

Tax system hurts poor, 4504AG middle income

By PETER VILES

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HARTFORD — State and local taxes in Connecticut are too hard on the poor, too easy on the rich, and have been getting even more unfair in recent years, according to a new study by a national group.

The report, released Monday by Citizens for Tax Justice, found that low-income families pay 2½ times as much of their income in state and local taxes as the most affluent families pay.

The group said poor families in Connecticut pay 16.5 percent of their income in state and local taxes, the fourth-highest rate of any state in the nation.

The report also said Connecticut's state and local tax systems grew even more unfair over the past six years, when the state's richest citizens — those making \$1.3 million per year or more — got a 12 percent tax cut while poor and middle-income families



paid more.

Connecticut, the group reported, "had the dubious distinction of raising taxes on 95 percent of their families, while cutting taxes on the top 1 percent of their citizens." The same was true of only six other states, the group said.

"The problem is over-reliance on regressive sales and excise taxes rather than on a progressive, pay-by-ability income tax," said Robert S. McIntyre, director of the group, which is financed by labor, church and social groups.

At the Capitol, lawmakers supporting a state income tax cited the CTJ study as proof that Connecticut needs to overhaul its tax system to shift burden from the poor to the wealthy.

"The sooner Connecticut enacts an income tax — and not a flat-rate or loophole-ridden fake, but a true progressive income tax — the better," McIntyre said.

Also Monday, a business-backed government watchdog group released its analysis of the Connecticut tax system.

That group, the Connecticut Public Expenditure Council, pointed out that Connecticut's business, sales and local property taxes are all among the highest in the nation, whether measured absolutely or as a percentage of income.

"There is no evidence that Connecticut residents are undertaxed," the CPEC said, adding that the total burden of state and local taxes should not be

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significantly increased even if it is shifted from one income group to another.

When all state and local taxes are added together, they average \$2,504 per person, the third-highest per capita level in the nation after Alaska (\$3,922) and New York (\$3,052) the CPEC said. But when expressed as a portion of each \$1,000 in personal income, Connecticut's state and local taxes average \$109 per \$1,000 earned, or the 34th-highest in the nation, the CPEC said.

The group pointed out, however, that Connecticut taxpayers pay more in federal taxes than residents of any other state — \$6,266 per person and \$272 of every \$1,000 earned. The national average is \$3,881 per person and \$238 per \$1,000 earned, the CPEC said.

The Citizens for Tax Justice study did not place Connecticut among the "Terrible Ten," the 10 states where local and state

taxes hit poor and middle-income families hardest compared with the rich.

But when states were ranked according to the highest taxes on the poor, Connecticut came in with the 4th highest taxes, at 16.5 percent of income. Only Washington (17.4), Texas (17.1), and Nebraska (16.9) were higher.

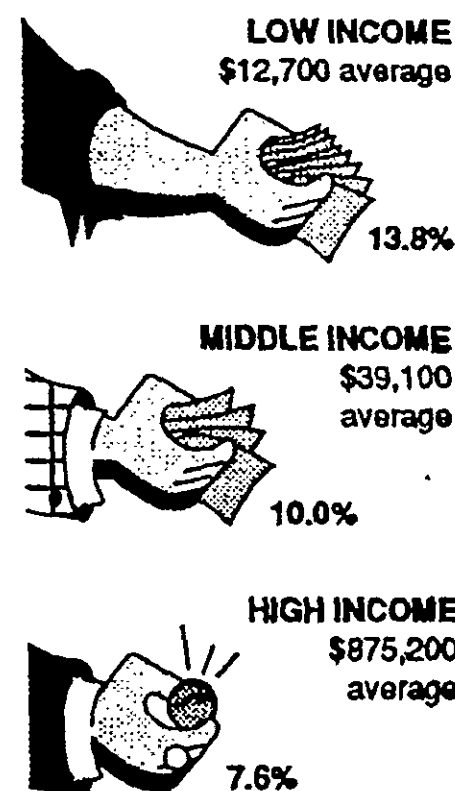
The national average for poor families was 13.8 percent, CTJ said.

The CTJ study reported that middle-income families in Connecticut pay 9.5 percent of their income in state and local taxes, slightly below the national average of 10 percent. Twenty-six states tax the middle class more heavily, led by New York at 13.9 percent, the study found.

The wealthiest 1 percent of state residents — those who make \$1.3 million or more per year — pay 6.7 percent of their income in taxes, CTJ found. That is less than the national average

Tax Inequity

Percentage of income spent on state and local taxes nationwide, for families of four.



Source: Citizens for Tax Justice

AP/Alan Baseson

of 7.6 percent, but 16 other states tax their wealthy at a lower rate, the study found.