Mid-Year Review
SUMMER 2021 | ISSUE 3

YANKEE INSTITUTE

THE TCI Success

Post-Mortem Review of Yankee's TCI Education Effort

THE FITCH Files

The Year's Top Trending Reports

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Letter From The President

Connecticut resident Mark Twain once famously noted,

"No [one]'s life, liberty, or property are safe while the legislature is in session."

Given too much of what's come out of Hartford in recent years, I'm inclined to agree!

Now that the legislature has adjourned, however, and the year's approaching its midpoint, I wanted to reach out to update you on our work together. Despite the proliferation of tax-and-spend politicians in the Capitol, the session was considerably less destructive than it might have been. There were no major tax increases – and with your partnership and support, we defeated the Transportation Climate Initiative (TCI). Doing this meant we beat close-to-overwhelming odds and stopped a gas tax that could have cost up to 17 cents a gallon!

Our successes were not only defensive. As you'll see, Yankee Institute advanced legislation promoting education scholarships for disadvantaged children financed through tax credits; our investigative journalism continued apace; and soon we'll have released two important studies: one about Connecticut's income tax and the other proposing the elimination of our state's corporate sales tax.

None of this would be possible without you. So please take a moment to browse the enclosed papers – and accept our deepest thanks for the lives you're changing for the better across our beautiful state.

Best regards,

Carol Platt Liebau

Carol Platt Liebau

P.S. I hope to see you at our gala on November 13!

2021 Legislative Session

Let's start with the good news: The General Assembly rejected Governor Lamont's plans to enroll Connecticut in the Transportation & Climate Initiative (TCI), a compact with Massachusetts and Rhode Island that would have resulted in a significant new tax on gasoline and diesel fuel.

TCI's defeat came only after Yankee Institute sounded the alarm about it beginning more than a year ago. As its most prominent and consistent critic, Yankee apparently got under Governor Lamont's skin—in a backhanded compliment to our effectiveness, he denounced our work by name at a spring press conference!

Since 2019, Yankee's investigative journalist, Marc Fitch, had been writing about TCI and its potential effects on Connecticut taxpayers and businesses. More recently, Yankee drove public opposition to the initiative by demonstrating that its proponents were wrong in claiming that TCI funds would be shielded from misuse; worse, Governor Lamont planned to keep them outside the constitutional lockbox approved by voters in 2018. Throughout, Yankee educated drivers about TCI with an innovative campaign of radio ads aired at more than 1000 gas pumps and over 135 gas station throughout the state.

Yankee Institute simultaneously defended Connecticut's people against a host of outrageous new tax proposals pushed by a coalition of public-sector unions and other left-wing interests. Even as Hartford was flush with cash from the federal government—and holding sizable cash reserves—the left demanded a second income tax, a surcharge on capital gains, and a new statewide property tax!

In demonstrating the folly of such an approach, Yankee provided state data showing how recent personal income tax hikes and the federal cap on state and local tax deductibility had prompted many of the state's top earners to shift their residences to other states. To his credit, Governor Lamont listened to reason and resisted pressure from legislative leadership, which had endorsed much of the tax plan. He declined to sign his party's proposed tax increases into law.

Consistent with its longstanding commitment to equal opportunity for all, Yankee Institute was outraged by the teachers' unions' efforts to keep schools closed—particularly given the negative impact on our state's most vulnerable children. Searching for innovative solutions, Yankee proposed a way to connect high-need families with scholarships through an income tax credit reimbursing taxpayers for almost all their contributions to K-12 scholarship programs.

In a March hearing, Yankee marshaled national experts, community activists, school leaders, and families who had benefited from existing scholarship programs to share the benefits of parent choice in education. The proposal attracted co-sponsors across the political spectrum, demonstrating that the need and desire for school choice stretches to every corner of the state. We are dedicated to advancing this initiative when the legislature reconvenes in January.

Scan To View Report

Yankee In The News

Public Employee Unions Serve Despite COVID

Opposing raises for state employees, Carol Platt Liebau employs a strategy of divide and conquer.

Now Teachers Unions Face a Remote Threat

Why did Randi Weingarten pull an about-face? Because not all parents would choose in-person learning.

TCI Runs Out of Gas Thanks to Yankee Institute

Yankee Institute stops green energy scheme in Connecticut.

Website Updates

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January 1, 2021 – June 30, 2021

↑ 6.5%
Website Users' Pages Per Session

↑ 32.8%
Average Session Durations From Paid Digital Campaigns

↑ 66.2%
Website Traffic Directed From Newsletter Emails

How Yankee Institute Defeated The Gas Tax

The Transportation Climate Initiative

How Yankee Institute defeated the largest gas tax proposal in recent history

The Transportation & Climate Initiative (TCI) is a proposed agreement between more than a dozen Northeast states and supported by powerful special interests. If Connecticut had joined the pact, TCI could have added up to 17 cents more per gallon of gas and cost Connecticut drivers an extra billion dollars over ten years.

Yankee Institute was able to pioneer a three-year plan for its defeat (Fall 2019-June 2021), despite going up against powerful, radical environmental groups. **This is our story.**

OCTOBER 2019

1ST TO SOUND ALARM

Yankee sounds the alarm before anyone else that TCI is a new gas tax, setting the narrative early.

HEARD AT THE PUMP

Yankee meets consumers at the gas pump by producing a 30-second audio ad to play while consumers fill their gas tanks at stations across CT.

1ST TO REACH LAWMAKERS

Yankee mobilizes supporters to contact state lawmakers and they learn about TCI from our advocates first. When Gov. Lamont officially signs onto the TCI Memorandum of Understanding, Yankee has already set the terms of debate.

MYTH BUSTING

Gov. Lamont submits legislation that would bind CT to TCI regardless of who is governor. As a result, Yankee kicks social media efforts into high gear by launching a Myth v. Fact series, debunking the proponents' false narratives about the TCI.

MARCH 2020

MESSAGING VEXES GOVERNOR

Frustrated at Yankee's effectiveness in exposing TCI for what it is, a "gas tax," Gov. Lamont breaks from script during a state press conference by saying, "Don't listen to what Yankee said [about TCI]." This only draws more attention to our message.

VIDEO REVS UP ATTENTION

Yankee releases an animated video titled "Say No to TCI," educating the public and prompting them to use our site's to "Take Action" feature.

JOURNALISM DRIVES IT HOME

Yankee's publishes two critical, tide-turning stories:

"The business coalition led by oil giant, BP, was interested only in profiting off the TCI gas tax's impact"

"TCI proponents lied about how the proceeds would be handled".

JUNE 2020

THE LAST LAP

Hartford fails to muster the 18 votes needed to pass TCI, forcing Gov. Lamont to signal defeat. But a special session threatens to reintroduce it. TCI's major proponents use a last chance radio blast to bemoan how opponents, led by Yankee, had succeeded in describing it as a tax. Special session ends with no vote and the threat of a gas tax is gone.

Lessons Learned

Define the Debate on Our Terms → Be Ready with Advocates → Investigative Journalism Matters → Keep Pressure Strong Throughout = **Policy Victory**

By The Numbers

1,397 Increase In Owned Audience (Yankee Supporters)

779 New Email Subscribers

618 New Advocates Sent Messages To CT Lawmakers

348 Re-engaged Advocates Sent Messages To CT Lawmakers

3,080 Anti-TCI Messages Submitted To CT Lawmakers

203 State Officials Received Anti-TCI Messages

1,003,912 Impressions Served Across Social & Digital Advertising

2,669 Clicks Delivered Across Social & Digital Advertising

79.54% Of Campaign Page View From New Site Visitors

15 Articles Written By Yankee's Investigative Journalist

17 Non-Yankee Media Hits Featuring Yankee Experts

1,000+ Pumps At Gas Stations Played TCI Ad For Two Years

54+ Radio Interviews Featuring Yankee Experts On TCI

Connecticut Signs Onto Tax Fight Against Massachusetts, New York In Lawsuit Targeting Telecommuters; Over $400 Million At Stake

January 11 , 2021

If you live in Connecticut but work in New York, you end up paying income taxes in New York and receiving a credit from the state of Connecticut, known as the convenience rule. But what happens when a pandemic causes people to start working remotely from home?

That is the chief question in a lawsuit filed with the U.S. Supreme Court between the State of New Hampshire and the Commonwealth of Massachusetts, as New Hampshire seeks to block Massachusetts from imposing a "temporary" measure that would tax New Hampshire residents who are now working from home.

Connecticut and New Jersey have both signed onto an amicus brief in support of New Hampshire, but their chief target is likely not Massachusetts but rather New York, where tens of thousands of their residents previously commuted to work before the pandemic.

At stake is billions in tax revenue at a time when states are facing massive budget deficits brought on by the COVID-19 pandemic and the closure of businesses.

Although New York is not a named defendant in the suit and has yet to file an amicus in support of Massachusetts, a court decision in favor of New Hampshire would put a big hole in the Empire State's budget.

"Based on 2020 work-from-home rates with an estimate range of 44 percent to 57.7 percent, Connecticut may credit residents anywhere between $339 million and $444.5 million for income taxes they paid to New York, and $48.2 million and $63.2 million for income taxes paid to Massachusetts," the brief says.

For New Jersey the income tax credits range past $1 billion per year.

"We do not believe that other states should tax Connecticut residents on income they earn while living and working from home or at an office in Connecticut," wrote Elizabeth Benton, communications director for Connecticut's Office of the Attorney General, in an email.

According to the brief, New York has already "made clear" that non-residents working from home due to the pandemic will still be taxed as if they worked those days in New York, noting that before the pandemic "up to 78,000 Connecticut residents" of Connecticut traveled to New York for work.

Connecticut likewise taxes nonresidents who work in the state if their home state has a similar tax, but the fact that Connecticut signed on to support New Hampshire rather than Massachusetts likely means Connecticut is losing far more revenue to residents working in New York and Massachusetts than vice-versa.

With the Metro-North train lines largely empty and employers normalizing telecommuting, the results of this lawsuit – if taken up by the Supreme Court – could have massive and long-lasting impact on state budgets.

According to the Tax Foundation, seven states, including Connecticut, impose a "convenience of the employer" rule – essentially taxing the employee based on where they work, not where they live.

The Tax Foundation warned that during this time of telecommuting, some residents could end up facing double taxation as a state – like Connecticut – may count working from home in Connecticut as working in the state, while New York counts working from home in Connecticut as working in New York.

Edward A. Zelinsky, a professor of law at the Benjamin N. Cardozo School of Law at Yeshiva University, has also filed an amicus brief with the Supreme Court in support of New Hampshire.

"Massachusetts cannot constitutionally tax New Hampshire residents working at home just as New York's equivalent taxation of remote working Connecticut residents is unconstitutional," Zelinsky said in an email.

Zelinksy, a Connecticut resident, sued the State of New York in 2003 claiming they could not tax all of his income because he spent half the year working in Connecticut. His lawsuit was struck down by the New York Court of Appeals and the Supreme Court at the time declined to take the case.

Since then, Connecticut congressmen, including Sen. Chris Dodd, Rep. Chris Shays and Rep. Jim Himes have repeatedly introduced legislation to address the issue, but the matter has never been addressed by Congress.

But if the Supreme Court takes up this case and New Hampshire is successful in its challenge, it could reset the tax tables in a big way for all states involved, particularly during the pandemic and post-pandemic recovery period.

New York, always aggressive in collecting tax revenue, is currently facing a budget deficit of $8 billion in just this fiscal year alone, while Massachusetts faces a budget shortfall that ranges from $2.7 billion to $5.3 billion. Neither state has enough reserve funds to bridge the gap.

Likewise, Connecticut is looking at a $4.3 billion deficit for the next biennium, New Jersey has a nearly $6 billion single-year deficit and New Hampshire is looking at an $80 million deficit for fiscal year 2021.

New Jersey has already raised taxes on its wealthy residents and corporations, while the governors of New York, Connecticut and Massachusetts have thus far avoided talk of tax increases, despite urging by labor and progressive coalitions to tax the rich.

New Hampshire – the "Live Free or Die" state – does not impose a state income tax on its residents, so the fight against Massachusetts's attempt at an — albeit temporary — revenue grab may be more ideological in nature.

New Hampshire Governor Chris Sununu announced the lawsuit, saying Massachusetts is trying to balance its budget on the backs of 80,000 New Hampshire residents who previously worked in Massachusetts but are now largely forced to work from home.

"We're going to fight this unconstitutional attempt to tax our citizens every step of the way," Sonunu said. "And we're going to win."

Andrew Cline, president of the Josiah Bartlett Center for Public Policy in New Hampshire, welcomed Connecticut's support.

"It's helpful to have Connecticut join New Hampshire in arguing against unconstitutional cross-border taxation before the Supreme Court," Cline said. "Connecticut should have filed this challenge decades ago."

The lawsuit was filed in U.S. Supreme Court because the claims "are serious and of national importance, and there are not sufficient alternative fora to hear them," the brief states.

The states of Hawaii, Iowa, Texas, Ohio, Arkansas, Indiana, Kentucky, Louisiana, Missouri, Nebraska, Oklahoma and Utah have also joined in support of New Hampshire.

Big Tax Incentive Package For Data Centers Being Fast-Tracked Through Legislature

February 23 , 2021

A bill that would award a massive tax break to data centers is being fast-tracked through the Finance, Revenue and Bonding Committee and will receive emergency certification for a vote in the House of Representatives on Wednesday, according to sources.

An Act Concerning Incentives for Qualified Data Centers was the lone bill considered at a public hearing today before the Finance Committee and would offer up a data center up to 30 years of paying no property tax or sales tax, depending on the size of the company's investment.

In order to receive the tax breaks the data center must be located in an enterprise zone or a federally recognized opportunity zone. Opportunity zones were created under the Federal Tax Cut and Jobs Act of 2017 and allows preferential tax treatment in economically distressed areas.

Under the terms of the legislation, the company would provide a set payment to the municipality, which would be negotiated between the company and the town or city.

But the rush to pass this bill, which sources indicate is coming from the Governor's Office and Department of Economic and Community Development, hints that state officials have a specific project in mind the bill would apply to.

Sen. Heather Somers, R-Groton, has been pushing for data centers for years and offered testimony in support of the bill, saying it would help create jobs and pull Connecticut out of economic trouble brought on by the pandemic.

"Qualified data centers are an explosive job growth industry and this industry needs people to fill the jobs it is creating," Somers said in her written testimony. "As we emerge from this pandemic, we must pass policies which help get the people of Connecticut working in good-paying jobs."

The bill also received support from Sen. Cathy Osten, D-Sprague.

"Incentivizing qualified data centers to locate or expand in our state is just one piece to a much larger economic development strategy," Osten wrote in her written testimony. "In addition, I believe any agreements by and with municipalities must be sanctioned by them prior to said agreements becoming effective."

Commissioner of the Department of Economic and Community Development David Lehman said that data centers represent a growing industry with economic benefits. "We feel Connecticut should be taking part in the opportunity," Lehman told committee members and said that data centers could create thousands of direct and indirect jobs.

Lehman said there are upwards of "thirty states" that enable tax breaks for data centers.

"This is truly a market where if you don't have legislation that makes it very clear as it relates to sales and use tax abatement, how property taxes work, you're not going to have the investment," Lehman said. "We're trying to enable an industry here."

Lehman said the legislation represents potential for "significant grand list growth" and significant job growth through hundreds of millions worth of construction.

Lehman floated the idea that stock exchanges could potentially see Connecticut as a new home with the addition of data centers because states like New York and New Jersey are considering a financial transactions tax, which taxes stock and bond sales.

"New York and New Jersey may still implement [a financial transaction tax], that's what started the conversation with the exchanges," Lehman said, adding the threat of a financial transaction tax is driving business away from those states.

"When you have a moveable, transferable business I don't think its a good idea to tax them," Lehman said. "In layman's terms, if you tax someone who can leave, they leave."

New York has a tax on stock transfers and New Jersey is currently considering a financial transactions tax.

Anders Franzon, General Counsel for the Members Exchange based in New Jersey and Director of the Coalition to Prevent Taxing Retirement Savings, says his coalition was impressed by Gov. Ned Lamont's pitch for Connecticut and are considering relocating to Connecticut because the legislation would prevent a financial transactions tax.

"Given the massive investment we expect to make to relocate, I believe the number one criteria for us is to be comfortable we will not face the same issue in the future," Franzon said. "While I cannot speak on behalf of the coalition as a whole, or deliver a decisive response now as to whether, when or where we will move, I am confident in saying that if Connecticut passes this legislation, the number one criteria for our decision making process will have been addressed."

The bill is also supported by the Norwich Building Trades union, the Insurance Association of Connecticut, the International Union of Operating Engineers, President of the Chamber of Commerce of Eastern Connecticut Tony Sheridan.

Joseph Toner, president of the Hartford-New Britain Building Trades Council, advocated for project labor agreements for data centers being built in Connecticut under this legislation.

Randy Collins of the Connecticut Conference of Municipalities supported the bill but expressed concern that the property tax exemption should be modified in the contract if the company begins to buy up more property in the municipality.

CCM also said that the municipality should be allowed to start taxing the property if the company does not live up to its end of the bargain by making its payment to the town or city.

The large-scale tax breaks for upwards of 30 years could prove daunting for some municipalities, however, Collins warned.

Several Finance Committee members expressed concern that state legislation would mandate property tax breaks at the municipal level, including water and sewer costs.

Lehman said the legislation would be quickly updated to offer protection for municipalities.

Getting a major data center investment in Connecticut was listed by UConn's Connecticut Center for Economic Analysis in their report on Connecticut's long-term pandemic recovery outlook.

"The sectoral and occupational data argue strongly that Connecticut essentially disengaging from the data-drive, digitally dependent modern economy after 2008, becoming the Florida of the northeast, focused on low-skill, low-wage tourism, hospitality, and logistics," the CCEA report said.

UConn Finance Professor and head of CCEA Fred Carstensen said this is a "very important bill" due to Connecticut's poor economic performance over the past ten years.

"We disconnected from the data driven digitally dependent modern economy," Carstensen said. "And that is very much what this bill looks to correct."

Carstensen added that since this would be a policy rather than a focused tax abatement for one business, it could benefit numerous data companies who may move into Connecticut.

The location of the data center would not only depend on opportunity zones but also on the electric grid. Data centers use a tremendous amount of energy and therefore sources indicate the data center would likely be located in a municipality that controls its own electric utility rather than tapping into Eversource or United Illuminating.

Municipal electric grids are far cheaper due to fewer fees. Towns like Groton, Wallingford and Norwich maintain their own municipal electric utilities.

"The state is not known for low cost power," Lehman said. "I think it will be up to whether it's the municipal utilities or up to Eversoure or UI to make calculations as to what is the cost of generation, think about their fixed costs, overall infrastructure and grid maintenance and I think that's going to be a negotiation."

However, Connecticut's history of giving tax breaks, loans and grants to major businesses has been mixed.

Gov. Dannel Malloy's First Five Program awarded hundreds of millions to businesses like Alexion Pharmaceuticals who subsequently left the state (and repaid their loan) and ESPN who subsequently laid off employees after receiving support to increase jobs.

Lehman said the DECD will create a special liaison to ensure the data center developer holds up its half of the agreement for the tax abatement.

Although there is not an agenda yet, it is expected the Finance Committee will vote on the bill during their meeting on Wednesday morning and then sent to the House for a vote later in the morning.

Meghan Portfolio contributed to this article

House Passes Data Center Bill Under Emergency Certification

February 24 , 2021

A bill granting up to 30 years of property and sales tax exemptions for data centers in Connecticut passed in the House of Representatives 133-13 under an emergency certification.

Although the legislation has been in the works for years, the sudden rush to pass the bill may have to do with New Jersey's idea to raise nearly $10 billion in revenue by taxing financial transactions.

New Jersey hosts data centers for major stock exchanges and financial companies, but the data centers also act as a point-of-sale for stock trades and would be subject to the New Jersey tax.

Rep. Sean Scanlon, D-Guilford, said that passing the bill meant Connecticut could remain competitive with other states and capitalize on New Jersey's financial transactions tax — although it's unclear if New Jersey has actually passed the tax legislation.

"They have enacted a financial transactions tax in the state of New Jersey and, that is correct, that is part of why that language is in this bill, to make us more competitive compared to our neighboring states," Scanlon said.

The bill introduced to the New Jersey legislature immediately sent stock exchanges moving their data transactions to their other data centers in Chicago, but, according to reports, they may not be safe from a financial transaction tax in Illinois either.

According to Data Center Knowledge, Illinois has also considered a financial transactions tax in the past.

Testifying before the Finance, Revenue and Bonding Committee Tuesday, General Counsel for the New Jersey-based Members Exchange Anders Franzon said Gov. Ned Lamont's proposals met all their criteria for bringing their data centers to Connecticut and that his industry needs assurance they can have a home for decades without facing a transaction tax.

Not only does the bill award no property or sales taxes for construction and operating of the data centers, but the legislation also exempts the data centers from a financial services tax if one were passed in the future.

Scanlon said the sales tax exemption is necessary because data centers are very expensive to build and maintain and often require new equipment to be purchased every few years to keep up with technological advancements.

Construction of the data centers would require between 1,000 and 1,500 construction jobs, although the data centers, once built, would employ between 50 and 75 jobs.

"This is a job of the future," Scanlon said. "There's not many jobs in the actual facility but the ancillary jobs connected to it and what a facility like this could mean for some of our cities and towns in Connecticut is extraordinary."

The bill received bipartisan support with Democrats remarking on the opportunity to bring a new industry into the state and Republicans remarking that it could help stimulate Connecticut's troubled economy.

"Connecticut has seen economic growth of .6 percent over the last several years," said. Rep. Holly Cheeseman, R-East Lyme, who supported the bill. "This is an industry that will put Connecticut on the map in terms of jobs, in terms of importance."

"Obviously, if we were to become the hub of data centers in the United States I think it would be yet another thing that Connecticut would be very proud to have here as talk about what the 21st century Connecticut economy is going to look like."

Gov. Lamont applauded passage of the bill in the House of Representatives.

"Data centers are the backbone of the digital age, and with this growing need we are witnessing a significant period of national growth to build these infrastructures and create the corresponding jobs that support their operations," Lamont said. "Connecticut needs to get in the game and bring this industry to our state. This is a once-in-a-generation opportunity to show the technology industry that Connecticut supports this sector and we welcome their development in our state."

Connecticut Has The Most Unionized Public-Sector Workforce In The Country, According To Report

March 18 , 2021

Nearly 75 percent of Connecticut's public-sector workforce is part of a union, according to new numbers released by Unionstats.com, making Connecticut's government workforce the most unionized in the country.

The figures derived from 2020 Current Population Survey by the U.S. Census Bureau show that 74.1 percent of Connecticut's state and local government employees are union members, beating out runner-up New York by four percentage points.

In total, only 18.4 percent of Connecticut's total workforce was part of a union, with 8.6 percent of the private sector, 22.4 percent of construction and 13.9 percent of manufacturing employees being unionized, according to the data.

Nationally, union membership has been on the decline. According to Unionstats' historical data, union membership across all sectors has declined from 23.8 percent in 1977 to 10.8 percent in 2020.

However, nationally, public-sector union membership has seen a slight uptick over the same time period, rising from 32.8 percent in 1977 to

34.8 percent in 2020. During that time the size of the public-sector employment also increased by more than 5 million workers.

In Connecticut, public-sector union membership grew from 62.9 percent in 1983 (the earliest state-specific statistics available) to 72.1 percent in 2020, while union membership in every other sector declined.

Union representation among Connecticut's state workforce, in particular, has been increasing as new agreements with labor have allowed for managers in Connecticut's state agencies to join labor unions, including assistant attorneys general, and other positions not previously unionized.

The Labor and Public Employees Committee also voted to pass a bill that would increase unions' access to new and existing employees.

Senate Bill 908 requires public employers to supply unions with public employees' contact information regularly, give union representatives access to new employee orientations, codify union dues authorizations into state law and force the employer to rely solely on the union as to who to deduct union dues from.

The bill is a response to the 2018 Supreme Court decision in Janus v. AFSCME, which ruled that public-sector employees could not be forced to pay union dues or fees as a condition of employment.

The Labor Committee, which is heavy with former union officials like Sen. Julie Kushner, D-Danbury, and Rep. Michael Winkler, D-Vernon, voted to send the bill to the Senate.

Ranking member Sen. Rob Sampson, R-Wolcott, remarked that he saw the legislation as "anti-worker" and said he will fight the bill on the Senate floor.

"What this bill does essentially is create a municipal mandate to require information be provided to unions at taxpayer expense, and it creates a set of rules that are completely one-sided in favor of the union against the employee," Sampson said.

Kushner disagreed, saying "I believe the most important aspect of this bill is to ensure that every worker has equal opportunity to hear both from the employer and from the union."

"While this bill does provide neutrality, that the employer should not influence an employee's view on this, it is really important that people have information from the union to really understand what it is about," Kushner said.

Previous iterations of the bill were passed by the Labor Committee in 2019 and 2020.

Other states with high public-sector union membership included New York (68.3 percent), Rhode Island (67.2 percent), Minnesota (61.5 percent) and New Jersey (59.2 percent), while South Carolina had the lowest public-sector union membership at 8 percent.

The average state government union membership across all states and Washington D.C. was 31.9 percent, according to the figures.

Unionstats.com was created in 2002 by Barry Hirsch of the Andrew Young School of Policy Studies at Georgia State University and David Macpherson of Trinity University's Department of Economics.

Tax Foundation: Connecticut Has Second Largest Tax Burden In The Country

March 22 , 2021

Connecticut has the second largest tax burden in the United States, according to a new report by the Washington D.C.-based Tax Foundation, which measured the economic impact of taxes on residents in each state as a percentage of their income.

Also known as "tax incidence," the study found Connecticut residents have an effective state and local tax rate of 12.8 percent and includes taxes paid by Connecticut residents to other states, such as an individual who lives in Connecticut but works in New York and therefore pays New York taxes.

New York had the highest tax burden in the country at 14.1 percent, while the national average was listed as 10.9 percent and, the authors note, slight changes can lead to dramatic shifts in the measurement of a state's tax burden.

Connecticut's position as having the second highest tax burden in the country has not changed since 2017 when the Tax Foundation began compiling the annual report.

"New York, Hawaii, and Connecticut have occupied the top three spots on the list since 2017," the report notes. "This may be partially attributed to high expenditure levels, which must be sustained by high levels of revenue."

According to the Tax Foundation's report, overall the average tax burden across all 50 states has decreased since from 11.7 percent in 1977 to 10.3 percent in 2019. Meanwhile, Connecticut's tax burden has increased from 12.1 percent to 12.8 percent during that same time period.

The report, however, comes as the Connecticut legislature debates whether to raise taxes on Connecticut's high-income earners, with an assortment of bills ranging from a statewide property tax on higher-value homes to increasing the state income tax rate for the top bracket and levying a surcharge on capital gains.

During a marathon public hearing before the Finance, Revenue and Bonding Committee that lasted all day and through the night, supporters of these tax proposals argued that Connecticut's tax structure results in lower-income families paying a higher effective tax rate than the wealthy.

Sana Shah of Connecticut Voices for Children, a public policy organization that has authored reports calling for increasing taxes on the wealthy, said Connecticut's current tax structure "contributes to economic injustice."

"Connecticut's regressive tax system decreases the amount of income that the typical household, especially those of color, can turn into wealth each year, which in turn contributes to rising wealth inequality and the racial wealth gap," Shah wrote in her testimony. "Further, by decreasing the amount of income and wealth available for the typical household to spend and boost economic demand, Connecticut's regressive tax system contributes to slowing economic growth."

Support for the increased taxes has been spearheaded by the Recovery for All coalition, made up of largely of labor unions and left-wing advocacy groups like the Connecticut Working Families Party.

Opponents argue that raising taxes on Connecticut's wealthy individuals will hasten the loss of high-income earners to low tax states like Florida. Connecticut has raised the top income tax bracket rate four times since the inception of the income tax in 1992.

Connecticut's tax department conducted its own tax incidence report in 2014 based on 2011 tax figures, which found families earning over $287,630 accounted for 25.5 percent of the state's tax burden, while those earning less than $47,948 accounted for 20.4 percent, but the effect of taxes on particular income groups varied.

Property and sales taxes, for instance, fell harder on low income earners, while the state income tax was heavier for middle and high-income families.

The Department of Revenue Services is supposed to produce a tax incidence report every two years, funding for the study has been continually stripped from the budget. The 2014 Tax Incidence Report, therefore, does not account for tax increases or their effects since 2011.

Despite major tax increases in 2009, 2011 and 2015, Connecticut's budget problems have persisted with regular deficits and, since the 2008 recession, the state has struggled economically, with some of the lowest economic, job and personal income growth in the country.

Although the latest call for tax increases are backed by the powerful progressive caucus of his own party, Gov. Ned Lamont has thus far said he does not support restructuring or increasing Connecticut's taxes.

Lamont's budget proposal left Connecticut's taxes unchanged and relies on federal pandemic relief and the legalization of recreational marijuana and sports betting to help bridge a budget deficit.

Connecticut also has over $3 billion in its budget reserve fund that Lamont is leaving largely untouched, barring any unforeseen cost increases or revenue decreases.

States like Alaska, Wyoming, Tennessee, Texas and Florida all ranked in the bottom ten states for tax burden, many of which do not levy a personal income tax or "do without a major business tax," according to the Tax Foundation study.

Connecticut's Overtime And Workers' Compensation Costs Outpace New York, New Jersey And Massachusetts

April 13 , 2021

The amount of money Connecticut expends on overtime payments and workers' compensation costs is outpacing its nearest neighbors, according to a report by the Boston Consulting Group.

The report, which looked for ways to make Connecticut state government more efficient, found the state is spending more on overtime payments as a percentage of payroll and has more generous workers' compensation rates than New York, New Jersey and Massachusetts.

Four state agencies – the Department of Correction, the Department of Mental Health and Addiction Services, the Department of Developmental Services and the Department of Emergency Services and Public Protection – account for most of Connecticut's $256 million in overtime costs.

The DOC, DMHAS, DDS and the Department of Children and Families drove most of Connecticut's $100 million in worker compensation costs, as well, the report found.

Overtime costs were found to be primarily driven by absenteeism, job vacancies, "sub-optimal scheduling," and statutes and labor regulations and, with the state expecting a surge of state employee retirements before June of 2022, the report warns overtime costs could grow.

"High spending on overtime is a major driver of the State's high fringe benefit costs," the authors wrote. "Addressing these costs must be a key objective for the state."

The report found Connecticut spends significantly more per payroll on overtime than New York, New Jersey or Massachusetts.

"Though the State's goal should not be to fully eliminate OT… the State must bring these costs more in line with neighboring states, such as Massachusetts and New York, where the levels of overtime for the same types of services are lower," the report says.

The consultants found Connecticut state employees' absenteeism rates "are high relative to the private sector and to other states' governments" and that family leave and sick leave "are significant drivers of OT."

The report noted a "vicious circle" of workers using approved paid family leave time to remain on the job but reduce their caseload "effectively shifting their work to colleagues who subsequently may suffer from burn-out."

"Many managers also observe a tendency of some workers to take sick leave around weekends or single days off, unnecessarily driving additional overtime needs without good cause," the report says.

But some of the problems with overtime are related to how shifts are scheduled, part of the labor rules outlined in Connecticut's collective bargaining contracts with state employee labor unions.

"Some 24/7 agencies are staffed by employees on 35-hour work weeks," the report said. "Given that those employees work 7-hour days, 3 hours of OT or overlapping hours are required every day."

Other examples of scheduling issues leading to overtime included requiring State Police to provide security for sporting events and overseeing fireworks displays; DCF employees taking time off early in their pay period and then making it up on the back end, which counts as overtime, and overtime scheduling and distribution being managed by employees in the same union as the employees receiving the overtime.

"There is also the opportunity for schedulers in the same bargaining unit to manipulate the process in favor of their friends," the report notes.

"Making changes to many of these rules requires bargaining with labor unions," the consultants wrote.

The report also found Connecticut's workers compensation is "far more generous" than other states and Connecticut state employees use workers compensation at a higher rate than neighboring states.

Seventy-six percent of worker compensation claims are for temporary disability, however under Connecticut statute, temporary disability benefits have no time limit, unlike Massachusetts, New York and New Jersey.

"One major factor in Connecticut's costs being higher than peer states is that Connecticut allows workers to receive lifetime benefits for temporary (partial and total) disability," the report notes. "Given the definition of 'temporary' disability, the State should match its peers and implement common-sense reform by time limiting these benefits, which constitute 76% of the total workers' compensation expenses."

Among their recommendations, the Boston Consulting Group wrote that Connecticut should pass legislation bringing Connecticut's worker's compensation benefits and limits in line with Massachusetts, streamline the hiring process to fill employee vacancies quickly and use a third-party administrator to monitor overtime usage, absenteeism and family leave.

"Establishing a Workers' Compensation/absenteeism/overtime 'Czar' would ensure there is a single office in the State monitoring these costs, which are larger than most agency budgets," the consultants wrote. "By assigning an individual to lead organizational and cultural transformation who can be held accountable to drive change, Connecticut can begin to address the issues."

Overtime payments and temporary workers' compensation payments are used in calculating state employee pensions.

The most recent retirement tier — Tier IV — reduced the amount of overtime that can be used toward calculating a pension payout by averaging the amount of overtime an employee earned over the course of their career, rather than relying on the three highest earning years.

Connecticut spent $234.9 million on overtime in 2020, according to the Office of Fiscal Analysis.

Connecticut State Employee Unions Get More Money From Fewer Members, As Lamont Signs Bill Meant To Bolster Ranks

June 8 , 2021

Over the weekend, Gov. Ned Lamont signed a bill into law that will allow government unions to have more access to new and current employees and enshrine union dues authorizations into state law.

Senate Bill 908 was fashioned as a response to the United States Supreme Court's 2018 ruling in Janus v. AFSCME that said government unions could no longer require public employees to pay a fee to a union as a condition of employment under their Freedom of Speech rights.

The Janus decision had an immediate effect, essentially stripping public-sector unions of millions in what were known as "agency fees" – a fee paid by an employee who did not want to join the union and pay full union dues.

The effect of the Janus decision on union membership, however, has been difficult to gauge. Agency fee payers were not considered members and while union officials condemned the decision, some said it turned out to be a "blessing in disguise," as public-sector unions attempted more outreach campaigns for new members.

According to data received under a Freedom of Information request, Connecticut's state employee unions have seen a decline in membership over the past year even as they take in more money.

As of May 2021, state employee union membership had declined by 1,254 employees, coinciding with a decrease in the state workforce of 785 employees who were part of a bargaining unit. Roughly 86 percent of state employees covered by a collective bargaining agreement are dues paying union members.

Only 57 percent of UConn graduate students who are part of the United Auto Workers union are dues-paying members and only 67 percent of UConn faculty were paying dues.

Other bargaining units have much higher membership rates, including the state's Judicial Marshals and the state's prosecutors, each of which have 97 percent of bargaining unit employees paying dues. Connecticut's criminal justice inspectors had a 100 percent membership rate.

Overall, of the state's 44 bargaining units that existed in 2020, 28 saw declining membership rates and 16 saw increases in membership. Ten bargaining units saw drop-offs of 5 percent or more.

Meanwhile, the unions have taken in more money, with dues payments increasing from $32.1 million in 2019 to $35.2 million in 2020, according to the data. 2020 marked the most money state employee unions have taken in over the past five years, bolstered, in part, by state employee raises and overtime.

Even prior to the Janus decision, unions began an effort to curtail potential losses by engaging in employee outreach and adjusting the language on their union membership cards to only allow a set window of time during which a member can cease paying dues.

Those "escape periods" are currently being litigated in several states and there have been several such cases in Connecticut. Senate Bill 908, which was just signed by Lamont, makes the escape periods of matter of state law.

The bill was nearly identical to bills passed in several other states that give union representatives more access to public employees, particularly new employees, in an effort to bolster their ranks.

Labor leaders in Connecticut did not hide the fact that Senate Bill 908 was a response to the Janus decision and the bill specifically prevents public employers from telling new employees about their Janus rights.

CT AFL-CIO President Sal Luciano said union membership "has held steady" since 2018 in his testimony before the Labor and Public Employees Committee, noting membership declined only 1 percent.

"That's because they understand their voices and are stronger when they stick together," Luciano testified. "No court decision can ever take that away from them." He was joined by numerous other Connecticut labor leaders echoing his statement.

The bill was opposed by the Connecticut Conference of Municipalities and the Council of Small Towns, both of whom argued the bill was an unnecessary burden on municipalities and interfered with the working relationships human resources directors had with their municipal unions.

According to data from the U.S. Census Bureau, Connecticut's public sector is the most heavily unionized in the country, with 74 percent of all public sector workers claiming union membership as opposed to the state as a whole with 18.4 percent of all workers who are union members.

Ken Girardin contributed to this article

Gov. Lamont Announces $10 Billion Upgrade To New Haven Rail Line

June 21 , 2021

Flanked by Sen. Richard Blumenthal, D-Connecticut, Rep. Rosa DeLauro, D-3rd District, and the President of Metro-North Railroad among others, Gov. Ned Lamont announced that Connecticut will invest up to $10 billion in rail line upgrades to increase speeds and save time on Connecticut's New Haven Rail Line.

"I want to show people progress, I want to show them we can make a difference," Lamont said during a press conference in Stratford. "This is real, this is happening, you're going to see a difference in a year."

"With so many of our riders returning, we have a unique opportunity to move ahead with Time for CT and deliver real results for commuters around the state by increasing service to New York and by cutting commutes by up to 25 minutes," said Catherine Rinaldi, president of Metro-North Railroad, calling public transit the "life-blood" of the economy.

The Time for CT plan would reduce rail travel time by 10 minutes by 2022 and by 25 minutes by 2035, while using existing assets and right-of-way, according to the governor's press release. The plan will also create a purported 45,000 jobs.

According to the Time for CT executive summary, travel times will be reduced through track upgrades, new signal systems that will allow for maximum speeds up to 100 mph and replace and repair bridges. The state would also add new rail cars with more capacity and more amenities.

Of course, the question of who will pay for the upgrades came up, and speakers indicated that they hope much of the funding will come from the federal government under President Joe Biden's infrastructure plan, which is currently being debated and negotiated in Congress.

"The federal government should pay for rail in the Northeast corridor, more than it has, more than it is planning right now," Blumenthal said. "We need a massive, bold infrastructure program, bigger and better than what we're seeing right now emerging as a likely bipartisan plan."

Department of Transportation Commissioner Joseph Giuletti said the state has already secured funding to decrease commute time by 10 minutes. Moving forward they hope the federal government will be willing to finance 90 percent of the project.

"Washington is an important piece of the funding puzzle, we can't rebuild Connecticut infrastructure without a federal infrastructure bill," Guiletti said.

Lamont indicated the state would bond for its share of the improvements, paid for, in part, by the new highway use tax on big trucks passed by the General Assembly this year and estimated to raise $90 million per year.

Throughout Gov. Dannel Malloy's administration, Connecticut invested in public transportation projects seemingly everywhere but its most-used New Haven Line, building the CT Fastrak bus line from New Britain to Hartford and the Hartford Rail Line from New Haven to Springfield, Massachusetts.

Noting that the commute time on Metro-North is twenty minutes slower than two decades ago and ridership remains only one-third pre-pandemic levels, Blumenthal said "riders are not coming back unless we make trains faster."

Prior to the pandemic, the New Haven line carried over 125,000 riders per day and was the least state-subsidized public transit operation on a per rider basis, costing only $3.85 per rider, according to the CREATES Report by the Boston Consulting Group.

The Hartford Line required a state subsidy of $43.30 per rider and Shore Line East received $55.28 per rider.

"Connecticut is home to the most used commuter rail line in the country, and it is a key component of our economic growth, supporting the ability of thousands of people every day to get to their jobs and earn a living," Lamont said in his press release. "But our aging infrastructure is not only slowing our travels, it's slowing our economic growth. Nobody wants to live and work in a place where they spend hours stuck in their daily commutes. Faster trains and faster highways mean more jobs."

Author Marc E. Fitch

Marc E. Fitch is the author of several books and novels including *Shmexperts: How Power Politics and Ideology are Disguised as Science* and *Paranormal Nation: Why America Needs Ghosts, UFOs and Bigfoot*. Marc was a 2014 Robert Novak Journalism Fellow and his work has appeared in *The Federalist, American Thinker, The Skeptical Inquirer, World Net Daily* and *Real Clear Policy*. Marc has a Master of Fine Arts degree from Western Connecticut State University. Marc can be reached at Marc@YankeeInstitute.org

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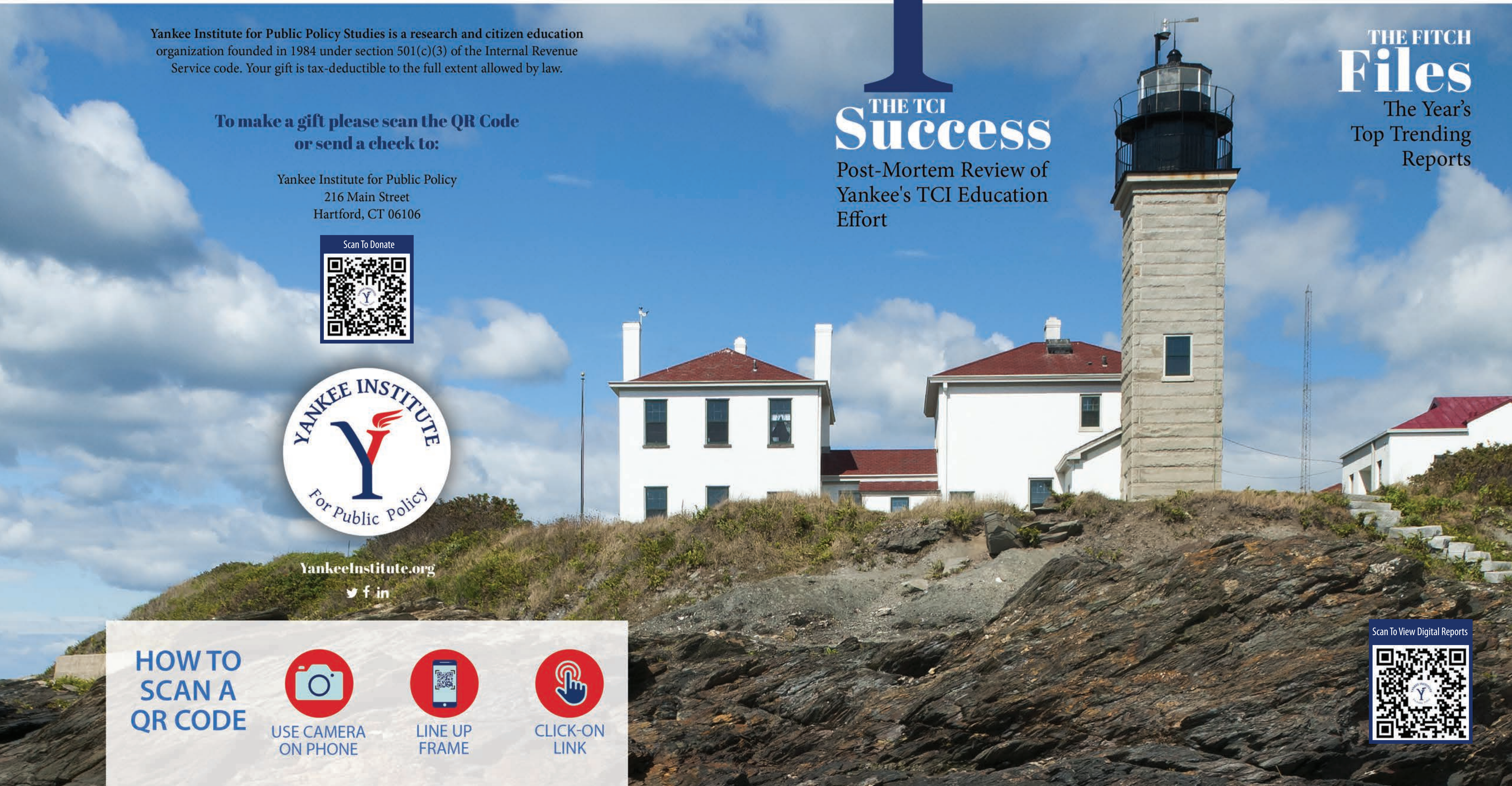

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