote. I think it is time that we measure up to our responsibility. Democratic party represents the majority in this legislaature. They have a responsibility as representing that majority to present programs which are not half truths and half program. If they present a dividnt interest tax, they ought to label it as dividnt and interest income tax. And measure up to that responsibility. If they want to put forward a discriminatory income tax, let them state thats what they want to put forward. If in lieu of that they would like to play fun and games with us tonight just shortly before midnight, when we have so much business on this Senate floor tonight and so much more coming from the House before we adjourn tomorrow night, I really become very disappointed with those persons that I have thought of as responsible legislators.

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I'm prepared if your serious and if you could assure me of your colleagues support in the House to make minor modifications and propose Governor's budget. This despite the fact that I have recognized that you are the majority party. And that you would not pass the Governor's budget and in lieu thereof I have suggested that its time that we faced up to a state income tax in Connecticut.

THE CHAIR:

Will You remark further? Senator DeNardis, Macauley, Buckley and Sullivan.

SENATOR DENARDIS:

Mr. President through you I would like to address two questions to Senator Cutillo. First of all I thought I heard him say before in this debate that he personally was in favor of a state income tax. I would like him to affirm that or deny it and second of all I would like to ask him that if in the amendment to, shortly to be introduced, which will represent the majority party's tax package, if there in fact an income tax included? Because Mr. President, I submit that if he is for an income tax and serious and if his tax package does not include one, that is guilty of this charade that he accuses the rest of us of participating in.

THE CHAIR:

Senator Macauley. Senator Cutillo.

You have been asked a question.

SENATOR CUTILLO:

Mr. President, through you. My position on an income tax, I think is well known throughout the circle and in the legislature. I most certainly am for one. I see no basis for answering any other part of the question. Thank you.

THE CHAIR:

Senator Macauley.

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SENATOR MACAULEY:

Mr. President, Senators, I was a little disturbed when Senator Cuttillo got up and said well the Democrats have been counted. And I say yes, I thought to myself, they have been counted. They've been counted on in putting this state in a financial mess its been. It is in now. They've been counted on and its their deficit. They've been counted on that when a good tax package was presented to them, they horsed around and we didn't get any kind of counter proposal until very late in the session and now, we're only a couple days from the adjourning of the session. And we're trying to iron out a good package. They start to play games. I just don't buy it.

THE CHAIR:

Senator Buckley;

SENATOR BUCKLEY:

Mr. President, members of the circle, I take great delight yes in deed, great delight in the attempts and the crocodile tears and the attempts of the Republican members in this circle to change the course of this discussion. This disucssion is on the Republican tax package. The Governor's tax package. If you say these are fun and games. These are the first fun and games which were offered in this little battle that we are involved in evidently. These are the opening fun and games. The opening remarks that were made in the budget message. Of the Governor. Its not the budget as Senator Rome says. Its the tax package. Gentlemen and ladies, sorry ladies and gentlemen, this is your Governor's tax package. Now stop trying to turn the thrust and the impetutous around so that any Democratic proposal is now under consideration. Any other proposal other than the Republican Governor's tax package is under consideration, it is your Governor's proposition we are considering. Its easy. The charades if any are here tonight. And this discussion is prolonged is on the part of the Republicans. It is not on the part of the Democrats. I have submitted an amendment, which is

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exactly what your Governor's tax package was. If anybody has any concern about the difference between the 7% tax from April 1, let them consider that it might well be made up by the underestimation or overestimation, I'm sorry, on the expenditure side by Governor Meskill of some 15 million dollars or better on the appropriation side. Very possibly this could make up the difference between not having the tax, the 7% sales tax enacted as of April 1, or April 15, or whatever other date you propose. But either defend the tax package of your Governor or don't. Offer alternatives if you would by way of amendments to the amendment which is on the floor, or else I respectfully suggest to you be germane. Because most of the remarks which have preceded these which I give, have not been germane, to the amendment. Out of deference and ability to allowing everybody to do what they say what they would like to say, I have not made this point by way of a parliamentary inquiry or point of order. But please be germane to the Governor's tax package. That's exactly what we're discussing.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Mr. President, for the sake of brevity. Senator Buckley has said exactly what I was going to say.

THE CHAIR:

Senator Ives.

SENATOR IVES:

Mr. President to answer very briefly. I am happy to hear so many Democrats say they like the Governor's package. And very soon in the evening you will have a chance to vote on basically the same tax package, modified with the present day income and expense figures. And when we get to it, we'll ask you to vote for it.

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THE CHAIR:

Will you remark further? Senator Smith.

SENATOR SMITH:

Mr. President, I rise to oppose the amendment. I've heard accusations from both sides. Particularly I am remindful of my own criticism of not the Republican party or not the Democratic party. But of this circle. And I'm wondering what is meant this evening about the time getting late. And the waste of time and the play pen. And the circus and all these kinds of things. I know the reason why the amendment was tacked on. And I also have before me an amendment offered by one of our Republicans. But this amendment as I see it, and I understand its coming up too, is also attached to the Democratic party's tax package.

Now I believe that if there is a play pen. Then the play pen extends down to the second floor in the Governor's office. And that the Governor used this General Assembly when he met in joint session to present that 7% sales tax proposal. Now everyone knows that not only is this body, the majority of this body is against that 7% tax proposal. But I think by now people know that the majority of the people of Connecticut are opposed to the 7% sales tax proposal. In reading the papers the other day, the Governor in criticizing the Democratic party's tax proposal was talking about how much it was going to hurt the elderly. When his tax proposal not only hurts the elderly. But it hurts many of the middle income and low income people throughout this state. In concluding my remarks, I'm simply saying its been to my knowledge that administrations themselves submit administration proposals. And although its been mentioned here that the Governor's tax package is going to be presented. Its going to be somewhat modified, to what extent no one knows. But it seems odd that that tax proposal since it had been submitted as a part of the budget back in January, that its taken so long for that proposal to come before this body.

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THE CHAIR:

Will you remark further? Senator Odegard.

SENATOR ODEGARD:

Mr. President, I rise to speak very briefly. And this is a personal thing to me. Thursday evening, Mr. President, I have an engagement to speak to a local group in the town of Glastonbury in my constituents, as many of us will in the coming weeks. I'd like to say when I speak to that group I had anticipated saying that we did the best we could over here. No matter what proposal we enact. Whether it be the Democratic proposal, the Republican proposal, some compromise or something not yet before us. Not everyone in any group would agree with it. Some would be pleased with it. Some would find it very undesirable. And I can accept that and we all know that that would be true no matter what we did. And no matter where we went. But it would be important to say that we tried. That we tried to be sensible. That we did work hard at it. And we were over here on their behalf and not playing games. With something that is so serious and so many people are being hurt by taxation in Connecticut today. And that's what we're doing

It will be difficult for me to express any views like that to a group of citizens in the town of Glastonbury on Thursday night, because of this evening. And this parliamentary gimmick. Taxes are serious and we should be acting seriously on it. The fact is personally I support the Governor. All the time. I am very proud of our Governor that does not necessarily mean that I or any other representative who represents any district within the state of Connecticut will always go along 100% with any proposal made by anybody including the Governor, who I have the very greatest personal, honest respect for. The Senate also has some responsibility. And included in that responsibility would be some modification of any proposal from the Governor's office no matter whose side he is on. We have made some changes in his proposal. We have made some changes because the time is different.

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Because we've had a chance to judge the responses that his proposal has had from the people in our districts, our constituency. Now we should get to those. We should get to our plan. We should get to your plan. Debate them both. There maybe one of them enacted. Something in the middle. But whatever it is. Lets do something. This parlimentary games and parlimentary practice is important in any legislative body. But parlimentary games are very seldom a credit to the originator of the same. I think this is a disgrace to the Senate. I think its going to make it very difficult for all of us to speak responsibly as we should. I think it rests on a few shoulders, not all of either party. Lets get down to business and do the best we can.

THE CHAIR:

Senator Rome.

SENATOR ROME:

Mr. President, members of the circle, it is my understanding that the Republican minority through Senator Ives would be offering an amendment, which in many respects is the Governor's original tax package. With the kinds of modifications that represent the compromises that Senator Odegard has suggested. With that in mind and with having in mind the time, the hour and hoping that Senator Cutillo will continue to support us in this. I would urge Senator Buckley to withdraw his amendment, so we may get forthwith on with that amendment. And really debate the issues. The merits of that amendment.

THE CHAIR:

Senator Buckley. To respond.

SENATOR BUCKLEY:

Mr. President, it is not a response. A motion that when the vote be taken. It be taken by roll call.

THE CHAIR:

Senator Jackson.

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SENATOR JACKSON:

Mr. President, members of the circle, I deeply resent the fact that we're playing a game. And a charade here this evening. If any games are being played, if you would liken it to a dice game, the first roll was on February 15th. And what has been presented here tonight was what the Governor presented to the people of Connecticut on February 15th. This is the same plan that the Governor said that he would sign into law. And I think that we should be very mindful of just some of the provisions. The cruelly regressive provisions of this bill. Not only do we go to 7% on the sales tax. But every conceivable exemption has been wiped out. This is one of the reasons I have consistently said that the Connecticut sales tax is one of the fairest in the United States. And that is because it has the broadest based exemptions. The average person does not pay any sales tax under the present formula. For his food, his fuel oil, for his utilities. His medicines and about 25 other items. And I would remind you in addition to adding insurance premiums to the sales tax, the Governor's tax package which was presented and held up as a serious document, would wipe out literally every exemption except that for food. So if games were being played. They started on February 15th.

THE CHAIR:

Senator Cutillo, Mondani and Rome.

SENATOR CUTILLO:

Mr. President, Senator Rome was most accurate when he said we should be getting to a vote on this. Although he is isn't too accurate in looking to me to vote along with this. If there was more Republican support for this, their Governor's tax package, I would vote for it. But because of the obvious lack of support, I cannot vote for it.

THE CHAIR:

Senator Mondani.

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SENATOR MONDANI:

Mr. President, I sit and listen to the debate. I am somewhat shocked over the use of the word game. And I don't think it falls on party Republican or Democrat. I feel that we represent the third branch of Government and when the Chief Executive Officer, representing the first branch of this government offers, in all sincerity, and in all honesty, a tax proposal to the members of the General Assembly. Be it Democrat or Republican, that we have an obligation, a sincere obligation to vote on that proposal. I don't think we can deny it. We have many other proposals offered by our Governor. We will in many other areas, nominations, recommendations for law. And we vote on them. And we vote honestly. And I can't understand how anyone in this circle could consider this a game. I think that we owe it to our chief executive officer. I think we should make our feelings be known. And I would urge that we vote and vote with our hearts.

THE CHAIR:

Will you remark further? If not the motion has been made for a roll call vote on Senate Amendment Sch. A. All those in favor of a roll call signify by saying aye. AYE. Opposed nay? More than 20% having voted for a roll call. An immediate roll call is ordered in the Senate.

THE CHAIR:

Senator Power.

SENATOR POWER:

I would like to speak briefly. And I would like to mention that because of the fact that Senator Cutillo obviously recognizes the fact that this amendment as presented, is a bad one. Because its obviously an unbalanced budget, it was as of April 1. We have no way of knowing what is contained in those 15 pages. I feel as he does that I am compelled to vote against this amendment.

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THE CHAIR:

Well I don't believe its proper. No one objected for others to explain how they're going to vote. The roll call has been ordered. And under those circumstances no more discussion is in order.

Will you proceed?

Results of the balloting by roll call on Senate Amendment Sch. S.B. 1186.

Whole number voting.....	35
Necessary for passage.....	18
Those voting Yea.....	0
Those voting Nay.....	35
Those absent and not voting..	0

The amendment is defeated.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, I guess we have another amendment. I don't know which one it is.

THE CLERK:

The Clerk has in his possession S_enate Amendment B as offered by Senator Cutillo. On line 551 strike out and for. In line 552, strike out are and insert in lieu thereof is. In line 569 insert a bracket before for and at the end of the section.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, I move adoption of the amendment.

THE CHAIR:

Will you remark?

SENATOR CUTILLO:

Yes Mr. President, this very simply removes a \$500 deduction that was put in the 1969 Session for automobile trade ins. And now allows automobile trade ins to be traded at the full value

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and restoring the full value trade in to those people and the dealers. And I move its passage.

THE CHAIR:

The question is on the adoption of Senate Amendment Sch.B. Will you remark further? Senator Crafts.

SENATOR CRAFTS:

Mr. President may I inquire through you what bill are we attempting to amend?

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Well the bill that originally brought out on the floor, Mr. President, and its on your calendar Senator Crafts through you.

The tax bill that was brought out on the floor.

THE CHAIR:

Is this not the bill at the top of Page 4, second from the top of page 4. An Act Concerning Revenue Sources for the State of Connecticut, Mr. Clerk is that correct? Thats the bill before us. Cal. 1082, File 1504 Substitute for S.B. 1186. The question is on the amendment. Senator Cashman.

SENATOR CASHMAN:

Mr. President, a question through you just, while this is certainly a laudible amendment. And it must be a remarkable tax package that the Democratic Majority is bringing in. I would like to know just how much this would cost in terms of revenue to the state? To restore this particular tax?

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, it is believed through the experts I've talked to in this matter that the revenue that would be lost would be gained with the new business that would be stimulated by the enactment of this amendment.

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THE CHAIR:

Senator Cashman.

SENATOR CASHMAN:

Mr. President, I just, I submit thats nonsense.

THE CHAIR:

Will you remark further on the amendment? The question is on adoption of Senate Amendment Sch. B, will you remark further? If not all those in favor of adoption of Senate Amendment Sch. B signify by saying AYE. AYE. Opposed Nay? Nay. The ayes have it. The amendment is adopted.

THE CLERK:

The Clerk has in his possession Senate Amendment Sch. B as offered by Senator Alfano and Senator Caldwell.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, can we waive the reading of the amendment?

THE CHAIR:

If there is no objection, it is so ordered.

SENATOR CUTILLO:

Mr. President, I move adoption of the amendment.

THE CHAIR:

Will you remark?

SENATOR CUTILLO:

Mr. President, this very simply if we can put things in simple terms with the tax package will eliminate the 5% sales tax on barber shops, beauty shops, laundries, dry cleaning establishments. Those non-professional establishments that would otherwise have been hit with the 5% sales tax. I move its adoption.

THE CHAIR:

Will you remark further? Senator Cashman.

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SENATOR CASHMAN:

Mr. President, through you, the same question. How much do you anticipate this would cost Senator Cutillo? Or will this be covered by increased business activity as well?

THE CHAIR:

I did not hear you, Senator Cashman was still speaking and there was an announcement downstairs. Would you wait just a moment.

Thank you Senator Cutillo.

SENATOR CUTILLO:

The enactment of this amendment, Mr. President would cost very little. As a matter of fact, we feel that the good will it would stimulate throughout the state, with these people, would raise more revenue for the state of Connecticut rather than lose it.

SENATOR CASHMAN:

I'm glad we're not playing games. Its just too bad Senator Mondani isn't here. That also is nonsense, Senator Cutillo.

THE CHAIR:

Will you remark further? Senator Hammer.

SENATOR HAMMER:

Mr. President, I have a question to Senator Cutillo. I'd like to know how much this amendment will cost the state of Connecticut? This is a serious matter we're discussing.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, to the gracious lady, you know I know full well since February 16 that we're discussing a serious matter. Its too bad no one told the Governor about it. Mr. President, we cannot calculate to the letter what this would cost the state of Connecticut. We're looking to protect those people who are working for a living. And being redundant on a tax and there is no dollar sign affixed to it, Senator.

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THE CHAIR:

Will you remark further? If not the question is on Senate Amendment Schedule C, all those in favor signify by saying aye. AYE. Opposed nay? NAY. The ayes have it. The amendment is adopted.

THE CLERK:

The Clerk has an amendment. Senate Amendment Sch. D. Senator Cutillo.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, I move adoption of the amendment, and waive the reading of the amendment.

THE CHAIR:

If there is no objection it is so ordered.

SENATOR CUTILLO:

Mr. President, this and quite seriously, is a technical amendment. It straightens out some of the wording in the bill to streamline it proportionate to the changes that have been made. And I move its adoption.

THE CHAIR:

Will you remark further? Senator Dowd.

SENATOR DOWD:

Mr. President, I object to the waiving of the amendment. That to me is not a satisfactory explanation. And I request that the Clerk please read it.

THE CHAIR:

Will the Clerk please read the amendment? You have a right to have it read.

THE CLERK:

Section 57, line 613, after the word assets add interest and dividends subject to tax under Section 57-72 of this act. In Section 57, line 1620 after the word purposes strike the word prior and insert in lieu thereof the words without regard. In

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Section 57, line 1638 after the word game strike the word from the sale or exchange of stock, and in lieu thereof insert the word as defined. In Section 57, line 1639 strike the entire line. In Section 57 line 1640 strike the words, the extent such gains are taxable. In Section 58, line 1709 strike the word or and substitute in lieu thereof the word and. In Section 60, line 1761 after the word under strike the word Chapter. And in line 1762 strike the words to to for the General Statutes as amended, and in lieu thereof insert the word Sec. 57 thru 72 of this Act. In Section 71 line 1984 strike the words includable and in line 1985 strike all the words. In line 1986 strike the words the United States and in lieu thereof insert the words substitute state or federal succession or state taxes.

THE CHAIR:

Will you remark further? Senator Crafts.

SENATOR CRAFTS:

Mr. President, I respectfully suggest that this amendment, greatly changes this bill thats before us. And I move the matter be tabled until we have an opportunity to see it in print.

THE CHAIR:

The motion is made to table the amendment. The motion is not debatable. All those in favor to table the amendment signify by saying aye. AYE. Opposed Nay. NAY. The nays have it. It will not be tabled.

SENATOR CUTILLO:

By way of information Mr. President, this amendment will not lose the state a nickle.

THE CHAIR:

I did not hear you, the Clerk was imparting some knowledge to me.

SENATOR CUTILLO:

For the second time around. It won't cost the state a nickle.

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THE CHAIR:

Will you remark further on the amendment?
If not all those in favor of adoption of the amendment signify by saying aye. AYE. Opposed nay? NAY. The ayes have it. The amendment is adopted.

THE CLERK:

The Clerk has an amendment. Senate amendment Sch. E as offered by Senator Jackson of the 5th.

THE CHAIR:

Senator Jackson.

SENATOR JACKSON:

Mr. President, I move adoption of the amendment. Will the Clerk please read the amendment?

THE CLERK:

In line 1709 delete the word or and insert the word and.

SENATOR JACKSON:

The amendment is self explanatory.

THE CHAIR:

Will you remark further? If not all those in favor of adoption of the amendment signify by saying aye. Opposed nay? The ayes have it, the amendment is adopted.

THE CLERK:

The Clerk has an amendment. This is Senate Amendment F as offered by Senator Ives of the 32nd.

THE CHAIR:

Senator Ives.

SENATOR IVES:

Mr. President, I move for the adoption of the amendment. Will the Clerk read the amendment?

THE CLERK:

Substitute S.B. 1186, File 1504 strike out everything after the enacting clause and insert thereof the following:
Sec. 1. Wherever used in this act 1, persons being and includes individual firms, co-partnership, joint venture, association of

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persons however, formed social club, fraternity organization, corporation, estate press, produciary receiver, trustee, syndicate. the United States, this state or any political sub-division thereof, any group or combination acting as a unit and any other individual or officer acting on the authority of any court in this state; 2) Tax payer means any person as defined in sub-section 1 of this section who is subject to any tax opposed by this act; 3) admission charge means the amount paid for the right or privilege to have access to a place or location where amusement entertainment...

THE CHAIR:

Senator Ives, you've had a change of heart.

SENATOR IVES:

Mr. President, I think we've read enough. I would move for the waiver of the reading.

THE CHAIR:

If there is no objection and I hope there is no objection, on behalf of my friend the Clerk, the reading of the voluminous document will be waived.

THE CHAIR:

Senator Ives.

SENATOR IVES:

Mr. President, I wanted the Clerk to start to read the amendment to convince the circle that this is basically the Governor's tax program, which we heard so much about earlier in the evening. There really is four changes over the basic program. We have eliminated the, or put back into law the exemption for live stock and feed. The exemption for medicine, the exemption on life and accident and health premium. And on the materials and tools used in manufacturing. The only other change which is not in this package, but because of the loss of revenue of these exemptions, that in our budget proposal which will come before us tomorrow. We will propose to pay off one hundred and thirty million dollars of the deficit, instead of the two hundred and

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sixty one million. And basically there are no other changes. When Governor Meskill presented his tax program on Feb. 16, he very carefully pointed out that it was a hard decision. And a decision which he made. And we heard for an hour this evening, that the Republicans were not willing to support it. Well this amendment is the Governor's tax program. Its updated to the present day. Its updated to take care of an increased deficit caused by Democratic mismanagement over the last two years. Its a clear cut call to the people of the state to tell them that we're facing up to our responsibilities. And going to pay off the mess so that we can go forward in the years to come. It calls for a 7% sales tax, a 7% sales tax for a full year. To June 30, 1972. An increase we had to make because you would not recognize the responsibilities and start to pay the deficit on April 1. A deficit our Governor inherited and which you gave to him.

The exemptions will continue on food, on home rental and professional fees and on doctors bills. The revenue from this package will raise a billion, forty-two million dollars, which is enough to pass the proposals which we will make in our budget. And to pay off the deficit.

Now we heard this evening earlier, a lot of rhetoric. A lot of noise and a lot of gobbly gook from the opposition. They've got their chance to vote now. I must say also to you, that I had fourteen letters in opposition to the Governor's proposal and I've had in excess of almost a hundred letters in opposition to any other form of tax. And more on plans 3, which I assume we will hear from later. I might also point out to you, that I didn't say in the beginning because I think its germaine now, that the Democratic Finance Committee looked at the Governor's proposal and decided to come out with something else. And then they get on the floor of the Senate and say we've had a change of heart. Well I think the Chairman of the Finance Committee has had four changes of heart, because I've heard him say he is against the sales tax, he's for an income tax, he's going to vote

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for something else and I don't know where he stands. But I am asking him to renew his pledge to vote for the Governor's package because here it is.

THE CHAIR:

The question is on the amendment. Will you remark further? Senator Cutillo, Murphy, Crafts and Jackson.

SENATOR CUTILLO:

Mr. President, a question through you. In lieu of the fact that the Governor's budget recognized has been in deficit from its initiation February 16th. I would like to ask therefore Senator Ives, how much money this would cost the state if the items he has specified had been deleted from the tax base?

THE CHAIR:

Senator Ives.

SENATOR IVES:

The items would have cost the state approximately one hundred million dollars which is difference in the deficit in which we are cutting down and paying. The original proposal would have been to pay off the two hundred and forty million and we're only going to pay off a hundred and thirty million. Basically thats the difference.

THE CHAIR:

Senator Murphy.

SENATOR MURPHY:

Mr. President, through you a question to the Senator from the 32nd. Do I take it from the statement made by the distinguished Senator from the 32nd that the Governor now acknowledges through this amendment, that is no longer necessary in order for a so called balanced budget, that the so called deficit be paid off in one year? And that it may be paid off in installments?

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THE CHAIR:

Senator Ives.

SENATOR IVES:

Quite the contrary Mr. President, we still have a revenue estimate that will pay off a balanced budget.

THE CHAIR:

Senator Murphy.

SENATOR MURPHY:

Mr. President I don't think that it really answers the question. The question, as I recall the Governor's statement, he indicated that the so called deficit had so be paid off in one year. Along with current expenditures in order for a balanced budget to be presented. As I understand the amendment offered by Senator Ives, it would not pay off the so called deficit in one installment i.e. with this particular budget. And my question is whether or not this is an acknowledgement that it is not necessary for a balanced budget to pay off in one year, this so called deficit.

THE CHAIR:

Senator Ives, if you wish.

SENATOR IVES:

Mr. President, I repeat the same answer. But basically when you see our amendment to the budget package, there are up dating from February 16 until the present date, which required a budget in excess of what the Governor submitted because of increased costs of fuel oil and other things which will cover them. Realizing this the, and that the discussions that took place, we decided that we can pay off half the budget this year. And the remainder in future years.

THE CHAIR:

Senator Cutillo.

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SENATOR CUTILLO:

Mr. President, a question through you to the honorable Minority Leader. Do we have a committment from the Governor that he would sign this tax package?

THE CHAIR:

Senator Ives.

SENATOR IVES:

You have a committment he will sign this tax package tonight if you'll put it through the House and send it to him.

THE CHAIR:

Senator Dupont.

SENATOR DUPONT:

Mr. President, I have a question also before I ask that question I would like to remark or say that as I understood the debate earlier tonight on Senator's Buckleys amendment, the Republican members of this circle felt that as of April 1, the Republican or Governor Meskill's tax proposals were no longer valid. And required updating, modification. But yet they were not updated or modified until we came here tonight. I think a lot of questions that members of the circle have already asked and will ask, coult it been avoided if this amendment, if it is a sincere amendment proposal. If it was presented to us at least a few days before tonight so that we would have had an opportunity to examine it and ask these questions, But I would like to ask Senator Ives, that if the so called deficit is not to be paid off, from this tax proposal, or only a portion of it is to be paid off, how the balance of it is to be paid off? Thats one question I would like to ask him Mr. President. And as part of that same question, I would like to ask him the various exemptions that he has kept in that were to be taken out of under the Governor's proposals what that amounts to in dollars and cents?

THE CHAIR:

Senator Ives if you wish.

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SENATOR IVES:

Mr. President, I don't know of an opportunity to present this amendment until this Democratic majority decided to take up the bill. And the first time was this evening and the amendment is before you. I don't know the answer to the second question. When the balance will be paid off. I think its anticipated it will be retired next year. This revenue package proposes to pay off half of it this year. And to include in the budget package when it comes up additional money for financing to the tune of five million dollars. Which would not have been a necessity if it had been paid off in one year. I don't have the figures and I am sure that the Senator if he would check the original Governor's budget message, would have the amounts of the exemptions still in.

THE CHAIR:

Senator Dupont.

SENATOR DUPONT:

Mr. President, I'm not sure that that question was entirely answered. It was my understanding from hearing the Senator when he waived the reading of this and presented this that certain exemptions with respect to the sales tax are to be retained under this new proposal. As opposed to the proposal of Governor Meskill, where these exemptions were to be taken out. Now it seems to me that there must be some estimates as to what these exemptions mean in dollars and cents. And that was my question.

THE CHAIR:

Senator Dupont, did he not answer that earlier in response to an inquiry from another member and said approximately a hundred million dollars.

SENATOR DUPONT:

A hundred million dollars. Thank you Mr. President. I still have another question and that is with respect to the tuition. I know that there has been a lot of talk in the newspapers and a lot of talk everywhere and a lot of correspondence

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with respect to tuitions. At state colleges and state universities. I would like to know from Senator Ives what his tax proposal or what this proposal he is presenting here tonight by way of amendment does with respect to tuitions?

THE CHAIR:

Senator Ives.

SENATOR IVES:

Mr. President, through you very simply, as I stated earlier, this is the original proposal. This would include the tuition charges that were in the Governor's original proposal.

THE CHAIR:

Senator Houley.

SENATOR HOULEY:

Mr. President, a question please, to the Minority Leader. I would ask what this provisions this amendment before us offers with reference to tuitions specifically by way of a cost estimate if imposed wherein this particular amendment has that been compensated for. And I'm referring specifically to students who might be receiving financial aid at our institutions of higher learning. What budgetary adjustment has been made on that account that the state would have to get up.

THE CHAIR:

Senator Ives.

SENATOR IVES:

Mr. President, the tuition charges would raise approximately thirty-six million dollars, 50% of which would be placed into the scholarship fund on a need basis. And so the net return to the state would be eighteen million dollars.

THE CHAIR:

Senator Dowd.

SENATOR DOWD:

Mr. President, a question to my distinguished colleague from the 19th and 29th. I heard tonight a very curious term. The term was the so called deficit. I would ask my distinguished

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colleagues from those two districts, what would they call a two hundred and sixty-one million dollar over-spending conceived in a Democratic House, concurred in by a Democratic Senate and fully implemented by a Democratic Governor. And I would further say to my distinguished colleagues, that if in fact we had a balanced budget for the last two years, we would not be here in the fiscal crisis, in the throws of this tax crisis where we are tonight. And I would remind you that the one hundred million dollars to which Senator Ives refers is precisely the numbers of dollars that are needed to pay off this "so-called deficit." To me gentlemen, it is not a so-called deficit, its a albatross as the Governor has said around the neck of the tax payers of Connecticut. Which we have a responsibility to face up to and I am proud that my party is doing just that tonight.

THE CHAIR:

Senator Caldwell.

SENATOR CALDWELL:

Mr. President, I'm not going to speak very long. I am extremely weary having spent countless days and nights in what turned out to be fruitless, supposedly secret meetings, to try and resolve this very problem, which confronts us here this evening. But in response to the good Senator from the 25th and several other members who were here two years ago. I say to them, as a former Chairman of the Appropriations Committee, they sure helped contribute to the deficit. Because they came pleading for bills for their constituents, bills that amounted to money. And were little concerned at the time with how the money was going to be raised, apparently. I would like to ask one question of Senator Ives before I sit down. And that is what provision is made in this amendment before us now for the state employees work week. Will it be 35 or 40.

THE CHAIR:

Senator Ives.

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SENATOR IVES:

Its based on a 40 hour work week.

THE CHAIR:

Senator Dupont.

SENATOR DUPONT:

I would like to just respond to the Senator from the 24th by way of another question. I would like to know what Governor Meskill has done with respect to the so-called deficit since he took office in January. I don't know as he's doing any better with regard to the deficit than his predecessor did.

THE CHAIR:

Senator Dowd.

SENATOR DOWD:

The Governor's response to the deficit situation is a matter of public record. As I am sure my distinguished colleague will recall, when he refreshes his memory a bit. It wasn't a Democratic Governor who stood before us on February 16th and called for the immediate imposition of a sales tax on April 1st. In his words "to try to cut down a deficit that was growing at that every moment." It wasn't a Democratic Governor who instituted a Tax Force to create efficiency and to route out inefficiency in our Government. It isn't a Democratic Governor who has been vetoing bills that he felt would contribute further to the fiscal chaos that we have today. We know who that Governor was. And I am proud to stand with him.

THE CHAIR:

Senator Buckley.

SENATOR BUCKLEY:

Mr. President, I won't take too much of your time or the time of the members of the circle. Where are the cries now of charade and play pens and shoot from the hip. We are considering now small variations on the amendment which I introduced to the Senate Amendment Sch. A. Where are all the crockerdile tears now and the impassioned speeches. They arn't here. I thank

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Senator Dowd for his comments, because his comments, to my hearing at least contradict the statements made by the Minority Leader. The Minority Leader said that the tax package which he has proposed in Senate Amendment Sch. D concerned a two hundred and forty million dollar deficit. Senator Dowd has enlightened us by saying its a two hundred and sixty million dollar deficit. Now I may be wrong in my hearing, but I thought thats what I heard said. That this deficit, now this twenty million dollars here that has not been explained. Theres no rational for it. Theres been no representations that this would balance the budget. We havent been given the figures. Theres no schedule on our desk on the revenues that might be generated from any one of the tax proposals. Mr. President, I associate myself with all of the remarks of my Republican coleagues in regard to Senate Amendment Sch. A concerning Senate Amendment Sch. D.

THE CHAIR:

Before you rise again, you know I have no power or wish to cut off debate. But up here you get a different view and some Senators have risen as much as six times. I just call that to your attention. I'm sure Senator Crafts will not be heard from. But I just thought I would call that to your attention before the lanky Yankee makes his move. Senator Murphy.

SENATOR MURPHY:

Mr. President, not withstanding the fluxiation in the budget deficit which we now realize, at least through this amend-ment can be paid off through a period of time. We really faced, when we come down to it, with a proposal from the Governor thats been amended which gives us the 7% sales tax. Which gives us the same increase in tuition. And the same 40 hour week for state employees. And while it might take into consideration some of the appropriations measures that were overlooked. We're still faced with the same three matters that many, if not all of us and especially I do, feel are really atrocious proposals and feel obligated to vote against them for that reason.

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THE CHAIR:

Will you remark further? Senator Houley, Senator Caldwell, Senator Crafts and Cutillo.

SENATOR HOULEY:

Mr. President, for the second and last time. I rise to oppose the amendment. I think its important, Mr. President, that we review precisely what this amendment says. And I would like to do that, it will take about one minute and a half.

It calls for a 7% tax, a sales and use tax. It calls for a 7% tax on domestic fuel. It calls for a 7% tax on children's clothing. It calls for a 7% tax on one's telephone bill. It calls for a 7% tax on one's electric bill. It calls for a 7% on one's water bill. It eliminates 7% on insurance premiums. It calls for a 7% tax on meals under a dollar. It calls for a 7% tax on magazine subscriptions. It calls for a 7% tax on the full value of motor vehicle purchases. It calls for a 7% tax on non professional services. It calls for a 7% tax on medicine. It calls for a 7% tax on the price of cigarettes. It calls for a 7% tax on gasoline. A tax on tax if you will, Mr. President. It calls for a 8% corporate tax. It calls for \$2.50 per \$1000. on the gross income on the manufacturer purchase and sale of tangible, personnal and real property. And on transportation of persons, goods and materials. It calls for a \$5. per \$1000. gross income on all other businesses including, doctors, lawyers, architects and engineers. It calls for a \$3 per gallon Alcoholic beverage tax. An increase from the existing \$2.50. It calls for an additional 2¢ per cigarette pack. It calls for a tuition increase of eighteen million dollars, which is in my opinion a direct breech with the faith of our young people. And it calls for no changes in the present taxes on our inheritance and and the real estate taxes, public service fund, insurance companies, medical service, corporation tax, admissions, capital gains and others. And yet we sit here, Mr. President, and earlier we heard that the Democratic proposals that are being offered here tonight

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are regressive. And I ask the question Mr. President to you and to members of the circle, if there is any more regressive tax than the one that I have just mentioned. Is there any more series of taxes that are more unfair to the people of this state. Are there any, is there any suggestion of taxes that in my opinion are more ludicrous than contained in the amendment that are before us. The amendment has said that there is a minor change. My final point is this Mr. President, if a hundred million dollar change between the Governor's original proposal in February and the proposal we have in this amendment is minor. Then perhaps I'm not hearing right. And I certainly urge the rejection of this amendment.

THE CHAIR:

Senator Caldwell.

SENATOR CALDWELL:

Mr. President, first of all, thank you for getting to me before you got to Senator Crafts, he's dangerous after eleven o'clock.

I just have one or two more questions to put to Senator Ives. It has come to my attention that the minority leader in the House of Representatives introduced a bill calling for an increase in ADM grants to the towns and the cities. I believe the figure was two hundred and twenty dollars or roughly thereabouts. Through you Sir, I would like to ask Senator Ives this first question whether or not this proposed budget includes these funds as suggested by the Minority Leader of the House of Representatives?

THE CHAIR:

Senator Ives.

SENATOR IVES:

Mr. President, through you, its the original program and they do not.

THE CHAIR:

One second question. Is there any provision in this amendment for any possible block grants to our towns and cities? And

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if so what amount?

THE CHAIR:

Senator Ives. Mr. President, the block grants would be covered in the budget. And I'll answer that when it gets here.

THE CHAIR:

Senator Crafts.

SENATOR CRAFTS:

Mr. President, members of the circle, I respectfully suggest to you one and all. That we have abused the trust of those people who sent us here. We have payed a game of charades here tonight. That is positively ridiculous as far as the voters of the state of Connecticut are concerned. There is no intent on either side of the isle. That this question would be resolved. You all knew what the answers were going to be before you came into this chamber tonight. And to sit here for two hours and listen to this kind of mullarkey is really insulting to me and very insulting to the voters of the state of Connecticut.

THE CHAIR:

Senator Cutillo, Smith and Petroni.

SENATOR CUTILLO:

Mr. President, a few words that have been bantied around this evening have been serious, and responsible. Responsibility and seriousness. I don't hear much of these words, concerning this amendment. The fact of the matter is, this is an irresponsible amendment. And it cannot be taken seriously. If in fact, we are abusing the trust of the people who put us here, Mr. President and members of the circle, we have been overshadowed by the abuse the Governor has given to us February 16th. Now I had offered earlier Amendment A, to vote with the Republicans if they supported their Governor's budget. And up to this point on this amendment, I haven't seen a Republican stand up and support this particular amendment. I'd like to ask what do you support? I haven't seen any uniminity whatsoever. You knocked out the Governor's budget by a unanimous vote. I offered to

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support you. What is there therefore, Mr. President, I ask that the Republican do you want in this session? The Republican Governor has put forth a budget. Its been defeated, this is only a part of it. A sorry facsimilie. Mr. President, I submit to you that this amendment is not serious, is not responsible. And is proportionate with the Governor who has lead us to it.

THE CHAIR:

Senator Smith.

SENATOR SMITH:

Mr. President, I rise to oppose the amendment. I agree with Senator Cutillo's remarks. The only one who has gotten up to support this amendment, in fact, has been the Minority Leader Senator Ives. The other colleagues from the other side have only gotten up simply to make remarks. Made by some other of the Senators, or to answer questions. Now I would simply transfer the remarks that were made earlier to the Amendment by Senator Buckley, that games were being played. I can shorten my remarks by simply joining in the remarks just lately by Senator Buckley in questioning whose playing the games now. On the other amendment, when I spoke I pointed out that the only package I saw in the files, that which is being proposed by the Democratic party, in this circle. And the amendments that were offered by the Democratic party was made to the Democratic party proposal. I point out once again in this circle, that no bill appears in the file having come from the Republicans. Its simply an amendment which is tacked on to a bill which has been in the file for weeks. And ascertaining from the clerk is approximately 50 pages. And I counted the lines, its 1603 lines. And yet it would be proposed here that we are supposed to vote on it. Sight unseen, simply on the words of someone that is suppose to be what the Governor has said, he wants. Its been customary, at least to have in the file such a worthy amendment. And if its as important as is being presented before this body, this amendment should not have been an amendment, it should have

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been a bill. And it should have been in its file so that it could have been studied thoroughly. I join in the remarks made by the minority leader himself, when he got tired of the reading of the amendment. And rose and said we've had enough.

THE CHAIR:

Senator Petroni.

SENATOR PETRONI:

Mr. President, members of the circle, as I've listened to the debate this evening. I'm more convinced that the issue of raising taxes is and always be a difficult task. And may it always be that way. But I don't think its going to be easier next week or the week after. Therefore, I am prepared to vote for the amendment tonight. And the bill tonight. And get through with the business of the state of Connecticut tomorrow at 12,

THE CHAIR:

The day after tomorrow.

SENATOR PETRONI:

Pardon me. The day after tomorrow. Senator Ives.

SENATOR IVES:

I am really only talking for the second time. The rest of the time was answering questions.

THE CHAIR:

Agreed, it just seems like 7 times.

SENATOR IVES:

Very briefly, Mr. President, to comment on two items. Senator Houley said that this amendment includes medicine. It does not. And Senator Smith said that this important amendment he had never seen before. Well if he had been at the Finance Committee when the bill was presented he would have seen all of it, but the four exemptions which we have removed. And so I say that it has been presented to this Legislature a long time ago. And he hadn't taken the time to look at it. I'll close by saying once more that if you think this amendment is a fraud or a sham, vote for it and lets see whether Governor Meskill will sign it.

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THE CHAIR:

The question is on the amendment, will you remark further?
Senator Smith.

SENATOR SMITH:

Mr. President, simply for the record. There is no way in the world we could have seen that amendment which is being proposed here. We have no way in the world of knowing that this is the same one which was proposed to the Finance Committee, or the same one that the Governor claims he proposed. Or the same one that the Minority Leader is claiming has been modified and updated before this body. It is not in the file, it is being proposed as an amendment to the Democratic Tax Proposal which has been in the file.

THE CHAIR:

The question is on the amendment, will you remark further?
Senator Ives.

SENATOR IVES:

Mr. President, when the vote is taken, I move it be by roll call.

THE CHAIR:

A motion has been made for a roll call. That makes it easier for the Chairman. A motion has been made for a roll call. All those in favor signify by saying aye. AYE. Opposed nay? More than 20% having moved a roll call will be ordered at the appropriate time. Will you remark further?

The question is on the amendment, Senator Burke.

SENATOR BURKE:

Mr. President, I wanted to rise just to make a little correction. By looking at the clock it is 12:30 a.m. And somebody said we are going to do this the day after tomorrow.

THE CHAIR:

Senator Petroni was correct, he said tomorrow night. In a sense it is now Tuesday, I stand corrected. The Clerk has already pointed that out.

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THE CHAIR:

The debate has seemed so short to me I didn't realize it was midnight already. Senator Murphy.

SENATOR MURPHY:

Mr. President, we've heard a lot about charade and playing games here tonight. It really seems to me that we've been playing hide and seek. I think the minority party in many respects has been playing hiding. And now we're on a roll call. And we're going to find out really who is for the 7% tax, the sales tax. Who is for the increased tuition. And who really is going to support the Governor in his across the board 40 hour work week for state employees.

THE CHAIR:

Will you remark further? If not, Senator Power.

SENATOR POWER:

Mr. President, I would just like to point out that we're not hiding. We're seeking solutions to the fiscal mess.

THE CHAIR:

Will you remark further? Senator Rudolf.

SENATOR RUDOLF:

Mr. President, members of the Senate, just briefly I would like to point out, that Senator Smith does in fact represent a number of people who would like to attend our institutions of higher learning. I can't believe that you would vote to take away this opportunity, this tuition raise in order to provide them with a higher education goal that they seek.

THE CHAIR:

Gentlemen, don't you think we have fairly well beat this, Senator Smith.

SENATOR SMITH:

Mr. President, I rise on a point of personal privilege. I don't see how in the world anyone of any reasonable intelligence can ask one individual in this circle whether or not they would not vote or against a certain measure. I think the Governor's

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Tax Proposal, my opposition to it sir, is the Governor's tax proposal is one of the most outrageous tax proposals ever submitted to an intelligent people. Without regard for class. Without regard for race, color, creed, national origin, sex or whether or not they happen to be polka dotted. It is a miserable tax proposaal. And I think that your same remarks could be referred to everyone else here, only to the contrary.

THE CHAIR:

Will you remark further? I dare not ask? An immediate roll call has been ordered in the Senate. Start immediately Mr. Clerk.

Senator Crafts.

SENATOR CRAFTS:

Mr. President, I would ask the Clerk to poll Senator Jackson one more time, I heard three voices answer when he replied and Senator Jackson happened to be right behind my chair at the time.

THE CHAIR:

I think its a fair question. I did not get the response. Would you treat him as absent and call him again.

Did you hear this time. It was no.

Results of the roll call on Senate Amendment Sch. F offered by Senator Ives on S.B. 1186.

Whole number voting.....	35
Necessary for passage.....	18
Those voting YEA.....	17
Those voting NAY.....	18

The amendment is defeated.

THE CLERK:

The Clerk has no further amendments.

THE CHAIR:

Senator Cutillo.