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April 14, 2025  
FINANCE, REVENUE & BONDING 11:00 A.M.  
COMMITTEE

CHAIRPERSONS: Representative Maria Horn,  
Senator John Fonfara

SENATORS: Cabrera, Cohen, Fazio, Honig,  
Hwang, Maroney, Martin, Miller,  
Needleman, Rahman

REPRESENTATIVES: Barry, Berger-Girvalo, Butler,  
Carney, Concepcion,  
Constantine, Doucette, Elliott,  
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Ditria, Luxenberg, McGee,  
Menapace, Mushinsky, Napoli,  
Paolillo, Piscopo, Polletta,  
Rader, Rutigliano, Santiago,  
Shannon, Stafstrom, Veach,  
Winter, Wood, Yaccarino,  
Zawistowski, Zullo, Zupkus

REP. HORN (64TH): Good morning, everybody. Welcome to the Public Hearing of the Finance, Revenue, and Bonding Committee. Good to see a rowdy crowd. Does my Co-Chair have any opening remarks?

SENATOR FONFARA (1ST): No. Thank you.

REP. HORN (64TH): No. Ranking Member Rep. Polletta? No. With that, we will welcome our first speaker, Amari Brantley.

AMARI BRANTLEY: Hello. Good morning, great and strong resilient members of the Finance, Revenue, and Bonding Committee. My name is Amari Brantley, and I serve as the Policy Coordinator for End Hunger Connecticut! Ooh, it is a Monday.

REP. HORN (64TH): It is that.

AMARI BRANTLEY: Today, I am in front of you in strong support for supposed bill HB 7273, an act for an SSB tax, and HB 7271, the child tax credit. This bill talks about where privilege meets sacrifice. It's something that as Connecticut residents we all

know about. As parents, we know about, and as young people, we know about. Where there is privilege, there is sacrifice.

Someone had to give something up for us to be here today. We recognize that it's a week where students are off from school. So if you're a parent, I know how hard it could be for you to be here, but where does that sacrifice have to fall on? Does it have to fall on the children of Connecticut? The students who attend schools day in and day out after school activities, and are dedicated to their future and their studies? I don't know.

This tax credit establishes the need for sustainable school meal funding. Connecticut has the opportunity to join a growing number of states that recognize the direct connection between childhood nutrition, academic success, and long-term health outcomes.

The implementation of a sugary drink tax would not only discourage the consumption of beverages linked to childhood obesity, childhood diabetes, and other diet-related diseases, but also provide a dedicated funding stream to support universal school meals. A policy that's been proven on and on to reduce stigma, increase participation, and improve overall student health and educational outcomes.

Several localities, including Berkeley, California; Philadelphia, Pennsylvania; and Boulder, Colorado, have implemented similar taxes on sugar sweetened beverages. The results are clear. With Berkeley's tax, it resulted in a 52% decrease in sugary drink consumption in low-income neighborhoods, while generating millions in revenue for public health and nutrition programs.

Those funds went directly back into the communities who were most affected by its causes. Philadelphia's tax raised over \$250 million in the first three years. It supported universal pre-K education and community-based nutrition incentives, which dialed back and changed their community forever.

Boulder saw a 14% decrease in sugary drink purchases while using tax revenue to enhance food access and health programs. State of Connecticut children, 30% of them are food insecure. This tax can have a true outcome on changing the lives of students and families everywhere. It could provide them with a strong meal in school. One of the main, since I've joined this session--

CLERK: You've reached three minutes. Please summarize.

AMARI BRANTLEY: As I summarize, Connecticut has the opportunity to ensure that children have access to nutritious meals and recognizing that food insecurity and economic poverty go hand in hand by recognizing the child tax credit. Thank you for your time.

REP. HORN (64TH): Thank you. And thank you for illuminating some of the main things that I hope we focus on as a legislature to try to help kids in our communities throughout Connecticut. Rep. Rader.

REP. RADER (98TH): Thank you, Madam Chair. Hi, Amari. Good to see you. And thank you for all the work you guys do at End Hunger CT! I have a question for you. You started out with one of the arguments that maybe folks that aren't enthused about this bill might have that we're hitting people in their pocketbooks to implement this program for over 500,000 kids every day that would have free breakfast and lunch.

And everything that I've looked at has said that while low-income communities may feel more impact in terms of the cost increase to the sweetened drinks, it's also the same communities that suffer more in terms of the health impacts of those, and that after a few years, that behavior changes and they're onto a path of better choices.

But I wanted to ask you that economic piece, and what would you say to somebody-- I'm in agreement

with you, so that's like the understanding, but how would you argue like someone who wasn't a proponent of this idea coming from your space around food [inaudible 00:05:31]?

AMARI BRANTLEY: Coming from my space, especially coming-- I'm from Waterbury, Connecticut, and so I see the direct impact of what some would say is secondhand consumption, right? Sometimes people aren't able to go to the nearest grocery store, but we go to other means like corner stores or bodegas, as some would say. But the economic pocket, it touches that. It's an advancement in what some would call early healthcare, right?

We look at the data from other states, specifically looking at what happened in Berkeley, California, where they were able to dial that money back into the healthcare system. And we see that coming from certain communities. Realistically, I'm wanting to say I probably drink two sodas a day. It's not healthy, but we see that the economic advantage and maybe-- but I care about my money a little bit more, and I'll say that.

So maybe the advantage of saving money and having soda be a choice and something that you have to make the choice to sacrifice that extra necessary amount of money may be a benefit to some. One, recognizing the healthcare advantages, and two, recognizing that everyone would love to keep their money in their pocket a little bit more.

REP. RADER (98TH): Thank you. Thank you, Madam Chair.

REP. HORN (64TH): Thank you. Thank you, Representative. Representative Rutigliano.

REP. RUTIGLIANO (123RD): Thank you, Madam Chair. Good afternoon, sir, or good morning. How are you today? Just to be clear, the way I read the bill, it's a sweetened beverage tax, not a sugar beverage

tax. It does include stuff that's deemed sugar-free. Am I correct?

AMARI BRANTLEY: I believe it doesn't include 100% fruit juices or things like that, or milk-based beverages. Correct.

REP. RUTIGLIANO (123RD): Right. But everything else?

AMARI BRANTLEY: I believe so.

REP. RUTIGLIANO (123RD): And you want the money from this to go to the Free Lunch Program. It's an admirable program, but when I was reading the bill, it said that you had to apply for federal funds first. Do you know in Waterbury or New Haven Hartford, what percentage of the kids qualify for federal free lunch?

AMARI BRANTLEY: So I can talk about that. And so one of the benefits in those, well, what we would say is Connecticut, or in Waterbury, Bridgeport, Hartford, New Haven, those schools are fully funded by CEP programs. But we see that with proposed changes on the federal level, that that program may truly go away with 100% income verification.

And so in my line of work, I work with a lot of school nutrition directors who show that with the proposed cuts that are truly proposed cuts, but what we see right now with the program, that those cuts there are going to change. And so this program--

REP. RUTIGLIANO (123RD): Do you know where the proposed-- I haven't seen any proposed cuts. Just people talking about cuts, or is there an actual proposed cut? I only ask you that question because this is going to go for every town, every kid in the State of Connecticut, right? If some of the cities are already 80%, 60%, 70% subsidized by the federal government and say Greenwich and New Canaan are not subsidized at all, you're actually subsidizing those towns with this money because they're not getting

any federal money. You're not discriminating against which towns can get the money for the free meals.

AMARI BRANTLEY: So one of the benefits to this is the expansion of meal quality, and that touches every town, right? And so, when you have sustainable funding, which we haven't had and kind of given it, had it gone like with the ARPA funds for COVID, then we can see better meal quality, which touches every single town and every student, every one of those 500,000 students.

You can't advance meal quality if you don't have sustainable funding to do that. And so, that factor affects every student and child in the State of Connecticut and every school district. And I do have a fact sheet that I could give you.

REP. RUTIGLIANO (123RD): No, that's okay. Most of the schools now currently follow the federal guidelines for school lunch as far as nutrition goes? I mean, isn't that a requirement?

AMARI BRANTLEY: No. Yes, it's a requirement.

REP. RUTIGLIANO (123RD): So when you say meal quality, what quality are we referring to if you're already following federal guidelines?

AMARI BRANTLEY: When we say right now, when following the federal guidelines, we talk about price margin, right? So right now, following the federal guidelines, there's only enough money for-- if there's a school nutrition director, they'd say that they could only-- with the amount of money left over after reimbursement, they have about \$1.80, right? But there are different types of qualities that they could shop with.

It's a finance thing. Even following the guidelines, it's a finance thing where they only have \$1.80. If you could tell me something delicious that you could eat for \$1.80, I would applaud you because I don't know of that anywhere. Even at the vending machine

downstairs is like \$2.25 for unhealthy food. So if we would have a sustainable pot of funds, we could, number one, advance farm to school, or we could shop in Connecticut and have Connecticut grown healthier food options for our students.

We could also actually up and take advantage of having student programs where students could pick meals out that they actually like to better participate in what school meals in school. The school is the biggest restaurant in the world. And right now, this program has the opportunity to take it from only about half of Connecticut students being able to eat in the cafeteria to making all Connecticut students eat in the cafeteria no matter where you live.

REP. RUTIGLIANO (123RD): I guess, I don't know if-- I know you have rules for the committee.

REP. HORN (64TH): We do, yes. Perhaps I can refresh everyone what the rules are. It's a five minute-- hold on. Try to limit yourself to two questions and a five-minute exchange. If there are other questions you want to ask that aren't asked by other legislators, we can come back to you at the end.

REP. RUTIGLIANO (123RD): I'll try to be respectful. I'm a bit more--

REP. HORN (64TH): We do require you to be respectful.

REP. RUTIGLIANO (123RD): Well, I try to be more conversational in my own way I handle things. So I'll defer to you, Madam Chair. I appreciate your time and I look forward to maybe we can talk offline.

AMARI BRANTLEY: Yes.

REP. RUTIGLIANO (123RD): All right. Thank you.

REP. HORN (64TH): Thank you. Representative Yaccarino. Representative Yaccarino?

REP. YACCARINO (87TH): Sure.

REP. HORN (64TH): We can go come back to you if you prefer.

REP. YACCARINO (87TH): No, thank you, Madam Chair, and thank you. Thank you for being here. I just want to follow up a little with some of the questions. So the proposed cuts that we're talking about, we don't have cuts. Right now, if there was no cuts at all, is there enough funding for these schools? There should be, so is there enough funds now?

AMARI BRANTLEY: Are there enough funds right now?

REP. YACCARINO (87TH): Correct. For this school year.

AMARI BRANTLEY: For this school year?

REP. YACCARINO (87TH): Yeah. And next year.

AMARI BRANTLEY: Probably I could get back with you with that answer. I could explain it in a way, but it may not answer your question fully. And so, I could kind of answer it if you want me to take a stab at it. Can I take a stab at it?

REP. YACCARINO (87TH): Sure.

AMARI BRANTLEY: Okay. The policy right now is that we have free meals for free and reduced price for students right now in the State of Connecticut. In the Proposed Governor's Budget, we have free and reduced for year '26. And then we're looking at free breakfast as a policy for everyone. But right now, as far as this year, I don't believe there's enough money to feed every student in Connecticut for every meal.

REP. YACCARINO (87TH): Fair enough. One last thing. Every child should have a meal at school. I agree 100%. Going about it this way, I don't think it serves our society well. Taxing sugary drinks is not going to help the problem. The problem is actually having funding, but taxing somebody is just going to-- like Representative from Trumbull has said, some states, towns are going to make out, some are not going to make out.

I would argue, teach kids, even at a young age at the schools, to some sort of victory like gardening, preparing healthy meals, learning about eating healthy, and having their families learn how to eat healthy, and maybe even if it's on asphalt with beds, built beds, growing gardens. I don't think tax-- Because then, what do you do next? Do we tax cakes? Do we tax ice cream?

I don't think we should overtax all this stuff. I don't think it gets to the end game. The end game is having children having a meal, and they should have a meal, and having a good education and a full belly, and having a healthy education.

AMARI BRANTLEY: Yes, sir. I think school meals right now has \$110 million price range. To feed every student in Connecticut, it costs \$110 million. I do want to bring reference to one program that we do have in the State of Connecticut, and that's Connecticut Grown for Connecticut Kids grant, where students in school districts are actually able to do exactly what you said, participate in programs where they're able to grow their own food.

And I got to go to Middletown with the governor and Senator Matt Lesser, where they actually got to try arugula that students had grown right there on campus in middle school. As young as elementary schools, middle schools, and high school students are able to participate in those types of programs.

So those programs are out, but the finances right there aren't necessarily out right now to pay \$110

million. And so we have to find a way to come up with that. And so I get your concerns about taxing cakes. I like cakes too.

REP. YACCARINO (87TH): I appreciate it, Madam Chair. Thank you.

REP. HORN (64TH): Thank you. And I believe we have Rep. Butler, online.

REP. BUTLER (72ND): Thank you, Madam Chair, and thank you, Amari, for your testimony. As some people are aware of, we have food deserts in the state, and a lot of these children don't have healthy food from outside of school, let alone during the school sessions. So I think that going forward with this kind of initiative, actually, make sure they at least get a good, healthy, solid meal during the course of the day.

For those who are worried about taxes, I think that they need to realize that what we might realize and health benefits alone would be beneficial, let alone how the students may actually do in terms of increase scores and their performance in their curriculum in school setting as a result of not being hungry.

When you're hungry, you don't learn very much. So I applaud this initiative to try to actually fund meals for all students. But Amari, you just said that \$100 million would feed every child in the state. How much revenue do you think this initiative would actually yield in a year or two?

AMARI BRANTLEY: So, with data from the Connecticut Department of Education, we found that for every \$1 that's spent on a reimbursable meal, it has a 1,700% reimbursement rate, so about \$17 back. So I am not a math genius, but if we look at \$110 million times all those \$17 interval, I think we'll see the revenue stream that comes back.

REP. BUTLER (72ND): Okay. Well, it sounds like it will go a long way towards achieving the goal. So thank you for your advocacy, and thank you, Madam Chair.

REP. HORN (64TH): Thank you, Representative. Representative Polletta.

REP. POLLETTA (68TH): Amari, thank you. Good morning. My question kind of dovetails off Rep. Butler's question. He started to ask it, you may not know the exact dollar amount, but because this is the Finance, Revenue, and Bonding Committee, do we know what generally this new tax would generate in terms of a dollar amount to our general fund should this be implemented?

AMARI BRANTLEY: \$206 million, to my knowledge.

REP. POLLETTA (68TH): Okay. And the \$206 million, of course, I was reminded would not go to the general fund, but rather for this program you're talking about. And I guess my question is around that \$206 million. So we're estimating that if we impose this new tax, that we will raise \$206 million collectively as a state and then dedicate those funds for free lunch?

AMARI BRANTLEY: No, all free meals. Free lunch and free breakfast.

REP. POLLETTA (68TH): Free lunch and free breakfast. I stand corrected.

AMARI BRANTLEY: I'm sorry to cut you off.

REP. POLLETTA (68TH): No, you're not cutting me off. No problem. I guess my question is, could this work in the reverse, and could revenues actually decline if we increase taxes on some of our most vulnerable, in your opinion?

AMARI BRANTLEY: Could revenue decline? Anything can decline. I think we're not necessarily looking for

an increase. I don't think we're looking for more people to drink soda now that more people have to spend money, not to go like back point on my point, but I think we're looking at health concerns and health risk and still coming with that.

And I think that the great thing about it is that the projected amount is over. So you never want to have to backfill, especially when we're talking about with a purpose and having finances come with a purpose, how would we look if we had to backfill? And so I think with the other money that's left over from the \$206 million, whether it be \$90 million or \$80 million, I think we're able to reevaluate some of those causes and hope that even people knowing that this tax is with a purpose.

And I think holding onto the fact that that tax has a purpose is something that can resonate with Connecticut residents and not have them like, yes, I'm drinking soda, but this extra \$0.50 or \$0.10 that I have to pay comes with feeding a child. And I think knowing that, I hope it's something that comes with a passion.

REP. POLLETTA (68TH): Okay. So just to be clear, you are in favor of the tax for the free breakfast and lunch, but not because any type of soda or sugary drinks are bad for you. It's not to deter someone from buying the soda, it's to get someone to pay more money so it can go to help folks, kids that need lunch and breakfast.

AMARI BRANTLEY: In totality, I guess you're right. Totality, yes.

REP. POLLETTA (68TH): Okay. Because my understanding was, and maybe someone on this panel can clarify, was the assumption, and I'm going to ask the question today, the assumption was that we tax these sugary drinks at a higher rate to deter people and to make them maybe think twice about purchasing these products because they're not healthy for you.

And my final comment will be, and I will ask you your opinion on this, and I will ask people throughout the day their opinion on this, that the federal government, the Health and Human Services Secretary Robert F. Kennedy Jr. and the President Donald Trump, have said repeatedly they want to ban sugary drinks from SNAP benefits. Do you agree with that?

REP. HORN (64TH): Is that relevant? I'm sorry, Rep. Polletta.

REP. POLLETTA (68TH): I do, I believe it's relevant. It's relevant because it has to do with revenue and it could affect the revenue coming into the State of Connecticut.

REP. HORN (64TH): But not revenue relative to this particular bill, Rep. Polletta. I'm going to suggest that we will have other people coming in today to testify, I think, on the health benefits or health risks associated with sugary beverages. We can certainly ask them about that. I also don't think it's appropriate to ask him about legislative intent.

REP. POLLETTA (68TH): Okay. Through you, Madam Chair. If we're talking about \$206 million in potential revenue, the revenue could massively decline if we see sugary drinks banned from any sort of federal benefit. And I think with the new added tax and the potential loss from the SNAP benefit, we could see revenue eroding. I guess that's what my point is.

So if the good gentleman does not want to answer it, that's fine. But I do believe it's pertinent to this conversation because this is the Finance, Revenue, and Bonding committee. And when we're talking about revenue, we're talking about estimates coming into the State of Connecticut, whether it be federal or whether it be state. And this is a new tax, and it could affect our bottom-line number.

REP. HORN (64TH): Feel free to answer if you feel qualified to answer, but you don't need to speculate on what the fiscal benefits of a particular tax are.

AMARI BRANTLEY: I'd rather talk about the health perspective points of it. Looking at the data, me, myself, like I said, I participated in drinking health. I also go to the gym every day. So I do feel that the health points and the health benefits that come from not drinking soda are crucial, right? The last time I came before this committee, I got to speak with Dr. Katz, right?

And so, he showed points that 30 years ago, we weren't looking at childhood diabetes. We weren't looking at some of those main programs, heart diagnosis and children needing that, that comes from drinking soda or drinking Capri-Sun or drinking some of those other Hint of drinks, right? So we see that.

So I do care about that. But when I say that my primary purpose for standing here before you today is to assure that all students in Connecticut eat. That's what I'm here for. That's my job. Not to dismay any health benefits that do come from this bill, but my priority is making sure that the health advances, the health benefits advance all of the children in the State of Connecticut, all 500,000 of them.

So not to dismay any health benefits that you'll hear a lot more about later on, but my priority is making sure that every kid gets a meal every day. And that we provide the future of tomorrow with the strong legacy from behind.

REP. HORN (64TH): Thank you. Representative Constantine.

REP. CONSTANTINE (42ND): Thank you, Madam Chair. Hi, Amari. I really appreciate what you just said regarding making sure kids are fed. One of your points comments, in particular I want to follow up

on, you talked about the expansion of meal quality. What do you think is a quality in the school lunches today where this money could go to make the quality better? Is it food amount sufficient? Is it quality sufficient? Are kids actually enjoying these lunches? I mean, is this food that we would eat ourselves?

AMARI BRANTLEY: I think there are so many different facets to what school meals looks like today. And I think it requires, one of the main things that I found, and I think it requires having a great school food service director, right? So the School Nutrition Association of Connecticut is a great ally and partner. And so as I've gotten to go see meals, I've gotten to try different types of yogurts, right? Like kids eat yogurt.

But we also have to recognize that how often, I don't know if any of you have kids, how often do they clean their plate? Right? How many times can we say I love chicken nuggets and pick a day that we don't like chicken nuggets? Right? We recognize that for me, one of the highlights in school was pizza day. I knew if it was pizza day, I'm going to eat probably three or four slices of pizza.

And so we know that on those meals, those types of meal quality are there, but we recognize that with expansion of meal quality, we can see better meals everywhere, better menus, more appealing, more healthier meals that expand our knowledge of what our kids can eat and expand food agriculture here.

And so I've gotten to go to Plainville Public School about last month, and they had beef patties, right? And that was a great meal that they don't normally get to have there. And I've gotten to go to another school district where they had chicken masala or tikka masala, whichever it's called. So those types of meals are the meals that they're bound to see at home and try them in a much healthier way.

I've gotten to say I've had one of the greatest cookies with no sugar at a school. And so that was a benefit to me. So different meal qualities with different expenditures and different facets can grow from expanding the types of access with these funds.

REP. HORN (64TH): Thank you, Representative. And anyone else for the first time? Representative Winter.

REP. WINTER (94TH): Thank you, Madam Chair. Thanks for your testimony. You mentioned the potential that the community eligibility provision might be cut, and that this could potentially backfill lost funding for school meals. If summer meals were also affected, do you think that this fund should be able to support summer meals programs that are provided by school systems?

AMARI BRANTLEY: I sure do. I found that summer meal programs are essential to student success in making sure that we're able to equate a healthy lifestyle, especially in the summer, and provide that assistance for families. So I do feel exactly that it's relevant.

REP. WINTER (94TH): Thank you. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, Representative. We will come back to Rep. Rader for the second time. Do you want to go on that?

REP. RADER (98TH): Amari, I just wanted to talk a kind of dovetail off of what Rep. Constantine asked you about food quality. And one of the things that has already gone away from the federal government is the Connecticut Farm to Connecticut School grant program. Correct? Are you familiar with that program?

AMARI BRANTLEY: Yes, ma'am.

REP. RADER (98TH): Okay. And so that's where grants are given to districts to purchase from local farms. And actually, the mileage distance is large in Connecticut because we have such a small state. And that funding has now gone away. Do you feel that that's one of the things that would impact the quality of food within the current programming that schools are able to provide?

AMARI BRANTLEY: I definitely do. I think that's going to have a drastic impact. I work with Food Corps on this exact issue of the loss. I believe it equated to about \$10 million in loss for Connecticut school districts. And so, looking at what that means, it means we're going to have to outsource where our food comes from. We're not going to be able to have food region-wise, right? So how many students actually know what grows here in Connecticut? How many students know where their food comes from and participates in food programs?

And so I think the quality of our food is actually probably going to go down because of this, because now we're going to have to see probably more processed food, food that's not as fresh coming from maybe a farm that has a weekly delivery like a farm in Colchester to Middletown. We're going to see a huge loss of the types of vegetables and foods that we see in our school systems and where they come from and how our students react to that.

REP. RADER (98TH): Thank you. Thank you, Madam Chair.

REP. HORN (64TH): Thank you. Any more questions?

AMARI BRANTLEY: Can I close with one thing I forgot to say? Is that possible, please? 10 seconds. 10 seconds. 10 seconds. I have a fact sheet that's going to tell you all that 128,000 students, and if we look at that, that's about probably some percentage I can't do in my head right now, but we're going to look at over 22 districts being affected by those proposed provisions. So I'd love

if you took a look at that in our fact sheet that I'll have later on for you all today.

REP. HORN (64TH): Is this something you submitted already as written testimony, or not yet?

AMARI BRANTLEY: Yes. Yes.

REP. HORN (64TH): If you've already sent it, we'll--  
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AMARI BRANTLEY: But I have a fact sheet that I can give you.

REP. HORN (64TH): Please, if you could share it with our committee administrator or committee clerk, then we can distribute it to the whole committee.

AMARI BRANTLEY: Yes, ma'am. Thank you so much.

REP. HORN (64TH): Thank you. Next up, we have Scott Dolch. Welcome.

SCOTT DOLCH: Good afternoon, everybody. Senator Fonfara, Representative Horn, Senator Fazio, Representative Polletta, and Esteemed Members of the Finance, Revenue, and Bonding Committee. My name is Scott Dolch. I'm the President and CEO of the Connecticut Restaurant Association, representing a little over 9,000 food establishments around the state, a little over 140,000 jobs.

I'm here today to express our opposition to HB 7273, AN ACT IMPOSING A TAX ON CERTAIN SWEETENED BEVERAGES, SYRUPS, AND POWDERS. This proposal, \$0.02 per ounce tax on sweetened beverages, syrups, and powders, which significantly would be damaging to the restaurant industry and the families we serve. The vast majority, as I've said here many times before, 97% of our Connecticut's full-service restaurants are small, independently-owned businesses.

We lead the country in that stat obviously here today, and worrying about these businesses, not just with this specific bill, but just in general. It's a remarkable achievement to have this many restaurants, but obviously, this bill concerns me of the added cost that will be passed off to the restaurants and then to their customers.

Consider the real-world impact to this proposal. A three-gallon bag in a box for fountain drinks could cost an additional \$46.08. This isn't a minor adjustment. It represents a substantial increase in the cost of goods for our restaurants, costs that would inevitably be passed on to those customers and consumers.

Similarly, a two-liter bottle of soda would carry an additional tax of \$1.35. For a family trying to enjoy a meal out or pick up refreshments, these added costs can quickly add up. Our industry has faced unprecedented challenges in recent years from the lasting impacts of the pandemic to the rising inflation and ongoing workforce shortages, leaving many of our members operating on razor-thin margins.

This proposed beverage tax would add yet another burden, compounding other recent cost increases like the newly raised bottle deposit. Local restaurants simply can't afford to absorb higher costs, while also risking declining customers. And we are deeply concerned that this could lead to even more business closures.

We understand and appreciate the intention behind dedicating revenue to a universal free school meals program, but placing the significant financial burden on local restaurants and consumers through a targeted beverage tax is not the right approach. We should be finding ways to support our local employers, not layering on new costs that discourage growth and put them at a competitive disadvantage.

Connecticut's restaurant industry is a vital part in the fabric of our state, providing jobs, investing

in our communities, and offering essential goods and services. We urge everyone at this dais to consider the significant negative consequences that HB 7273 would have on our industry, our employees, and the consumers we serve.

Thank you for the time and consideration of our concerns. We look forward to working with you to find a different and better solution that both support our industry and the worthy goal of ensuring food security for students in our state. Thank you, and I welcome any questions.

REP. HORN (64TH): Thank you. Always nice to see you in the Finance Committee. Rep. Rutigliano.

REP. RUTIGLIANO (123RD): Thank you, Madam Chair. Good morning, Scott. How are you today?

SCOTT DOLCH: I'm good.

REP. RUTIGLIANO (123RD): Good. So I appreciate that you knew the number to the bag in the box. Because \$46, because they're taxing essentially on what the bag in the box produces, not the liquid in the bag of the box. And \$46 is about half the cost of the bag in the box. So you're raising it 50%.

I'm only allowed a couple quick questions and then hopefully I'll come back. But the first two is, who's responsible in the bill to collect the tax? Is this up to the restaurateur or is this going to come from the soda distributor or the drink? I hate that we keep saying sweetened beverages because it's all beverages except for water, let's be fair.

SCOTT DOLCH: Sure.

REP. RUTIGLIANO (123RD): Who's responsible for collecting the tax?

SCOTT DOLCH: I believe the way that it's written, it would be at the manufacturer retail level would be paying the tax and then obviously passing on

those added costs down the chain, down the line to the restaurant, and then to the customers.

REP. RUTIGLIANO (123RD): And all these beverages would still be subject to the sales tax for restaurants, the additional 1%, which already gets taxed. Additionally, for the privilege of being in a restaurant, you get to pay \$7.35. So if somebody went and got a flavored water in a restaurant, they would be paying the beverage tax, the sweetened whatever tax, plus the sales tax. Correct?

SCOTT DOLCH: Correct.

REP. RUTIGLIANO (123RD): Last one. So say you're getting a 12-ounce bottle of Hint Water, which doesn't seem too unhealthy, but it's subject to this tax, you'd be paying, if you're in a food service establishment, \$7.35, 10% deposit, and \$0.24 in the beverage tax. So you're talking for a little bottle of water, \$0.50 on that bottle would essentially be some sort of government tax. Did you read it the same way?

SCOTT DOLCH: I did. And I think obviously those are where the concerns come from. And it's not just a specific bag in a box for soda, like you mentioned in the earlier testimony. It's other powders, syrups, a lot of different products that you have within restaurants or retail. That we have concerns, which when you hear the last testimony about Boulder and Philly, as I talk to restaurants in those cities, the concerns and the raising tax that they don't even have a 1% are very concerning and have been concerning.

So yes, Representative, I read that the same way that you do of the added tax that would be, that's why I'm here, on the backs of restaurants and on their customers.

REP. RUTIGLIANO (123RD): Philly, at least, went after sugar, right? This sort of goes after everything.

SCOTT DOLCH: Goes after everything. Correct.

REP. RUTIGLIANO (123RD): Hopefully, I get an opportunity on the--

SCOTT DOLCH: It's two questions.

REP. HORN (64TH): It may come quickly. Any other questions from-- Rep. Rader.

REP. RADER (98TH): Thank you, Madam Chair. Hi, good to see you. I have a question for you. You mentioned the syrup boxes. So what is the typical profit-- I mean, if you don't know this, you can follow up with us on this. What is the typical profit margin for a restaurant that-- because it's a syrup and it gets diluted and then sold. So like, typically, and I don't want you to give trade secrets away, but what does it cost the restaurateur versus what they sell it for? Because you can go to a restaurant and get a soda's, \$3 for a glass of soda.

SCOTT DOLCH: Sure. I can't sit here and tell you exactly the profit margin on a specific box, so what people are paying.

REP. RADER (98TH): No, I get it. Yeah.

SCOTT DOLCH: I would just say also my concern with this bill is it's based on the ounce that's produced. And that's concerning to us because-- and that's where that \$46 comes from, to Representative Rutigliano having restaurants knowing that that's almost 50% increase to that box. So then you look at a soda and saying, okay, well, maybe that was a better profit margin than a hamburger or fries.

But at the end of the day, where I look at this is our middle class is struggling going to restaurants as we have, if I was here on other conversations, just to know how the first three months of 2025 has been, this is just another added tax that I worry about. And I can't sit here and say this specific thing would be, this is the profit margin or not.

I think it's a conversation that it's just a continued increase in cost, looking at what the cost of that syrup box was six years ago to now, but now you're adding another potentially 50% markup for the benefit, which I totally, like I said in my testimony, agree with the program and want to find a solution to helping this for all students in the state.

I just don't believe that putting it on the backs of restaurants and those small business owners across the state, not just restaurants, should be the solution, Representative.

REP. RADER (98TH): Just my second question and then I'll be done. It's a large association, so I can't imagine that there are likely members of your association that have contracts with schools and sell to schools And that's part of their business.

And so, I appreciate you mentioning that because the idea around this is really, and I have all the data to show, and the other cities that have done this, it has not hurt the restaurant industry, and it has not hurt the convenience store industry. It actually keeps the profits level. It's a slight drop in the beginning, but after two years, it completely levels out, and people just change behaviors.

So I appreciate you mentioning the schools because your industry does have a relationship with our schools and does profit from that. And this would actually enable schools to have a healthier budget within their school food service program to provide for that. So I just want you to acknowledge that, that there is a relationship with your industry and the schools and that it should be a better relationship --

SCOTT DOLCH: Representative, I guess I could answer that in two parts.

REP. RADER (98TH): Thank you, Madam Chair.

SCOTT DOLCH: First, understanding Seattle and Philly and Boulder, and as you can imagine, I talked to my peers, obviously through COVID, I talked to all my state and city peers of our industry and trying to help keep it open. I've had conversations. I think the one thing that concerns me, this bill goes much farther. It's not just sugar. It was much farther than any of those bills.

Also, we also talk about all the time when I talk to the governor and others, like not being an outlier when you look at our New England states and added costs and what that could mean for restaurants in Connecticut to restaurants around the state. So, that is my concern. As you look at what has happened in these cities, it hasn't been passed at a state level.

I don't know if we want to take that lead. And it could be extremely harmful. Second part of my comment to your question is I want our association, our foundation, which most people don't even know we have, is very much driven about working with farms, very much driven about the workforce future, high schools. We are in there. We just had our state-- I'm going down to Baltimore in two weeks for our high school culinary competition.

We want to have an impact and making sure there's meals and there's healthy meals. I know I've been talking with other states that do programs about what they have at \$3.40 to make a meal. Is there chefs or ways to make that more healthy? Are there ways to make it more viable for the kids? I always want to be a part of that conversation.

I will continue leaving this conversation today to want to do that. I just would sit here and say about HB 7273. I don't think this is the solution. I obviously very gun shy about any added tax. We could talk about the 1% meals and beverage tax that was added on our industry in 2019. That hasn't gone back to help any of these programs. Hasn't helped our industry at all. It's gone to the general fund.

So anytime we look to add added tax, I'm very concerned because the end of the day, \$415 million has gone to the general fund of the 1% meals and beverage tax over the last five years. Has it gone into this program? Has it gone back to tourism? Has it gone back to our industry?

So that's also why I want you to understand, I want to be in the conversation. To Amari's testimony, I want to help make our state be a leader in the healthy foods that we offer our students and being able to offer for everyone. I just don't think that this is the solution.

REP. RADER (98TH): I appreciate that. And just to clarify, we are an outlier. We are the only state barring one in New England that doesn't provide universal free meals in our schools. I'll just leave it at that.

SCOTT DOLCH: Yeah. Yeah. But Representative, just back to that point, I don't really have a dog in that I understand the free choice, the free meals, but I'm saying more to the tax piece and the added tax on an industry and many industries this could affect, that that would be an outlier. I think it's two separate things, but thank you.

REP. HORN (64TH): Thank you. Representative Constantine, followed by Representative Yaccarino.

REP. CONSTANTINE (42ND): Thank you, Madam Chair. Hi, how are you?

SCOTT DOLCH: Good Representative.

REP. CONSTANTINE (42ND): Good. So you mentioned in your comments that restaurants don't need this on top of the other challenges they've already had first quarter of 2025. Can you talk about the specific changes this first quarter of 2025 has brought to restaurateurs?

SCOTT DOLCH: Well, I think I've been up here before in this committee to talk about there isn't-- it's down in DC, you talk to the governor, everyone thinks there's a silver bullet to change where we are in the economy and people wanting to go out and eat at restaurants. It's not one thing. It's not labor, it's not food, it's not insurance. Utilities, we talk about Eversource.

Everything has gone up on these restaurants since COVID and obviously probably the last two to three years. When you look at the markups, you feel it in the grocery store. Everyone here feels that. So I think what we're seeing is obviously January, February, and March was a very difficult time for the small businesses. These 97% of our restaurants are independently owned.

They have one, maybe two locations. They don't have the buying power. They don't have the leverage their cost or their cost, and they keep going up. And the only solution they have when you work off of a 3% to 5% profit margin, which is the national average, is to increase your cost to your customers. The only way that you can stay in business, how much you look at the increases over the course of the last five years, menu prices have had to go up.

And unfortunately, and I mentioned this before, restaurants did not keep up like grocery stores. The average increase is between 30% and 33% our restaurant has faced since the start of COVID. The average restaurant prices in their menu has only gone up between 23 and 25. Hasn't made up the difference. Their margins have gotten tighter.

So everything that happens right now that increase these costs, whether it's this bill or other bills, that's where my concerns are, because at the end of the day, I don't want to have calls where Scott, unfortunately, we're not going to stay in business, unfortunately, as a landmark for 30 years, 40 years.

You guys have seen the news, you know what I've dealt with. And that's the repercussions right now. And that's why I'm up here in other ways, trying to find solutions to help offset those costs, not increase them.

REP. CONSTANTINE (42ND): And one follow-up question. From what you said about staying in business, I used to know the New York City numbers about how long restaurants would stay in business. I think it was maybe 18 months. What is it in Connecticut?

SCOTT DOLCH: I don't have a Connecticut stat. A national stat is anywhere between 12 to 18 months. And that's the reality. But I think our stats based on some other numbers are not accurate, has always been a little higher, which is great. But again, back to that 97% point, Representative, like I always say the governor, that number can't go up. I'd love to say 98%, 99%, but like we don't have a lot of franchise in corporately-owned restaurants.

We have a lot of independence. But could that change that people are always going to need to find options to eat and food. I want them to be choosing that local business that supports the community, supports the schools, to Representative Rader's comment, supports everything that they love, the staff, the family we need to keep them open. And that's why I would discourage this piece of legislation today. But I obviously always appreciate the conversation.

REP. CONSTANTINE (42ND): Thank you, Madam Chair.

REP. HORN (64TH): Thank you, Representative.  
Representative Yaccarino.

REP. YACCARINO (87TH): Thank you, Madam Chair. I really don't have questions. I just have a statement, but I want to thank Scott and the Restaurant Association for what they do. Your Vice Chair mentioned, he went after the Restaurant Association about their profits. It's irrelevant.

We're not discussing or debating profits. We're discussing a potential tax on all beverages, excluding water.

So that's where the conversation should be. So I find it offensive that we're trying to see what if a business makes a lot of profit or they don't make a lot of profit, that's not the question today. The question is, are we debating a potential tax at all beverages? And I think I would hope we don't go down that road today.

REP. HORN (64TH): I hope we can keep a tight hearing as well. But given that the testimony is that this tax would hurt their business, that is relevant. I mean, it does hurt their business, but is it going to put them out of business? It brings the issue into question.

REP. YACCARINO (87TH): I think she was basically saying, you make enough profit or not, we could take some money--

REP. HORN (64TH): Whether it's enough or not, that's whole--

REP. YACCARINO (87TH): I think that's wrong. I just think it's wrong. Fundamentally wrong. Thank you.

REP. HORN (64TH): Thank you. Rep. Rutigliano, did you still have a question?

REP. YACCARINO (87TH): Thank you, Madam Chair.

SCOTT DOLCH: I think I've tried to answer the question about how the industry is faring right now. I think I've answered the question that there are added costs coming at them from everywhere. No one's saying, oh, we're reducing this. Oh listen, your insurance, your, lease, your food costs are going to go down. They're not. And this is just being honest about just pulling out a box of syrup is one example.

And I think that was also expressing these other city taxes. They're not written the same way. And also we can maybe take some, but we don't know the impacts of the powder, we don't know the impacts that this could have on other small businesses that also support us and bring business to us.

So there's so much of initial concerns that, as we read this as an industry, that we have, and I appreciate all sides. I think you guys all understand where the industry is, where we hope it will continue to-- the optimistic one in me want to go, so.

REP. RUTIGLIANO (123RD): I appreciate that, Scott. And I appreciate the good Chair giving me a second opportunity. Just a statement, I guess, about the industry, because I'm in the industry, so I kind of know a little bit about it. The past four or five years have been unbelievable. I'm not pro soda. In fact, in my own life, I'm very anti-soda. I think it's terrible. It's empty calories. I don't think you should drink it.

It's just one more thing I don't think our industry needs to deal with, meaning we already dealt with enough. I mean, we've had rampant inflation for five years, COVID, you name it. The attacks and the extra taxes and regulations on the food service industry in Connecticut is really just starting to reach a breaking point. It's getting a little crazy.

And then the forced labor costs, I mean, you name it, the State of Connecticut has sort of imposed things upon us. So I didn't read in the bill where the tax was collected. You're saying it's on a manufacturer level, I guess that makes it a little bit more palatable than if it was another tax that I had to collect a tax that we've had these conversations that I collect on behalf of the government under threat of arrest.

If I do a bad job and I get to pay the credit card fee for collecting the government's taxes, that's an

entirely different conversation, apparently, we're not supposed to have. But it's the truth. So I appreciate you coming out here today, Scott. Thank you very much. And I'm for free lunch.

I want to be known that I think we're subsidizing wealthier towns. That's what I had an objection to. I think we're going to subsidize Greenwich, Fairfield, Wilton, New Canan with this, because it's universal, whether the town needs it or not. So, that's kind of where I ended up. Thank you, Scott. Thank you, Madam Chair.

SCOTT DOLCH: Thank you.

REP. HORN (64TH): Thank you, Representative. Any further questions? Senator Rahman.

SENATOR RAHMAN (4TH): Thank you, Madam Chair. Scott, nice to see you.

SCOTT DOLCH: Great see you, sir.

SENATOR RAHMAN (4TH): Thank you for being here today with us. Yes, I am supporting hardly universal free meal, very important. We really, really need to do this. Our state, like my colleagues mentioned, we are one listed maybe not doing this. And we should not be behind. We should lead and take care of children in the school. Absolutely, I'm for it and want to support this. But at the same time, I think our restaurant is still recovering from the pandemic.

I used to own the restaurant, and I know one table, one server, maybe 32 times, they go, and this is time and time is money. It cost a restaurant really hard to survive, especially away right now. It's not just in Connecticut, nationwide. So they're struggling to run the restaurant and survive.

I don't know, it's a good idea to tax on. I'm not in favoring any, not just on talking about the restaurant taxing. I'm in favor to cutting the tax,

remove the more tax. We have enough tax in the state, and we should find another option to generate the income or get the money from some other program. And providing our children the free meal, this is pretty important.

So, I don't know this is good idea, but I want to put the thought in here. I know my colleagues and me, we are all want to support, and providing the free meal, that absolutely we should do it. But at the same time, I think we should also helping our small business. I always saying there is no business, no job. There's no job, no worker, no business. It's tied up each other. Balance it up.

We have two help a small business as a small business owner. Look, I started with \$25,000 invest. I'm proud to say today because I stayed up in Connecticut, I got a lot of help from so many people, and most importantly, from the worker. Right now, I have two company--

REP. HORN (64TH): Senator, do you have a question for the speaker?

SENATOR RAHMAN (4TH): No, I just want to explain this. It is sharing, we have to help the small business more to generate the income and then generating the job is going to be better position. So I think I'll say whoever introduced this bill is great idea. I'm supporting this, but I think we should look another option to how we can pay. But we should have that free meal. Thank you, Madam Chair.

SCOTT DOLCH: And just should say, Senator, you and I agree 100%. I want to figure out a way to make this other side a solution, if I could help just not through the backs of small businesses. Thank you.

REP. HORN (64TH): Any further questions? Seeing none, thank you for joining us.

SCOTT DOLCH: Thank you, Madam Chair.

REP. HORN (64TH): You may have a full attendance record at our public hearing, so congratulations.

SCOTT DOLCH: Yeah. Next one, let me know. I'll bring food next time.

REP. HORN (64TH): Thank you. Next up, we have George Frantzis.

GEORGE FRANTZIS: There we go. I restart again. Madam Chair, esteemed committee members. My name is George Frantzis. I'm here with two hats, actually, today. The first hat is representing Quassy Amusement Park, a business that's been in Connecticut for 117 plus years. And Mr. Joe, citizen of Connecticut.

Scott, I think just said it eloquently, and I know there's a lot of people that are on the docket today, so I'm not going to steal a lot of time because everything I was going to say would be basically the same thing Scott went through. I think in today's world, with the amount of additional costs thrown on businesses, small businesses like ours, it's becoming extremely difficult to stay in business in the State of Connecticut, especially with competitors around us that that aren't subject to the taxes and/or wages that we have to pay for product of goods that we receive.

So I'm here in opposition of House Bill 7273 for all the reasons that Scott said. This is a tax that on the surface seems benign. It a simple \$0.02 an ounce, but when you start doing the math, as Scott pointed out, it's daunting. And along with everything else that we've incurred in the last five years has been also discussed.

It's becoming extremely difficult to maintain in this state, and be as philanthropic as we like to be, and be as invested in our communities as we'd like to be. So, in a nutshell, again, I'm opposed to the bill, and I'm going to keep it short and sweet because I think Scott hit all the talking points.

Again, we are, we do care about children, we do feel that the cause is good, but there are other vehicles in which that are a little bit more consistent as well than try to hit a tax bill. So that's it.

REP. HORN (64TH): Thank you. We appreciate short and sweet. Rep. Polletta.

REP. POLLETTA (68TH): Thank you, Madam Chair. And George, good morning. And I just wanted to say thank you for your advocacy and for showing up today. As someone who borders Quassy Amusement Park, and I thank you for the good work that you've done. And I just want to say that employing our youth, being good mentors to our youth, and advocating for policies that affect State of Connecticut goes a long way. And you're a good partner in our community, so thank you.

REP. HORN (64TH): Thank you, Representative. Representative Rutigliano.

REP. RUTIGLIANO (123RD): Thank you, Madam Chair. And for someone who spent most of their summers at Quassy Amusement Park, I wanted to thank you also. As restaurant people, Scott, before you, we sort of get sort of pigeonholed that everything's all about us. You're not technically a restaurant, you're more of a concession, correct?

GEORGE FRANTZIS: Correct.

REP. RUTIGLIANO (123RD): So this is just a carve-out for food service or buying a bottle in the store. If somebody has sort of a walkup where they get their own soda or a slushie, you think a syrup would-- I guess a slushie would count too, correct?

GEORGE FRANTZIS: Absolutely.

REP. RUTIGLIANO (123RD): Right. And I would imagine that you selling some of these beverages is a way to you offset some of the higher costs that you've

incurred for other things the state has done to you over the past few years?

GEORGE FRANTZIS: Yeah, when you start analyzing, and Scott also mentioned our insurance costs are skyrocketing.

REP. RUTIGLIANO (123RD): Skyrocket, yeah.

GEORGE FRANTZIS: The cost of goods for metal and wood, just to keep maintenance, general maintenance is through the roof. Our labor costs. I mean, that's going up in perpetuity from here on with the new minimum wage bills.

REP. RUTIGLIANO (123RD): Yeah.

GEORGE FRANTZIS: So all these things in combined with this, it's just that one more jab that makes it just that much more difficult to compete.

REP. RUTIGLIANO (123RD): Well, I appreciate you coming out here today. I really don't think sometimes we, here in Hartford, appreciate just how much the inflation, the rampant inflation over the past four years has really damaged just about everything that we touch with that. Thank you, Madam Chair.

GEORGE FRANTZIS: I'd like to add one more thing. We are all vying for discretionary dollar, especially in the service industry that we deal with. And as Scott mentioned, you can only pass so much onto the consumer. So the consumer's going to get-- Ironically, the people that this benefit are going to be hurt by this as well. So it's kind of a catch-22. And I just think that that has to be acknowledged as well.

REP. HORN (64TH): Thank you, Representative. Any further questions? Seeing none, thanks for joining us.

GEORGE FRANTZIS: Thank you for your time.

REP. HORN (64TH): Next up, we have a panel, Justin Wyse, Mike DeFeo, and Moises Castillo.

MIKE DEFEO: Yes, good morning. I'm here with Justin Wyse, the merchandiser, and also Moises Castillo, one of our drivers. Good morning, Co-Chair, Senator Fonfara, Co-Chair, Representative Horn, and members of the Finance Committee. Thank you for allowing me to testify before you today.

My name's Mike DeFeo, lifelong resident of Connecticut and General Manager of Hartford Coca-Cola. Hartford Coke is one of four locations in Connecticut by Coca-Cola Beverages Northeast, which includes our production facility in East Hartford, Connecticut, where we probably made Coca-Cola for over 80 years.

Across four of our facilities, we employ 750 associates, good-paying jobs, majority of them Teamsters with local and excellent benefits for hardworking people and families. Further, for every associate we directly employ, we indirectly support seven more jobs in the state. Over the past several years, we have invested \$70 million in our local facilities.

We are definitely local and we are proud to be part of the communities we serve. I'm here today to voice our strong opposition to House Bill 7273, AN ACT IMPOSING A TAX ON CERTAIN SWEETENED BEVERAGES, SYRUPS AND POWDERS. \$0.02 per ounce might not sound like a lot, but it does add up quickly. You heard from Scott Dolch, he talked about the \$2 or so, \$1.99 to carry the tax of \$1.36, that's 68% increase to an average retail of \$3.35.

That increase would cost harder for our retail partners to compete in the state as stores additionally costs would be passed on to their customers. If you take into consideration the fact that Connecticut families also pay \$0.10 deposit on their beverage containers, while shoppers in New

York and Massachusetts only pay \$0.05, and Rhode Islanders do not pay a deposit at all.

The price differential only continues to increase. In the time where family budgets and are already stretched to limit, this would only intensify the issue as Connecticut residents now are spending more on the same goods as before. And ultimately, this would be a regressive tax felt the most by our states most disadvantaged residents. Those are already struggling the most will feel it the most.

This tax would also have far-reaching implications for state employers and their local-based employees. Beverage distributors like Coke Northeast will be forced to make difficult decisions that affect the livelihood of our employees, many of whom aren't Teamsters, as I stated, and the stability of our industry.

This is the something the industry saw play out firsthand in Philadelphia, which many talked about, while many workers lost their job due to the beverage tax implemented in that city. This proposed tax would disproportionately impact our industry and its workers, especially Coke Northeast. Our beverage industry peers and our retail partners already taking additional costs of doing business in Connecticut due to the Bottle Bill.

House Bill 7273 would place an undue burden on a wide array of businesses and consumers, particularly those with lower incomes who are less able to avoid the tax by shopping outside state limits. At a time when affordability is top of mind, now is not the time to impose yet another tax on Connecticut residents.

I urge you to oppose this regressive tax proposal that will hurt local businesses, family, and jobs. I appreciate the opportunity to speak with you today, and I'm going to turn it over to one of our employees, Justin Wyse, for additional comments. Thank you.

JUSTIN WYSE: Good afternoon, Co-Chair, Senator Fonfara, Co-Chair, Representative Horn, and Members of the Finance Committee. Thank you for allowing me to testify before you today. My name is Justin Wye, and I am a merchandiser for Coke Northeast and South Windsor, and proud member of Teamster's Local 1035.

I have been a Connecticut resident for 34 years and reside in South Windsor, where I am proudly raising my family. I started my career with Coca-Cola Beverages in 2019 years as a bulk merchandiser, Billing displays and stocking shelves, and many area supermarkets throughout Connecticut.

I'm here to respectfully urge you to oppose House Bill 7273, an excessive and unfair beverage tax that would place a heavy burden on Connecticut's working families, local, small businesses, and the people they employ. I'm deeply concerned about how this proposed tax will affect both my livelihood and the customers I serve.

If passed, House Bill 7273 would significantly raise the cost of everyday beverages, forcing many residents to cross state lines into Rhode Island, Massachusetts, or New York to avoid paying more. And when they leave to shop for beverages, they'll take their full grocery list with them, hurting local stores and small businesses even more.

Our neighborhood restaurants would also be hit hard. Many are already struggling to stay afloat amid rising costs, and this tax would add thousands of dollars to their expenses each year, pushing some even closer to closure. There are better, more equitable ways to address the state's budget needs than by imposing a regressive tax that disproportionately affects working families and small businesses. I ask you to consider the real world consequences. This bill would have--

CLERK: You have reached five minutes for a panel. Your time has expired. Please summarize.

MIKE DEFEO: Thank you. Thank you very much. I'm going to direct you over to Moises over here.

MOISES CASTILLO: Good afternoon, Co-Chair, Senator Fonfara--

REP. HORN (64TH): Mr. Castillo, if you could hold on for just one moment. I just want to note that we do generally extend more time to panels, but we do expect you to share your time, so please proceed, sir, but try to be brief. Thanks.

MOISES CASTILLO: Okay. Well, thank you for allowing me to speak today. My name is Moises Castillo and I'm a driver at Coca-Cola Northeast, and a member of the Teamsters 1035. And I came here from Puerto Rico in 1988, and I've been in Connecticut since then. I live in East Hartford where I'm probably raising my family.

I started at Coke and I've been here for 20 years as a driver, delivering and stocking shelves around Hartford and surrounding areas. And today, I urge you to oppose a bill. It is a unfair tax that's going to hurt our families and businesses and employees. I'm just worried about how this tax is going to impact my job as a driver, and also the customers that I serve.

And it's going to be a big price increase on everyday beverages and undoubtedly force many residents to drive across the different border states to get these beverages and their groceries because they'll take their grocery list and go there. I'm also worried about the restaurants, how they're going to face thousands of dollars in annual taxes if this is passed, putting their business at further risk when they're already struggling.

CLERK: You have passed the shared time. If you could please quickly summarize.

MOISES CASTILLO: Well, I just urge you to find a better way for our state, instead of having this tax

to target our local families and businesses, I'm just asking for you to oppose this bill, House Bill. 7273. Thank you.

REP. HORN (64TH): Thank you, sir. Rep. Rader.

REP. RADER (98TH): Thank you, Madam Chair. And thank you for three of you testifying. I just wanted to ask, because your last speaker there, I want to get your name correct. Mr. Castillo?

MOISES CASTILLO: Yeah, Moises Castillo.

REP. RADER (98TH): Hi. Good to see you. You talked about or worry about job security and everything. I just want to share something with you because I would never want something like this to negatively impact someone's livelihood or their employment. And there was a really comprehensive study done that shown there was no changes in unemployment claims for supermarkets, software manufacturers, deliverers, or related industries one year after this tax was implemented in five different cities across the US.

And I'm just curious those that have testified today, beyond the sweetened beverages, do you also sell and distribute items that would not be part of this tax? Waters, fruit juices, and things like that? And I'm curious, how much of your market is the sweetened or diet sodas versus these other beverage products?

MOISES CASTILLO: Well, we do sell regular water that wouldn't be part of the bill. But I would say most of the beverages that we sell are all going to be included in this. And I think that actually that would actually hurt our business because even just like the bottle deposit, our volume is down over the last year. And you can see that in the way that the number of drivers that we have here and the work that goes out, it's a lot less than it has been in previous years.

REP. RADER (98TH): So it's already down is what you're saying? So the market has already changed.

MOISES CASTILLO: Yeah, I'm saying that the amount of work as a driver, I'm just talking as a driver, there's less work now than there has been before. And here, locally, we do where people could take voluntary days off. And I've seen that more often now than in recent years because of the lack of work.

REP. RADER (98TH): So it's more the industry is changing. Okay. I thank you very much. I don't have any follow up questions. Thank you, Madam Chair.

MOISES CASTILLO: Thank you.

REP. HORN (64TH): Thank you, Rader. Rep. Polletta.

REP. POLLETTA (68TH): Thank you, Madam Chair. And Rep. Rader had actually asked one of my questions, but for Mr. Castillo, I just have a quick question. You said you were with the Teamsters, correct?

MOISES CASTILLO: Yes. Yes.

REP. POLLETTA (68TH): Thank you. And I just wanted to thank you for the hard work that you do and providing a necessary service. It's not always an easy job. I've known many folks that drive and it's less than desirable, especially around the holiday season. I just was wondering very briefly, if you could shed some light on the industry as a whole in terms of their service and what it would mean if sales were down. Would this mean a loss of jobs for your union? Or could this mean that there could be cutbacks? Reductions? Is there anything you can add to that briefly?

MOISES CASTILLO: I think that there would be definitely cutbacks, because the lower the volume that we have, like the merchandiser that I have here, Justin, it would be less work for him to do. So eventually, the company will backtrack the work

that goes out. So either they get laid off, because we do daily layoffs here. We're a union, it goes by seniority. The guy at the bottom of the list will be called and say, hey, there's no work today. The same thing with the drivers.

It happens now. It's like we have too many drivers, and because of the union, the company can't really just fire anybody because of lack of work. So it'll be daily layoffs. And we have that now. It's daily layoffs. They'll call you and if you're at the bottom and they'll say, hey, there's no work today. And you can come in if somebody calls out sick. But that's pretty much it. And we see those effects now. I think part of it is because of the increase in just pricing in general and the taxes that we have on like the bottle deposit, that affected it.

REP. POLLETTA (68TH): Thank you, Mr. Castillo. I have no more further questions. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, Rep. Polletta. Rep. Constantine.

REP. CONSTANTINE (42ND): Thank you, Madam Chair. Thank you to the three of you who have testified. So could you clarify for us, for Coca-Cola Beverages, Northeast and Hartford, where you're shipping from, are you specifically Coca-Cola brands? Because we know the soda industry has changed dramatically over the last couple many years. First with the increase of water, then the expansion into other types of beverages. So, are you only distributing Coca-Cola products or the Coke brand itself?

MOISES CASTILLO: Well, Coke has many different brands, and we work with different partners. Actually, as Coca-Cola, we do Coca-Cola, we'll do like Smart Water, we'll do like the glass old brands, all the Vitamin Waters, Canada Dry, Dr Pepper. What else do we have? Monsters? We do energy drinks, we do teas. Gold Peak. Yeah, Gold Peak. And

the Powerade, there's a Coca-Cola brand. There's different brands.

REP. CONSTANTINE (42ND): So you're doing the whole wide range of--

MOISES CASTILLO: Yeah, there's a variety.

REP. CONSTANTINE (42ND): --varieties, I guess, for lack of better word.

MOISES CASTILLO: Yeah, we do teas, we do water, obviously. Yeah, there's milk. We do the Core Power brands. Can't think of anything else.

REP. CONSTANTINE (42ND): Thank you.

REP. HORN (64TH): Thanks, Rep. Constantine. I had a question. I think this is probably for Mr. DeFeo. First of all, what we're wrestling here with this bill in essence are healthy kids. And we are trying to see whether we can focus the ability to provide all children in Connecticut with healthy meals at school in a reliable way that doesn't shame them, while at the same time, recognizing the health detriment of sugary beverages.

So I wanted to start with the second half of that, which is, we'll get testimony later today from a lot of public health professionals or public health and pediatricians and school dieticians have testified or will testify about the health detriment to kids, in particular, for these drinks. And I wondered whether you were comfortable sharing, does Coca-Cola have a position on that? Does that something that Coca-Cola refutes?

MIKE DEFEO: We're definitely concerned. Obviously, Moises and Justin talked about job losses, but we're definitely concerned about the food for our younger kids. And as Scott mentioned earlier, you want to be part of the process, so do we. But I think we've been so taxed now in this state with the deposit, especially outside of Connecticut, where a lot of

our employees and residents are going out and buying our product or redeeming the \$0.10 deposit. But we definitely want to be part of the process, for sure.

REP. HORN (64TH): That wasn't exactly my question. If I could just restate my question is that we'll hear later on today about the specific, or people will make the case that specifically Coca-Cola and similar products cause result in health problems for people in certain communities. And in this particular conversation, we're talking about kids. I wondered whether Coca-Cola had a position on that.

MIKE DEFEO: Well, we have a position on all of our beverages we serve, and I'm not sure what you concern health issues. It's a choice that people make. We're not forcing anybody to buy our products. But we do have a wide variety of brands that we sell with sugar or without sugar or with sweeteners, such as the expansion of all the waters and seltzers, for sure. But we've been hearing that for many years now about unhealthy brands, but we're not forcing anybody to buy our product at the same time.

REP. HORN (64TH): No, I accept that nobody's forcing it. It's the question of whether there's a connection between the consumption, as we understand it today, and deleterious health effects. But we don't need to press you on that.

MIKE DEFEO: Thank you.

REP. HORN (64TH): Any further questions? Seeing none, thanks for being with us.

MIKE DEFEO: Thank you very much.

REP. HORN (64TH): Next up, we have Marina Pappas. Yes. Is Marina with us? Yes. Great. I see her name on the screen. Can you hear us, Ms. Pappas? There we go.

MARINA PAPPAS: Hi there. I was actually hoping to testify for 7272, the Child Tax Credit Bill. Have we moved to that yet, or no?

REP. HORN (64TH): No, we're doing them all.

MARINA PAPPAS: Okay. Thank you so much.

REP. HORN (64TH): You're welcome.

MARINA PAPPAS: So, as a mother of two and as a social work student and as an intern at the Guilford Women and Family Life Center, I strongly support this bill. As a student, I've become very aware of all of the research that, from a developmental standpoint, supporting families and young children is really important because children developmentally are at such a critical point in their development.

That investment in families at that time is just a really smart policy choice, as well as developmentally sort of long trajectory choice. It's a good investment. And then the research, too, just about the effectiveness of child tax credits is so broad and extensive and positive. These policies work, and families tend to spend the money that they receive locally on their basic needs.

So it stimulates the economy as well. From just a personal experience standpoint as well, I've worked with several families over my time here this year where a \$600 per child tax credit would be incredibly impactful. One mother has to choose between living with her mother so that she can afford extracurricular activities with her kids, or living alone and independently.

Something like this would help ease that burden and make financial independence more of a reality for her. Another mother lost her husband and had exhausted her family and friends' help. And this would've helped her as well if she was reentering the workforce as a nursing assistant to just help support her kids and live independently. So for all

of those reasons, for the research, for the personal for the connections that I've had with family, and as a mother of myself, I just wanted to offer that and express my support for the bill.

REP. HORN (64TH): Thank you. And thanks for being with us today. I had one question about the, you cited your support for a \$600 child tax credit. If we're not able to provide that, for example, the bill that we have in front of us today is at \$150, it's a much lower level than that.

MARINA PAPPAS: Oh, okay.

REP. HORN (64TH): Would that still be helpful, meaningful if we're not able to do the full \$600, given other priorities?

MARINA PAPPAS: I mean, I think any help is meaningful, for sure. Yeah. I think it's important to consider if one needs to reduce the amount, too, is who we're serving and what ages the children who are included could be. So yes, I think \$150 per child is still a meaningful contribution, especially in combination with federal child tax credits as well. I think it's certainly time for Connecticut to join the growing number of states that are adopting these types of measures in whatever way it can.

REP. HORN (64TH): Seeing no further questions. I'm sorry. Representative Yaccarino.

REP. YACCARINO (87TH): Thank you, Madam Chair. I'm trying to read the bill and I haven't finished it, but-- oh, she's on Zoom. I forgot. Thank you for asking your questions and being here to advocate. But I have a question. Will SNAP benefits affect the income level on this tax credit?

REP. HORN (64TH): I don't know, but we can get the answer for you in the Finance Committee.

REP. YACCARINO (87TH): All right. She took off. All right. Thank you.

MARINA PAPPAS: Oh, yeah, I don't know the answer to that.

REP. YACCARINO (87TH): Marina?

MARINA PAPPAS: Yes.

REP. YACCARINO (87TH): Thank you.

REP. HORN (64TH): Thanks, Rep. Yaccarino. We will look into that question. Any further questions for Ms. Pappas? Seeing none, thanks for joining us today.

MARINA PAPPAS: Thank you.

REP. HORN (64TH): Next up, we have Erik Bartone.

ERIK BARTONE: Thank you, Co-Chairs, Horn and Fonfara, and esteemed members of the committee. My name is Erik Bartone. I'm a principal of Cygnus Financial Group. We're a family office located in Glastonbury, Connecticut. Our core investments are in traditional assets, stocks, bonds, and real estate. And we're here this morning to provide support for Senate Bill 1552.

Over the past two decades, we've incorporated gold and other precious metals investments into our portfolio as an important hedge against inflation. And it's funny, I've been listening to speakers here this morning and it seems like the new buzzword is inflation, and with good reason. I want to clarify that we're not a partisan group nor anti-government.

A lot of people think that precious metals might equate to that, but we see precious metals investment, particularly gold, as a prudent diversification tool, not a political statement. We believe gold and precious metals will play a greater role in asset diversification and protection against inflation. Why is that? Over the past 15 years, we've seen unprecedented expansion in the money supply, and the pure definition of inflation is the

amount of money supply that's injected into the economy.

And over the last 15 years, since the Great Financial Recession, we've seen an incredible amount of money supply expansion, primarily due to funding US federal debt and deficits. Gold preserves our purchasing power. It's an asset that is universally recognized and it has quietly outperformed the S&P 500 since the year 2000.

People don't realize it, there's no discussion of it as an asset class for a lot of reasons, but since 1971, gold has returned an annual investment return of 10%, ensuring its protection against inflation. Senate Bill 1552 enables middle and lower income residents to have greater access to investing in this asset class by eliminating the regressive sales tax structure that's currently in law.

It provides Connecticut residents and businesses, more importantly, your constituents with a place to store their investments in a safe and secure location. Banks have been reducing and eliminating safety deposit box options over the years.

CLERK: You have reached your three minutes. If you could please summarize.

ERIK BARTONE: And the establishment of a bullion depository enables the financial planning community to educate and promote this asset class to their clients as a way to protect and grow their savings, both in brokerage and IRA structures. Thank you for your time, and I strongly support Senate Bill 5052.

REP. HORN (64TH): Thank you, sir. I have a couple of questions. First of all, is it your understanding that our-- so it's the treasurer's office that generally has the jurisdiction over deciding, looking at asset classes for the state's assets. Are you suggesting that they don't consider gold and precious metals as one of the asset classes that they look at?

ERIK BARTONE: That would be up to their decision. I'm not here to promote that, whether they do invest state assets. What I am here to promote is enabling residents of this state to have access to this investment class. Today, they don't. And there's some issues with current law, particularly with the way that sales tax is structured on purchasing precious metals. It's a regressive tax. In other words, sales tax is not imposed on purchases that are over \$1,000.

REP. HORN (64TH): It's my understanding actually, and please correct me if I'm wrong, that in exchange-traded funds, you can buy a gold exchange-traded fund that basically performs very closely to what gold the actual product is, which is not of course, subject to the sales tax. Is that correct?

ERIK BARTONE: That is correct, yet as we've seen recently with the influx in physical gold coming into the United States, a lot of these exchange-traded funds are not backed up by the physical asset. They're backed up by paper assets. So in the event where we get short squeezes like we have today, the payouts of ETFs may not be in the physical asset. They may be in actual paper currency.

REP. HORN (64TH): It was my understanding they were backed up by the physical asset. So if you have information that they're not, I think the committee would very much appreciate that.

ERIK BARTONE: Thank you.

REP. HORN (64TH): Thank you. Chair Fonfara.

SENATOR FONFARA (1ST): Thank you, Madam Chair. Good afternoon, Erik. Good to see you.

ERIK BARTONE: Good to see you, Senator.

SENATOR FONFARA (1ST): The depository, you mentioned that in your opening statement. Why do you

think that's helpful? Why should Connecticut support a depository for precious metals?

ERIK BARTONE: I think the biggest reason is we're moving into a world where physical assets are going to matter and financial assets are going to be diminishing in value. The risks of financial assets are increasing every day. We see this today, we can see it in our monetary policy or fiscal policy. And I think having a secure depository in the state is an important infrastructure asset, not only for the residents of the state, but businesses as well.

You're seeing a lot of businesses starting to invest in these assets. A lot of insurance companies are. In fact, we have some very large insurance companies here in Connecticut that have been quietly investing in the physical assets. And they're relocating those assets outside of the State of Connecticut.

And I think the depository here in the state would be an important infrastructure resource to reduce risk and also allow a place for average Connecticut residents of all income classes to be able to have access to it.

SENATOR FONFARA (1ST): Can you speak to the issue of how gold stands up against the dollar and in terms of-- I read something recently where the person buying a home in 1980, that home were worth \$200,000 and the amount of gold equivalent to purchase that home versus what that same home is worth today and how much less gold would be required? Can you help the committee understand that relationship?

ERIK BARTONE: We've written extensively on this topic, particularly housing in terms of gold, gold is constant. It's the antithesis of the currency. It's an asset that's used as insurance and a hedge against the value of the dollar. And in terms of housing, in 1971, the average house costs \$25,000. The average house in the United States. And gold was

valued at \$35 an ounce. So it took around 710 ounces of gold to purchase a home.

Today, 2025, the average home price in the United States is about \$410,000 on the decline. But it is around roughly \$400,000. And the average price of gold is about \$3,200 an ounce. So it went from 710 ounces to today, about 127 ounces of gold to purchase a home. So you could see everyone thinks that if I put my investments in my home, I'm protecting myself against inflation. That's not necessarily true.

In dollar terms, it is. Everybody looks and says, "Hey, I've purchased my house 10, 15, 20 years ago, even recently, and the values of homes have increased," but it's hidden by inflation. And gold actually corrects for that. It equalizes inflation. And you can see that housing in terms of gold has actually dropped dramatically over the last 55 years or 54 years.

So, in terms of an investment, it's a very prudent investment that people should consider. We've done it and incorporated it into our portfolio since 2008, because from 2008 to today, the amount of deficits and debt that the federal government, along with the private sector, has been incredible. I mean, debt worldwide is about \$300 trillion.

And if you look at it from the United States perspective, every time you turn the news on, we've got \$36 trillion of federal debt. It isn't \$36 trillion, it's about \$136 trillion when you incorporate unfunded liabilities, principally Social Security, Medicare. And when the government takes in about \$5 trillion a year in revenue from taxes, you can quickly see that there's a huge shortfall in receipts versus outlays.

And that's not changing. It's a structural problem that we have in the United States. It's not going to change. So in terms of investment and in terms of its impact on future inflation rates, any way that

we can enhance the ability to provide citizens of Connecticut principally the middle- and lower-income classes with the ability to invest, store, and be able to utilize at a future date is critical, I believe, for the viability of the State of Connecticut.

SENATOR FONFARA (1ST): If I could, Madam chair, one last question. How does this bill support your last statement about having middle and a lower-income residents of the state be able to access this asset class?

ERIK BARTONE: Well, one of the big things is changing the sales tax structure that's in place now. Right now, sales taxes is waived on any purchases over \$1,000. So if someone was to buy over \$1,000 of gold, silver, any bullion products, they would be exempt from Connecticut sales tax. Anything under \$1,000 purchase is subject to the 6.35% sales tax rate.

So you could see that it's a regressive tax that does two things. It disincentivizes the lower middle-income class from investing in this. But it also prevents things like dollar cost averaging, where if you want to make smaller purchases over a regular schedule, it disincentivizes that because now you're being charged sales tax, whereas aggregate purchases above \$1,000 aren't. So the structure today doesn't allow the majority of Connecticut residents to take advantage of this investment class.

SENATOR FONFARA (1ST): Thank you. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, Mr. Chair. Seeing no further questions, thanks for being with us.

ERIK BARTONE: Thank you.

REP. HORN (64TH): Next up, we have Alla Hill.

ALLA HILL: Yes. Hello.

REP. HORN (64TH): Hello.

ALLA HILL: Thank you. Dear Chair Horn, Chair Fonfara, and the Honorable Members of the Finance, Revenue, and Bonding Committee. My name is Alla Hill and I am a nutrition scientist, a registered dietician, and a Senior Science Policy Associate at the Center for Science in the Public Interest. We are a national organization that advocates for science-based nutrition policies and longtime advocates of healthy school meals.

CSPI strongly supports House Bill 7273, and we are excited to see Connecticut potentially become the first state in the country to adopt a statewide sweetened beverage tax to fund healthy school meals for all Connecticut children. There are three key reasons why funding healthy school meals for all is a critical public health issue.

First, expanding access to healthy school meals will provide economic support for families. During the COVID-19 pandemic, federal waivers allowed all students to receive preschool meals regardless of income. But this provision expired in 2022, prompting some states to implement their own universal meal programs.

Without such measures, many families earn too much to qualify, yet still struggle to afford meals, while stigma deters eligible students, highlighting the need to treat school meals like other essential resources provided to all students. Secondly, expanding access to healthy school meals will promote nutrition, food security, and academic performance.

A systematic review examining preschool meals for all policies found that they're positively associated with school meal participation, diet quality, food security, and academic performance. Research from 2018 shows that food consumed at

school was the highest quality source of food for kids compared to the nutritional quality of foods consumed from any other source.

Lastly, expanding access to healthy school meals can advance equity. Healthy school meals for all, ensure that children who might be on the edges of eligibility or who are experiencing homelessness, have recently immigrated, have caregivers who may struggle with administrative paperwork or are in foster care do not fall through the cracks.

Taxing sugary drinks to fund healthy school meals is a win-win for Connecticut. One potential advantage of a statewide sweetened beverage tax is that compared to a local tax, it would be expected to reduce any tendency of residents to shop for sweetened beverages in adjacent areas. Please ensure that children in Connecticut have the nourishment and dignity they need to learn and thrive by passing House Bill 7273. Thank you.

SENATOR FONFARA (1ST): Thank you. Questions?  
Representative Rutigliano.

REP. RUTIGLIANO (123RD): Thank you, Mr. Chairman. Good afternoon, young lady. Well, it's on Zoom, so the TV's back here not in front of me, so I'm getting confused. I have a question, and we were talking about it outside, and I don't know if you're located in Connecticut or not. I'm not really sure. Do you know how many schools in Connecticut actually cook the food that they prepare for the children?

ALLA HILL: To my knowledge, preparing food on site is common in all public schools, but I don't have statistics about that for Connecticut specifically.

REP. RUTIGLIANO (123RD): I meant from scratch or--

ALLA HILL: I can look that up for you and follow up via email.

REP. RUTIGLIANO (123RD): I meant from scratch, where they actually take raw product, turn it into consumable items, as opposed to taking a box out of a freezer, placing it on a sheet pan and heating it up.

ALLA HILL: I understand, yes. I can look into that for you and follow up via email, if that would be helpful.

REP. RUTIGLIANO (123RD): I appreciate that. Because I would be curious because I'm sure you agree, I mean, nobody's for sugary drinks, but if you ever read the side of a container of frozen chicken tenders, I mean, your head would explode just trying to figure out what the actual ingredients are that are in there. So I don't know if this program that we're thinking of instituting sort of has a component in it where the food actually gets prepared as opposed to placed and baked. But thank you for your testimony, and I appreciate you answering my question.

SENATOR FONFARA (1ST): Representative Rader.

REP. RADER (98TH): Thank you, Mr. Chair. Hi, Alla. Thank you for your testimony. Just as a follow up to my colleague's question around preparation of meals, could you speak to possibly, and if this is in your knowledge base, when the country the federal government was paying for our meals during COVID and post COVID, did that give districts more buying power in terms of the kind of products they could purchase, meaning that they were able to purchase more fresh foods and vegetables and possibly, to my good colleague's comments, produce more from scratch or recipe made foods in the cafeterias?

Was there any sort of trend during that time when all schools were receiving this funding that they were able to provide a better level of quality? Because USDA does have standards, and then in Connecticut, we have the Healthy Food Certification that Boards of Eds have to recertify about every

year that they are abiding by those requirements. But I'm just curious about your input on that.

ALLA HILL: Yeah, that's a great question. I'm not sure if there is funding specifically for purchasing whole ingredients or for reimbursing like equipment costs--

REP. RADER (98TH): No, I'm talking more about the actual food products, the produce, the fruits, the bread, the things that you would utilize when creating a meal for a school. My understanding in my district was that during that time, the food service or managers in our districts were able to actually create more interesting recipes, they were able to have more buying power locally because their funding stream was more consistent and robust. And so, I'm just wondering if you can substantiate what I just witnessed locally.

ALLA HILL: Yes, USDA has in recent years a separate grant program that allowed schools to purchase local foods, which has recently ended. But yes, that was in place recently.

REP. RADER (98TH): Okay. Thank you. Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Thank you, Representative Rader. Further questions? Thank you very much. Nick Teeling.

NICK TEELING: Good afternoon. Senator Fonfara, Representative Horn, Senator Fazio, Representative Polletta and Distinguished Members of the Finance Revenue Bonding Committee. My name is Nick Teeling and I'm testifying today on behalf of Connecticut Voices for Children, a research and advocacy organization working to ensure that one day Connecticut is a thriving equitable state where all children can achieve their full potential.

CT Voices is testifying today in support of House Bill 7272 and House Bill 7273, and offers comments

on House Bills 7269 and Senate Bill 1554, which are included in our written testimony. For the purpose of time, I'm going to focus our spoken testimony today on House Bill 7272.

Sections 1 and 2 of House Bill 7272 would inflation index the personal exemption and the tax bracket components of Connecticut's personal income tax. And Section 3 would create a Connecticut Child Tax Credit. We support these proposals because they would provide needed financial assistance for low and middle-income families, and make Connecticut's tax system fair.

We hope that there will be considerations beyond what's proposed in House Bill 7272 by way of including children under the age of 18, as well as phasing in the tax credit from \$150 per child to \$500 or \$600 per child. A well-designed Connecticut Child Tax Credit could provide either a lifeline or make life more affordable, both of which are good.

Using the most accurate measure of poverty from the federal government the supplemental poverty measure which incorporates essential expenses such as food, clothing, shelter, utilities, taxes, medical costs, and work-related expenses, we measure the child poverty rate increased from a low in 2021 from 6.8% to 11.6% or 84,444 children in 2022.

This is largely due to the sun-setting the federal child independent tax credit expansions. To help legislators understand this particular return on investment, our testimony models that the impact a state-level child tax credit would have on reducing poverty in Connecticut. Specifically, the option in House Bill 7272 provide financial assistance for up to 546,160 children, or 75%, including 77,240 children living in SPM-based poverty, or 91%.

Additionally, it could lift 1,950 children and 3,300 total residents out of SPM-based poverty. This coupled with inflation indexing the Connecticut personal income tax would provide needed financial

assistance for the state's low and middle-income families, and would make the state's taxes fairer and more aligned with other states. We know that Connecticut families need to make life easier and more affordable.

We're worried that this will become greater with the global economic instability, threatening to raise the cost of everyday goods and potential deep federal funding cuts to many programs like Medicaid and SNAP. But Connecticut has the opportunity to reduce child poverty and advance family economic security this session, which is why we support the policies in House Bill 7272. Thank you for your time and consideration. I'd be happy to take any questions.

SENATOR FONFARA (1ST): Representative, go ahead.

REP. RADER (98TH): Thank you, Chair. Hi, Nick. Thanks for being here. I did just want to follow up on the portion of your testimony about the indexing because we haven't seen that in another bill this session, and I was hoping you could share a little more information about why this is essential, and as you shared, where we might be falling behind other states on this because, similar to the child tax credit, which we know we're falling behind other states, I know that there certainly might be less familiarity with how this fits into our tax code.

NICK TEELING: Yes. Thank you so much for the question, Representative. Unlike the federal tax code, Connecticut fails to inflation adjust its personal income tax, which if you are making more money and your tax rate goes up and treats that the raises that you get, which may only be a cost of living adjustment from an employer, but Connecticut's tax code almost treats that like a wealth increase, even though if inflation goes up, you actually don't increase in wealth at all, but you're still paying a higher rate in taxes.

This puts us out of line with other states and the federal government. Included in our written testimony. Dr. O'Brien modeled out what this would look like for families making \$50,000 a year, \$100,000 a year, and \$150,000 a year, and what inflation adjusting Connecticut's income tax would look like and serve for them.

REP. RADER (98TH): Thank you for that. And if you all have any perspective on comparing us, especially on the indexing to other states, we would welcome that. If you could share that with the committee.

NICK TEELING: I would be happy to follow up offline with that.

REP. RADER (98TH): That'd be great.

NICK TEELING: Thank you.

REP. RADER (98TH): Thank you so much. Thank you. Thank you to the Chair.

SENATOR FONFARA (1ST): Thank you, Representative Rader. Further questions? Representative Rutigliano.

REP. RUTIGLIANO (123RD): Thank you, Mr. Chairman. Good afternoon. I just have a couple questions. So the child tax credit, you don't actually have to pay taxes to get it. It's sort of like the earned income tax credit where it's not like you're getting money back yet you paid.

NICK TEELING: It would depend on the design. So if it has a no income-based floor, no income-based phase in floor and it has fully fundable, then yes, you would be correct.

REP. RUTIGLIANO (123RD): So the child tax credit is sort of similar to the earned income tax credit, which is actually sort of direct support, which I don't oppose actually. It's sort of the efficient way to do things. I just have a question about the free meals, and I just want your opinion.

In theory, if you read the bill, the way I read the bill, and you could correct me if you think I'm wrong, it's possible that we are subsidizing towns that really don't need the money to provide free meals, or the students in those towns don't need the subsidy to get a free meal. Am I reading this bill the same way that you read the bill? Is that a potential that kids in Hartford buying a drink or subsidizing kids in Greenwich who maybe don't need the free lunch?

NICK TEELING: Thank you for the question, Representative. So our read of the bill is that this program, specifically Universal Free Meals, reduces stigma, it increases participation, ensures that no child goes hungry due to financial barriers. Our written testimony also includes some of our, which I mentioned and highlighted for the Connecticut Child Tax Credit, that supplemental poverty measure, the impact that that program has on children and families.

Specifically, the school lunch program alone, as it's currently written, lifted 9,960 residents out of poverty, including 5,710 children. So expanding this program has the potential to lift more children out of poverty, especially this SPM poverty rate, which is a much broader measure of poverty, but it's much more accurate measure of poverty. And that's why I highlight it here because it takes into so many different factors of work-related expenses, taxes, medical costs, and such a broader, more accurate measure of poverty that we're hoping to model, continue to model here for the State of Connecticut.

REP. RUTIGLIANO (123RD): I appreciate that. I was trying to be respectful of my two questions, but it's an interesting conversation. Maybe it might be processed more than maybe against the policy. I just have questions. The free meals, I grapple with the stigma portion of it. I understand where you're coming from. My superintendent looks at me and says, "Hey, listen, I don't need that." He goes, "I need

other money for something else, just not this." So that's where the question generated from. Thanks for your testimony. I appreciate you answering my questions. Thank you, Mr. Chair.

NICK TEELING: Thank you, Representative.

SENATOR FONFARA (1ST): Thank you, sir. Anyone else? No hands raised.

NICK TEELING: Thank you, Senator.

SENATOR FONFARA (1ST): Jessica Vargas. There you are. Thank you.

JESSICA VARGAS: Start over? Good afternoon, Members of the Finance, Revenue, and Bonding Committee. My name is Jessica Vargas. I live in New Britain, and I'm here today as a parent, a neighbor, and someone who cares deeply about the wellbeing of families in my community. I want to thank you for the opportunity to speak with you today and for putting forward House Bill 7272.

This is a bill that I strongly support, as it would establish a fully refundable child tax credit, which would have the potential to make a significant difference in our state. I have met and know so many families in Connecticut who are stretched to the limit, working two or three jobs, juggling rise in rent, food prices, and utility bills. They're not just asking for a handout, they just need a chance to breathe. And this credit could give them just that.

There was a time when my kids were younger and I was working so hard just to keep us afloat. I was doing everything I could, but it never felt like it was enough. I remember sitting at the kitchen table late at night, staring at my bills, trying to figure out which one I can pay first, which one would not have my lights be turned off.

Daycare used to kill me, and when winter months were brutal, it was brutal on my pockets too. Had I had this child tax credit, it would've definitely given me a moment to breathe, even if it was just for that moment. Currently, Connecticut is the only state that taxes personal income without considering family size. This places an unfair burden on families with children who already face significant financial responsibilities.

Introducing this bill wouldn't just support those working families, but it also stimulate our local economy. This is because families who benefit from the credit will most likely spend it in the state, benefiting local businesses, while also strengthening our communities. I'm asking you today to please support HB 7272. At the end of the day, families aren't asking for anything that they have not earned. It's about giving families the dignity and support that they deserve. Thank you.

SENATOR FONFARA (1ST): Questions for Ms. Vargas?  
Yes, Representative Farrar.

REP. FARRAR (20TH): Thank you, Mr. Chair. Hi, Jessica.

JESSICA VARGAS: Hello.

REP. FARRAR (20TH): I just wanted to thank you for being here today, and for using your voice, and for sharing your perspective. And I was hoping, I heard it a little bit in the testimony, but one of the things we often hear about in kind of providing this form of tax credit is some folks questions about, well, where would this money actually go? And there's been a certain amount of research that has indicated that this would go right back into the community, but I'm curious from your perspective personally, if you had those dollars in hand, what would you spend them on?

JESSICA VARGAS: Daycare, heating costs, heating bills. I live paycheck to paycheck, so whatever I

needed to fill in the gap is what I would have used it for, but it would definitely stayed in the state, so.

REP. RADER (98TH): Thank you. Thank you for highlighting that. And I, once again, appreciate you being here and for using your voice for such an important issue to you and so many that you work with. So, thanks, Jessica.

JESSICA VARGAS: You're welcome.

REP. FARRAR (20TH): Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Thank you. Further questions? Thank you much.

JESSICA VARGAS: Thank you.

SENATOR FONFARA (1ST): Kathleen Callahan.

KATHLEEN CALLAHAN: Yes, hello.

SENATOR FONFARA (1ST): Hello.

KATHLEEN CALLAHAN: Good afternoon, Honorable Chair and all other members of the committee. My name is Kathleen Callahan, a resident of Stratford and the Director of Policy and Civic Engagement for the Connecticut Cradle to Career Coalition, a network of five StriveTogether partnerships in Bridgeport, Danbury, Norwalk, Stamford, and Waterbury, including Amari Brantley, a Civic Engagement Lead, who opened the hearing today.

I'm here on behalf of our coalition to express support for HB 7272 and 7273. Our group is grounded in the belief that every policy decision impacts the wellbeing of children, families, and communities. And we advocate for solutions that build equity, resilience, and long-term opportunity. Of note, members of our coalition previously submitted testimony on earlier iterations of these bills, HB 5986 and SB 1217.

HB 7272, the Child Tax Credit Bill was chosen as our top legislative priority by our Policy and Advocacy Subcommittee, made up of youth, parents, and local providers across our five city partnerships. A fully refundable per child credit is not just a tax policy, it can be a lifeline. It reduces child poverty, supports family stability, helps parents cover essentials like food and housing, and stimulates local economies.

It also is a proven and cost-effective way to help working families thrive. We urge you to pass this bill and we ask that you consider increasing the \$150 per child amount currently proposed. I do have some thoughts on that. Aware that funding the \$600 per child is unlikely and was just mentioned some things that it could be talked about for childcare, a way to wrap that in possibly.

HB 7273, which would fund universal school meals, free school meals through a sweetened beverage tax, we see a direct connection to our second priority youth reconnection. Hunger affects attendance engagement in school success, especially in low-income communities and communities of color. Free meals for all students reduce stigma, ensure consistent nutrition and help students connect to school.

We recognize that excise taxes can be regressive, but this bill is intentionally structured to reinvest in the very community's most affected, turning a regressive tool into a progressive outcome. In Philadelphia, low-income parents and caregivers supported a similar soda tax when they understood its purpose and saw the direct benefit to their children. That's also true here.

Across all five cities in our coalition, we have established parent civic programs, trusted local leaders who understand their communities and can help shape how policies are communicated and implemented. These community members don't just

support good policy, they're essential to making it work.

We also appreciate the accountability measures in the bill and recommend going further by publicly reporting on student outcomes in coordination with P21, continuing youth involvement in menu planning and continuing partnerships with local farms for fresh food. We urge you to advance both these bills with considerations mentioned. Thank you for your time and your leadership on behalf of Connecticut's children and families during these challenging times.

SENATOR FONFARA (1ST): Thank you. Questions?  
Representative Rader.

REP. RADER (98TH): Thank you, Mr. Chair. Thank you, Kathleen, for your testimony. You touched on something that nobody else has touched on yet today, and it's around disconnection, and we have a very big effort here in the General Assembly to try to address disconnected youth. I know on our Education Committee, we've worked on some bills and throughout the legislature.

But can you explain to me, when you talk about creating more connection in schools around meals, I know during the pandemic, we really struggled with school attendance and created some programs to kind of do outreach for children who weren't showing up at school, but that meals kind of creates a counterbalance to that situation. But can you expand on that? I think it's important to highlight that kind of disconnection that we're grappling with right now.

KATHLEEN CALLAHAN: Yeah. Thank you very much for the question. It's been talked about, I've been listening to the hearing since the beginning because Amari is one of my heroes, and just listening to what everybody had to say. And I think when we think about what brings a student to school, and it can often, unfortunately, be in a state with such food

insecurity. It could be a meal, a meal could bring a student to school.

The opportunity where we have the partnerships with the nutrition directors in many of our schools the opportunity to help plan the meals. I mean, I listened to the hearing on the school meals on the other bill, 1217, I provided testimony and listened and the creative ways the students get involved in being able to pick the meals, as she said, yeah, most of them were some variation of tacos or nachos or something. But the students were involved and engaged.

They do plan and prepare, to Representative's question earlier, the meals. I think 68% or 63% of the schools have some kind of preparation of raw meals. UConn did a study in 2023, and I could provide that to you. But the students are engaged more in what's going on in their school.

So I think food is very important that way, especially if there's gardens in the schools where they can have something other than just classroom stuff, anything to keep them in the classrooms. So I think that's important.

REP. RADER (98TH): Thank you. And just to expand on that a little bit, understandably, we've heard some arguments, and I do understand this, that why would we be supporting districts that are labeled wealthy? Which I have my own thoughts on that, because in a wealthy district, you can have a lot of families that are struggling. And if anything, our ALICE families are asset-limited. That category sadly is expanding in Connecticut.

So when we talk about that stigma, the cities that you work with and the towns that you work with, do you feel like you're getting a feeling for a good cross-section of what Connecticut encompasses in terms of that socioeconomic kind of arc that we have here in our state and the grave differences? But I want to kind of give the opportunity for you to

clarify on what districts we sometimes consider not needing the support. Do you have anything to kind of counter that?

KATHLEEN CALLAHAN: Sure, I do. And I grew up in Stamford, right on the Merritt Parkway, a little South. And the inequity was there when I was growing up. It's still there. I think Connecticut is a microcosm of these US and the problems that go on. There is poverty everywhere. And as you mentioned, ALICE captures that very well. People that need meals and are right on the edge are in every single zip code of this state.

Obviously, the five cities that I work with are the five of the top seven most populous, other than Hartford and New Haven. And the need is greater there. But ALICE has shown that the struggle is up closer to middle class and even higher. So there is stigma if we talk about the Greenwich's and the Dariens and the New Canaans.

And I say that because I'm in this area, but there's other places that if a student there doesn't have food, I can't even imagine what it would be like to say that you did. Actually, I can't imagine because of where I did grow up, to say that you needed food. And it's easy. I know the arguments have been about is the food nutritious and do the kids throughout food where they are on these plans already, and it's very easy to throw the food out when people are making fun of you for eating free meals.

So I think many of these schools have gotten creative and the meals, as Amaria testes earlier, and other people will say, some of them are bad, they're district-wide, it changes. But with the concerted effort to do this work, stigma will be reduced and everybody will have an opportunity to eat the food that is presented and planned with its students involved.

And regressive taxes aside, because this is a bill. I did not present testimony on the other bill

because it wasn't directly tied to this, the soda tax or the sweetened bill. Because I do not want to do that. I heard the Coca-Cola gentlemen speak earlier, but because this is tied to this and the parents will-- we have reporting every one, three, and five years to make sure that we are doing checking the impact. And if we can get the parents' input on what's happening and we collect the student data and the outcomes are increased, this is a good bill.

REP. RADER (98TH): Thank you. Again, thank you for highlighting the data collection that we're planning to do, if this bill were to pass, that we'd be able to do to really substantiate, hopefully, the positive impacts of it. Thank you, Mr. Chair.

KATHLEEN CALLAHAN: Thank you for the questions.

SENATOR FONFARA (1ST): Any other questions? Thank you.

CLERK: Representative Mushinsky has a question online.

SENATOR FONFARA (1ST): Oh, it'd be nice if I looked at the computer screen. Representative Mushinsky.

REP. MUSHINSKY (85TH): Thank you, Mr. Chairman. I wanted to ask the witness on any observations about students returning to school. I know our absentee rate has been going up, and a couple of towns had done the breakfast service, Meriden included. And I thought they had an increase in attendance after that experiment. And I want to ask, do we have some Connecticut evidence for increased attendance when we have offered school breakfast or school lunch?

KATHLEEN CALLAHAN: Rep. Mushinsky, good to see you. I do not have that. I will definitely look into that because I do have research outside that does indicate or implicate better chronic absentee dropping when meals are there. But I will check if there's anything for Connecticut, because that is

what got me on this based on our youth disconnection and chronic absenteeism. Because I know Danbury has, I think, the highest right now chronic absenteeism in the state and they're one of the cities I'm working with. So I will get that for you.

REP. MUSHINSKY (85TH): Thank you. Appreciate it. Thank you, Mr. Chairman.

SENATOR FONFARA (1ST): Thank you, Representative Mushinsky. Anyone else? Thank you.

KATHLEEN CALLAHAN: Thank you all.

SENATOR FONFARA (1ST): Before I call the next witness, I'll remind everyone that we are on, just finished the 10th speaker out of 50 in two hours. If you extrapolate that out, we'll be here at least nine o'clock tonight. So let that sink in a little bit. John Chaponis.

JOHN CHAPONIS: Good afternoon, Chairs, Fonfara and Horn, and Esteemed Members of the Finance, Revenue, and Bonding Committee. John Chaponis and Jennifer Lineweaver here on behalf of the Connecticut Assessors Association. And on behalf of our group, we'd like to thank the committee for raising a bill that seeks to create a more professional, educated quasi-judicial appeals board than what currently exists with the Local Board of Assessment Appeals.

While we believe that both sides would agree this concept would lead to a more fair, equitable, and uniform appeal process, we'd like to point out a few areas of concern. For starters, the tax appeal process has become an industry in Connecticut, whereas companies from Massachusetts to Missouri have set up shop in Connecticut merely because the deck is stacked in the appellant's favor.

Connecticut law requires assessors to reappraise property every five years. And recognizing that mass appraisal is not an exact science and has a degree of inaccuracy, allows for a 10% quarter of error in

order for the town-wide revaluation to be approved. In New Jersey, they have a 15% quarter of error and no reductions are given to tax appeals unless the property owners prove overvaluation by more than 15%.

In other words, municipalities are held to the same standard in court. Unfortunately, in Connecticut, after being told to complete a project with a 10% degree of accuracy, when challenged on appeal, the valuation must now be 100% perfect. Our system has encouraged firms to make tax appeals business, whereas once a town implements a revaluation, the firm FOIs, all of the increased notices, and mails out letters offering to sue the town for free and share in the savings over the next five years, 50/50.

These offers to sue the town are offered to all of the largest taxpayers before anyone has performed any research whatsoever in order to determine if the value is fair. Frivolous lawsuits are being settled with unwarranted reductions every day. And the entire process is paid for with taxpayer dollars. Judges, court clerks, assessors, town attorneys, and every refund is paid for with public taxpayer funds.

CAAO would like to see the appeals process become fairer and less costly so that resources could be reallocated to discovering untaxed property. Raised Senate Bill 1556 wants to award cost, attorney's fees, and interest. This has never been past practice in Connecticut and would prove very costly, especially considering how inviting the appeal process already is.

Superior Court already does possess the ability to award cost and fees, but only does so in extreme circumstances where they felt it was warranted. If you were to include cost and fees, I think you could imagine that someone would draw the process out and make it take much, much longer. As it is, tax appeals can take two or three years to settle, and refunds can be for multiple years.

Any modification to the appeals process should address the fact that it only allows the property owner to contest the value and receive a reduction, but fails to allow for the municipality to receive--

CLERK: You're at the three minutes. If you could please summarize.

JOHN CHAPONIS: Certainly. Recently, a judge awarded an increase to the town of West Hartford in Superior Court, but that was overturned on appeal because our laws only allow for a decrease unlike other states. If we're truly concerned with fair taxation, when it has been proven that the property value is too low, the results should be to increase it and make it fair.

CAAO looks forward to continuing to work with the legislature on developing this concept and address concerns from both sides so that it is most fair to the people we both represent, Connecticut taxpayers. Thank you.

SENATOR FONFARA (1ST): So what is it about 1556 that you do support? I didn't hear much there, even though you have support next to your bill in terms of what you indicated.

JOHN CHAPONIS: I opened up in the beginning by saying that I honestly believe both sides support the concept of fixing the BAA and going towards a more quasi-judicial affair, a more professional educated board here in the appeals rather than local boards. Local boards have experienced times when they can't get anybody to serve. One of our largest cities had a 10-member board, and after they did a reveal and got a bunch of appeals, nine of them resigned.

One smaller town went two years when they couldn't find anyone to serve. And when they finally got one person, they didn't have a quorum and they still couldn't meet. There've been other issues and I do think that the local Board of Assessment Appeals has

outlived its usefulness. All we're saying is that we think it's a greater conversation and there's more boxes to check.

SENATOR FONFARA (1ST): Okay. And you oppose 1554?

JOHN CHAPONIS: 1554 is?

SENATOR FONFARA (1ST): The elimination of the car tax, which I thought all assessors in the world--

JOHN CHAPONIS: I'm not sure where that came from. That might be a typo on someone's behalf. We didn't weigh in on the elimination of the motor vehicle tax. I think I would concur, Senator, that I think the majority, if not all of my colleagues, would love to see us not tax motor vehicles in the State of Connecticut, but at last check, it was about \$950 million statewide.

It's probably a little bit less now that, that they implemented the new valuation program this year. So the reliance might be slightly less, but it's still a really big number. And the only way you can do it without the state sweeping in and saying we're going to fund it, is to shift it to real estate.

SENATOR FONFARA (1ST): So, that tells me you didn't read that bill.

JOHN CHAPONIS: It said it had some state funding in it, and it's just that there was state funding for manufacturing machinery and equipment that disappeared after a few years. Is that what you're referring to? The fact that there would be some state funding?

SENATOR FONFARA (1ST): Yes.

JOHN CHAPONIS: Frankly, municipalities are concerned with that. They're always afraid that it could dry up at a later date like it has for veterans or the homeowners program or MME.

SENATOR FONFARA (1ST): Is there a history of us when we've reduced the motor vehicle tax substantially in the last handful of years that there's been some regression regarding that?

JOHN CHAPONIS: I'm not sure if I understand the question, sir.

SENATOR FONFARA (1ST): Well, the mill rate right now for motor vehicles is capped at 32.46. That's a substantial reduction for a number of-- I understand there are towns that are below 32, but there are a number that are above that. And they all no longer pay a motor vehicle tax above 32.46. Has there been some regression in that regard by the state?

JOHN CHAPONIS: No, I don't think so. We were always supportive of that and really thought the fairest thing was a statewide mill rate where it would be the same tax bill in every town. But I do think that that was a huge step when you guys created the cap and lowered that. And I do think that makes it a lot fairer because you had mill rates from like 11 to 70, and now it's more like 12 to 32.

SENATOR FONFARA (1ST): Maybe you can read the bill, John, and then let the committee know how you feel about it once you--

JOHN CHAPONIS: We didn't actually come on that bill, Senator. And we didn't take a position on it either. I'm not sure where that came from. I put in nothing on that bill.

SENATOR FONFARA (1ST): I'm just going by what's here on the sheet, but there may be an error.

JOHN CHAPONIS: Yeah, I'm not sure where that came from. I would wholeheartedly support the elimination of the motor vehicle tax, no matter how you could pull it off.

SENATOR FONFARA (1ST): That's all you got to say.

JOHN CHAPONIS: Fair enough.

SENATOR FONFARA (1ST): John Chaponis is the head of the Assessor's Association, and he's a great guy to work with even when we disagree a little bit, but very helpful in this process. So along with Jennifer Lineweaver, who's sitting next to him, I appreciate all your efforts in this regard and hopefully someday we can address the issue of how towns assess property fairly for both sides, which has been our mission. Questions from the committee? Seeing no hands up, thank you both.

JOHN CHAPONIS: Thank you.

SENATOR FONFARA (1ST): Nicolas Furlotte. No, Nicholas?

NICOLAS FURLOTTE: I'm here.

SENATOR FONFARA (1ST): There we are. Please proceed.

NICOLAS FURLOTTE: Thank you. And thank you all for the opportunity to submit testimony today in support of HB 7269. My name is Nicholas Furlotte, and I own and operate several family-focused mobile home parks in Connecticut. And I have been a landlord in Connecticut since 1986. This proposed legislation, 7269, would be of great value to many of our more than 500 residents.

Unlike some other proposals that seek to limit rent increases or impose rent control across the board, HB 7269 would more properly and effectively target financial relief where it is most needed, and it will result in greater fairness and equity between renters and homeowners, all of whom are Connecticut residents and taxpayers.

I'd be happy to discuss this further with any of you and be happy to respond to any questions. Thanks so much for the opportunity this afternoon to offer some of my thoughts in support of 7269. Thank you.

SENATOR FONFARA (1ST): It is your right, sir, to come before this committee or any other committee to express your views on any bill, and we're glad you are. Questions? Thank you, sir. Lori Brown.

LORI BROWN: Yes, good afternoon. Senator Fonfara, Representative Horn, and all the Members of the Finance Committee. My name is Lori Brown, and I'm the Executive Director of the Connecticut League of Conservation Voters. And we've submitted written testimony for one bill on your agenda today, House Bill 7271, which is looking to study a problem with our current Bottle Bill with regards to cross-border redemption.

So, the Connecticut Legal Conservation Voters has been working for many years to improve and often defend our state's landmark Bottle Bill. But we do need to increase recycling rates. But we also want to ensure this program is seen as successful by industry and other states that are considering similar laws.

And to that end, the Environment Committee recently passed Senate Bill 1115, which does a good job at clarifying that it's illegal to redeem deposits in Connecticut for beverages that were purchased outside of the state and setting penalties and other things. But what's needed now is enforcement.

And with regards to House Bill 7271, we don't need to do a study on this particular problem. Even if the exact numbers are not known, everyone seems to agree that there is a problem. There are examples of carloads, even truckloads of containers that are being brought to Connecticut Redemption Centers in vehicles with out-of-state license plates.

So we need enforcement, and that requires funding. The Bottle Bill generated \$67 million in revenue last year from unredeemed deposits. This money, as you know, is called escheats, and it's kept and shared by industry and the state. Some of this money should go to pay for policing to provide a deterrent

to the high-volume violators of our bottle redemption laws.

The escheats should also be used for public education, essential to get our recycling rates up, but which is not now happening at the scale that it should be. So we're asking that Senate Bill 7271 designate a portion of the escheats specifically for enforcement of the Bottle Bill Law.

And we do have a waste crisis, and we must use every tool we have to increase recycling and to reduce the weights that we're now burning or paying huge sums of money to truck out-of-state to the tune of 800,000 tons a year. So it's really the old adage, an ounce of prevention is worth a pound of cure, is clearly appropriate when it comes to recycling in Connecticut. Thank you, and I'm happy to answer any questions.

SENATOR FONFARA (1ST): Questions for Ms. Brown?  
Rep. Rutigliano, followed by Representative Constantine.

REP. RUTIGLIANO (123RD): Thank you. Thank you, Mr. Chairman. Good afternoon. I just have a question. So the Bottle Bill, arguably, since its inception, we've never had more than a 50% redemption rate until we made it \$0.10, correct?

LORI BROWN: I don't know the exact number, but it's been low. It should be a lot higher compared to other states. Other states that have similar laws have bumped up. Their return rate's extremely high. Very quickly, it went from \$0.05 to \$0.10.

REP. RUTIGLIANO (123RD): Right. But for all the years that it's \$0.05, we never broke 50% return. I mean, arguably, it's a failure. I mean, it's been a failure, because the redemption rates aren't that great. So it's essentially been turned into a tax, right? Because If you took the \$0.05 in 1981 or 1980, whenever we started this thing, it, at the time, would be worth about \$0.14 in today's money.

So even at \$0.10, it's not as high as it was. And we still never got over 50%. I only bring that up to say, I believe that the, and I wanted your opinion on this, that's why I'm asking a long question, the thing we did with nips has been, I think, pretty successful. Let's just call the bottle deposit what it is, it's essentially a tax.

We put \$0.05 on nips, and then we sent that money back to municipalities to be used in an effort for little remover or recycling or some other thing to help the community be cleaner. Do you think that we should transition away from this sort of show that we do about bringing in bottles and returning them and just go sort of more of a direct tax that goes to environmental causes?

LORI BROWN: Well, three things. First of all, it's absolutely a failure of public education, not of the Bottle Bill Program itself. It's clear that we have not put what needs to go into or any resources behind publicizing what's recyclable. It's still incredibly confusing. And even the industry is dragging its feet on changing the labeling of the bottles from the CTRV, which is very confusing to people.

And it should be Connecticut \$0.10 like it is for every other state, just about. The other thing is with nips, regarding nips, that's a disaster. That's a problem. And frankly, we would like to have seen that. It was one of the things that got negotiated away when the Bottle Bill was updated. Everyone hates the nips.

If you put a deposit on those nips, that would make them disappear off the street. And so, what you've got now is you've provided a source of funding, which is great. You need funding at the municipal level. But it still doesn't solve the trash problem. And municipalities, I mean, that's a very brand-new program.

And so it remains to be seen if that would've been better spent putting the deposit, which I say is not a tax, it is a deposit, you can get it back. So, those are the three things I would say to your question, sir.

REP. RUTIGLIANO (123RD): I would only argue with that to say that you had the bill, a deposit on all plastic bottles for the past 30, 40 years, and we never went past 50%. I don't know how putting it on a nip, you would think it would disappear from the streets because it didn't work for plastic bottles.

I'm just saying, I think this study, this bill's a good thing to just sort of, maybe we could look into a different way of doing things. Maybe we support a better single stream. Maybe we support municipalities that want to do a better job cleaning up. I just don't look as the Bottle Bill has been super successful and that maybe we should at least explore trying something different.

LORI BROWN: If I could just respond to that. Again, the public education piece of this has been dismal. And also, a single stream has been a disaster. It was what the industry asked for. They said it would all work fine. They'd be able to separate everything out. That's not the case. The contamination is a terrible problem when the increase in-- I mean, \$0.05 just wasn't cutting it anymore. It hadn't been updated in a long time.

And once you do, once it has been put up to \$0.10, I think you're going to see quite a bit more, just as we have seen in other states. So I think it is a flagship program at the beginning when it first passed, and I know some of the people on this call were responsible for the very beginnings of the Bottle Bill, and it was a great advancement for recycling.

But since then, we have not kept up with modernizing it to include glass, which is really heavy. We haven't included the nips. We're paying to ship

those things out of state now to be landfilled elsewhere. So I think that it's really on the public education and the lack of any resources that were denied for the education around the Bottle Bill. That's what's really needed.

And some of the escheats were asked to be moved towards that. It's what the industry is supposed to be doing is a lot of public education that's not happening at the scale that it needs to happen right now.

REP. RUTIGLIANO (123RD): Thank you, Mr. Chairman. I don't want to get into the protracted argument, so I'll stick to my questions. I appreciate the opportunity.

SENATOR FONFARA (1ST): We'll make sure you honor it, sir. Representative Constantine.

REP. CONSTANTINE (42ND): Thank you, Mr. Chair. Listen, I agree with our Representative on the other side here, that our recycling rates do seem to be dismal. They were 50% for years and years and years, and all of a sudden, and without us doing anything else, except changing it to \$0.10, all of a sudden, we've had redemption rates 65%, 75%, 80%. And I know some bottlers have had higher redemption rates.

So, Lori, I was interested in what you said about other states. So can you point to some examples in other states, if you have, regarding, especially if they have \$0.10? Like, how are they ensuring that bottles in their state are the ones being redeemed and there's no cross-border redemption? What kind of education programs are they doing that we could be doing here? And what is industry doing in those areas that they aren't doing over here?

LORI BROWN: Well, there's definitely anything is better than nothing, which is basically what we're doing. There may be some signs that have gone up. There's some modest public education in Connecticut, and there are other states that have a high 80% to

90% recycling rates. And there's an institute, the Connecticut, I think Recyclers Institute, Sue Miller, I think it is.

But I can absolutely get you those numbers. There's a whole industry around tracking those numbers across the nation. But in terms of the cross-border, I would point to, I've heard that Michigan takes the first million of the escheats, that's the unredeemed, and they use that for policing. They give it to the police department as the particular entity for enforcing the cross-border problem.

And I think that, as I had sort of said in my written testimony, if you had some high-profile busts, for lack of a better word, or penalties for the high-volume redeemers, that would probably send a pretty good signal across the industry. Why pay to truck all that to a redemption center in Connecticut if you think you're going to be turned away?

It shouldn't be any surprise that people are taking advantage of that when there's no enforcement whatsoever. And so, I think an initial, a real show of enforcement, it wouldn't have to be forever. It wouldn't have to take a long time. I think that would really help send a message across the industry not to do that.

And of course, if New York increases its deposit to \$0.10, which I think most people are expecting it to do, that should take care of the problem. But until then, we really need enforcement.

SENATOR FONFARA (1ST): Senator Fazio.

SENATOR FAZIO (36TH): Thank you. I would just like to note that Michigan is where Kramer and Newman took their postal truck full of empty bottles in Seinfeld. So I'm not sure copying their policy is necessarily the best idea. Thank you.

LORI BROWN: I saw that episode.

SENATOR FONFARA (1ST): Further questions or comments? Jokes?

CLERK: Rep. Mushinsky, online.

SENATOR FONFARA (1ST): Representative Mushinsky, you got me again? Okay. Please proceed.

REP. MUSHINSKY (85TH): I know. You're trying to forget about us screen people. But I did want to ask, I thought there was some testimony in Environment Committee about red striping the bottles in one of the states to detect the cross-border attempts. Can part of the escheats be used to help the industry red stripe their Connecticut bottles?

LORI BROWN: Well, I don't know exactly how that works, but I can tell you that the industry's getting a lot of the escheats right now. Just not having to return to the state. They have funding to do certain things with it now. That's just simply being not used for that purpose. And the barcodes, I mean, if you really want to get at it, you get the barcodes and the labeling.

And I would say that again, right, the labeling. And right now, as I said, the industry is dragging its feet to change the cans bottles from the labeling that just was given to them as a temporary order to allow them to use the CTRV label instead of Connecticut \$0.10. And I think that's still confusing to a lot of people.

REP. MUSHINSKY (85TH): I know what it is, because I've asked people why they chuck the bottles in the transfer station, and they do not understand what CTRV means.

LORI BROWN: Right. Right. Retail value, what does that mean? And the only reason it's done that way in California is because they do a lot by weight as opposed to individual bottles. And they have different prices for different, I guess, types. So it wouldn't take a lot. There was a bill on the

table, I think, two years ago to try to put funding towards public education.

SENATOR FONFARA (1ST): Representative Horn.

LORI BROWN: Thank you.

REP. HORN (64TH): Thank you, Mr. Co-Chair. I just wanted to add here that there is many of the issues that you've been talking about are really the cognizance of the Environment Committee, which does have a bill that is trying to address this. Our bill is focused really just on the fiscal part of it, which is to say that the return of the escheats, and what that should go to pay for, or things like that.

Many of the issues you're discussing here, I think it's-- well, I don't want to cite the bill number, but there is a bill that I have discussed with the Chairs of the Environment Committee that is trying to address these issues. So, I just want to note that.

LORI BROWN: Yes, thank you. I just wanted to say though, that that's what I'm hoping is that, and I think I misstated it in my written testimony, but we're hoping that 7271 would designate some funding for enforcement using those escheats.

SENATOR FONFARA (1ST): Thank you. Seeing no further questions. Thank you.

LORI BROWN: Thank you.

SENATOR FONFARA (1ST): Bree Dietly.

BREE DIETLY: Thank you, Chair Fonfara, Co-Chair Horn, members of the committee. My name is Bree Dietly. I'm a consultant with Breezeway Consulting in Somerville, Massachusetts. I'm here today representing the American Beverage Association, which is the National Trade Association that represents the refreshment beverage industry, the

non-alcoholic beverage industry, and speak on behalf of our Connecticut membership.

Our members in Connecticut employ about 2,700 residents of the state. We also have a significant economic impact upstream and downstream. I'm speaking today in opposition to House Bill 7273, the sweetened beverage tax. I previously spoke in opposition to Senate Bill 921, which was a more limited tax, which only covered caloric sweeteners.

This is a much more comprehensive tax than that, therefore, more compounds the adverse impacts on consumers and on businesses, especially those around the border. No state has a tax similar to this. There are two cities in the US, Seattle and Philadelphia that have tax on a similar range of products. But nobody else has a tax of this magnitude.

And I do want to emphasize, there have been conversation about the tax, the \$0.02 an ounce, and there's some illustrations in my written testimony about what the magnitude of this tax would mean. There are a fairly significant number of products for which this tax, in combination with the sales tax, in combination with the deposit, result in taxes and fees, in excess of the basic cost of the product.

So we're talking about potential for the state imposing fees and taxes that would exceed the base retail cost of the item. On average, this would raise beverage prices 27% across the state, which is a pretty dramatic increase. If you look at the economic consequence of that in terms of the response of consumers to a price increase of that magnitude, we're looking at an annual loss to Connecticut retailers of about \$420 million a year in retail sales.

That's money right off the top from the retail, all the stores in the state, everything, from restaurants, to theater owners, to pizza shops, to

supermarkets. Now, what we're not looking at with that \$420 million of lost revenue to retailers is the cross-border issue. You just heard some discussion back and forth, some factual, some not about the border issues with the deposit, which has become really, it is like a snowball.

It is getting worse and worse every single quarter that we get new data from the state. There doesn't seem to be any confusion for the people coming up from Pennsylvania, from New Jersey, from New York, about whether there's a \$0.10 deposit on Connecticut containers because they are rolling into the state.

Now, we're talking about people making trips, and these are mom and pop folks with a bag in the car, not truckloads. And they're coming up here for a \$0.05 differential on a container. We're talking about a tax that would be a \$0.24 differential on a container, not five. So this has enormous consequences.

CLERK: You're at the three minutes. If you could please summarize.

BREE DIETLY: I will. The other thing to leave you with, in addition to this significant shift of sales, is who this tax will fall on. And there's an illustration in my testimony that shows that about a third of this tax would be borne by households that are in less than \$40,000 a year. So I urge you to reconsider the scope of this this tax, the magnitude of this tax. It's the wrong tax at the wrong time. Thanks very much.

SENATOR FONFARA (1ST): Thank you. Questions?  
Representative Rader.

REP. RADER (98TH): Thank you, Mr. Chair. I'll keep this brief. Hello, Bree. Bree, would you be able to share with the committee the sources of your data particularly around the sweetened beverage tax? Because the numbers you provided do not align at all with the numbers I have from the data. So if you

could just email that to the committee clerks and just share that with us, that would be very helpful.

BREE DIETLY: The information's in my testimony, the sources are in my testimony. I'm not sure what data doesn't--

REP. RADER (98TH): I just mean where you pulled that data from.

BREE DIETLY: What data?

REP. RADER (98TH): On the cost to, it was figure of over \$400 million and that there would be a loss of over 37% like it was in the beginning of your testimony. If it's written in your letter, that's fine. I just would like to know where you pulled that from so that I can look at it as well.

BREE DIETLY: Okay. Yeah, the references are in the footnotes of the testimony, but I can do something to walk through the calculations of that, if that would be helpful.

REP. RADER (98TH): No, that's not necessary. I can do that on my own. Thank you very much.

BREE DIETLY: Okay. Sure.

REP. RADER (98TH): Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Thank you, Representative. Further questions? Seeing none, none online. Can't teach an old dog new tricks. Thank you, Bree.

BREE DIETLY: Thanks, Mr. Chairman.

SENATOR FONFARA (1ST): Brian Edmonds.

BRIAN EDMONDS: Hi, there. I think I've been unmuted. Can you hear me?

SENATOR FONFARA (1ST): We hear you, yes.

BRIAN EDMONDS: Oh, okay. Can you see me?

SENATOR FONFARA (1ST): Not as last you, no.

BRIAN EDMONDS: All right. Let me see what I can do here. I'm sorry.

SENATOR FONFARA (1ST): We hear pretty well over here, so please proceed.

BRIAN EDMONDS: Okay. Okay. So my name is Brian Edmonds. Thank you, committee, for having me on today to talk about item number 7271, in positive support of that bill. I have been a resident of the State of Connecticut for over 30 years. I founded a company in 2019 called New England Hemp Farm, which is a CBD company that we still have in the state.

In 2022, I started a company called Barn Brew Co., which is a craft beer company. And just last year, we developed our first THC drink called Farmer's Secret that has hit the shelves in the State of Connecticut just about a month ago. The bill, as I know, is supporting a reduction in the \$1 per can tax currently implemented by law in the State of Connecticut for THC beverages, and reducing that to \$0.05 per can, which I think is much more reasonable.

One of the things in this fledgling industry has been there are a lot of startup costs. We currently have a \$5,000 manufacturing license in the State of Connecticut. There's a \$500 registration for selling these beverages in package stores and liquor stores, and in certain ways, that's a pretty high tech cost to be in this industry to start and to add the dollar a can for the consumer is really, in my view, something that is really decreasing the demand for these beverages.

The state has made a decision to obviously be in the THC world, legalize THC, and support THC, and then it seems to me it's kind of a halfway to say, hey, we're going to tax these beverages at \$1 a can, which is pretty excessive given the current cost situation.

So I think from a standpoint of equity and in trying to support a fledgling industry, which is the THC beverage industry in the State of Connecticut, I think it would be very, very beneficial to reduce that cost per can tax in the State of Connecticut. And I think you'll make up in a lot of ways for that by the broader distribution of the products across the state.

When I look at these industries, the THC business has had a negative impact on a lot of the liquor usage in the state. We see people drinking less, and THC is a great alternative. It's a very, very mild form. It doesn't leave people hungover in any way.

And I think a three-milligram drink that we currently have in the state is very mild compared to some of the other states. And I think it is a beverage that should be more broadly-based distributed. I know right now we're limited to just retailers.

CLERK: You've reached your three minutes. If you could please summarize.

BRIAN EDMONDS: Yeah. In summary, I just do think this would be a great boost to a fledgling industry, the THC beverages, if we can reduce this tax from a dollar a can down to what is proposed. Thank you.

SENATOR FONFARA (1ST): Thank you, sir. Questions? Thank you. Representative Anne Hughes.

REP. HUGHES (135TH): Well, hello, Senator Fonfara and distinguished Members of the Finance, Revenue, and Bonding Committee. Happy Tax Week to all who celebrate. My name is Ann Hughes, State Representative of the 135th House District.

I'm here in strong support of HB 7272 and HB 7273, two critical steps towards making Connecticut's tax code more fair, more responsive to the needs of working families, and more aligned with our public health priorities in this time of uncertainty, as

the defunding of Connecticut from the federal government continues, especially in our public health systems.

7272 is common sense tax justice indexing personal income tax thresholds and exemptions to inflation. This ensures that our tax code keeps pace with economic realities. Without it, wage growth is effectively punished by tax creep. This bill provides much needed relief and predictability for families and low- and moderate-income earners.

And the creation of a child tax credit, that's just not just smart policy, it's a powerful tool, as you've heard in reducing child poverty and investing in our future, while we cannot ask our constituents to stretch their dollars further while we let the tax code fall behind. 7273 goes even further in aligning our fiscal policy with public health.

The truth is, a handful of multinational beverage companies dominate the sweetened beverage market. These companies pour billions into marketing, especially targeting young people, pushing these products that fuel rising rates of childhood obesity, Type 2 diabetes, and preventable chronic diseases.

And they do it while extracting wealth from our communities, and externalizing the health costs onto our families, our schools, and our healthcare systems. This bill does two things: It calls those companies to account, and it channels that revenue directly into something all of us can support, universal free school meals for all Connecticut public school students.

You've heard no child should be learning on an empty stomach or shamed in a lunch line. We can fuel their learning with nutritious meals to all our students, and begin to untangle the toxic influence of big soda on our kids' health. Now, I worked for several years as a case manager in Eastern Kentucky, in West

Virginia area of Appalachia, where Pepsi boasted the biggest per capita consumption of soda in the world.

I regularly work with families whose children under 10 had their teeth rotted out from weaning their children onto soda. Those children were fed soda and sugary beverages that they craved, purchased from their neighborhood gas station or holler stores, the biggest per capita consumption in the world, producing one of the biggest children's oral health crisis in the country.

And the elders I worked with could recall maybe two or three neighbors in the region that they knew of a generation earlier who were overweight compared to the severe childhood obesity epidemic that arose in less than two generations and is so pervasive today. This is a significant increase that is correlated--

CLERK: You've reached three minutes, please summarize.

REP. HUGHES (135TH): Okay. We don't just have food deserts, we have food apartheid, deliberate food systems designed to exclude healthier, cleaner, locally produced and sourced regions that consumers can become trapped in these proposals. Along with establishing personal income tax deductions, 7269 reflect our values and show how we put tax fairness into policy. And I hope that you all support it. It's time. It's time.

SENATOR FONFARA (1ST): Thank you, Representative. Questions for Representative Hughes? Seeing none, thank you very much. Tonishia Signore

TONISHIA SIGNORE: Hello. Good afternoon. My name's Tonishia Signore. I'm the Policy Director at She Leads Justice. We're a statewide nonprofit that uses a justice and equity lens to advocate for marginalized and under-resourced women and girls in the state. We used to be known as CWEALF, if you're more familiar with that.

I'm also a new mom and a resident of Middlefield, Connecticut, and I'm testifying today in support of HB 7272. First, I would like to thank the committee for this bill. It was a surprise at the end of last week that I was happy to get. I would like to thank you for the language of permanence of refundability and the expansiveness that's included in the bill, and really emphasize that the child tax credit is a powerful mechanism that we can use in our state.

As written, it will help about 75% of families and households in every single zip code in Connecticut. This is a powerful lifeline for our residents at a critical time. We know from the latest ALICE Report that 40% of families in our state are struggling to make ends meet. We are paying excessive costs for groceries, childcare, utilities, medical bills, and so much more.

Costs are high, and wages are simply insufficient. The Connecticut Child Tax Credit is a dependable and flexible tool to put funds in families' pockets. And I would be remiss not to mention the return on investment for this policy. Every single dollar we invest into a Connecticut Child Tax Credit returns \$1.25 to \$1.38 to the economy, depending on which study you look at.

This is money that is being spent locally and hyper locally. Families who receive this are not going to spend it extravagantly. They're going to spend it here in our state. This will benefit our economy. We will all benefit from a child tax credit. The proposed bill is admirable. However, I would ask the committee to consider the amount of \$600 per child for up to three children, which is in the Connecticut Child Tax Credit Coalition's ask.

Connecticut Voices for Children has done incredible work and research regarding how the state can invest in a child tax credit, and how this amount, \$500 to \$600 is attainable for our state. Our families deserve a child tax credit that is inclusive, an

amount that is meaningful, and that will make a difference in their lives. Thank you.

SENATOR FONFARA (1ST): Questions for Ms. Signore? Thank you very much. Stephen Monroe Tomczak.

STEPHEN MONROE TOMCZAK: Good afternoon, Senator Fonfara, Representative Horn, and Members of the Finance, Revenue, and Bonding Committee. I am Stephen Monroe Tomczak, a resident of Wallingford and a faculty member at the Southern Connecticut State University Department of Social Work.

I'm a member of our faculty union, CSU-AAUP, and the Social Welfare Action Alliance Connecticut Chapter, a group of professional social workers, allies, and community activists working in partnership with those communities most negatively impacted by current societal inequities.

Today, I'm offering testimony in strong support of HB 7272, to create a child tax credit. This bill is more than just a policy. It's a lifeline benefiting 550,000 children and 75% of families in our state. For me, the impact is undeniable. As we know, due to the many harmful policy choices being pursued in Washington, costs are rising for Connecticut families, while resources are dwindling.

Well, I don't have children myself, many of my students and colleagues do, and they are particularly impacted by both increases in the cost of living and the budget cuts being implemented. As these costs continue to rise, and as the anticipated federal budget cuts are implemented, the Connecticut Child Tax Credit becomes even more critical.

According to the latest data available from the Bureau of Labor Statistics, the overall consumer price index rose 2.4% for the 12 months, ending in March, while the food index increased 3% over the last year. In the northeast region, which includes Connecticut, the CPI for all urban consumers rose

3.2% over the past 12 months, ending in March of 2025.

As someone who teaches legislative advocacy, I am fully aware that the Connecticut legislature, unfortunately, does not control federal policy, but we do have some policy mechanisms we can employ to at least partially blunt the negative impact of this on those who live in the state.

Connecticut is one of the most expensive states to live in, and the only one that taxes personal income without adjusting for family size. That's why the Connecticut Child Tax Credit Coalition supports a fully refundable \$600 per child state tax credit.

The proposed amount of \$150 per child credit in the bill simply is not enough to remotely offset anticipated increases in costs and losses in benefits to families who are struggling in this state. Thus, I urge you to support HB 7272 and give Connecticut's children, families, and communities the support that they deserve, and in particular, to increase the amount in the bill to \$600 to achieve this important goal. Thank you so much for the opportunity to testify today.

SENATOR FONFARA (1ST): Thank you, sir. Questions? Thank you. Wayne Pesce.

WAYNE PESCE: Good afternoon, Senator Fonfara, Representative Horn, and the distinguished Members of the Finance Committee. I'm grateful to be here today, and I thank you for this opportunity to testify on behalf of thousands of Connecticut retailers, businesses, and consumers, specifically on the proposed beverage tax.

Shortsighted pandemic era of federal fiscal policies like excessive money printing and runaway deficits have triggered record inflation and sent grocery prices soaring. According to the USDA, food prices have risen over 25% in just four years, and it's about to get worse. The Trump Administration tariffs

and these policies are projected to increase the cost of goods imported into the State of Connecticut by \$3.2 billion, which is a 14% hike over 2024.

And with additional tariffs looming, families could soon face up to \$5,000 more in annual costs, which will make even a cup of coffee seem like a luxury. Connecticut currently ranks 46 than affordability nationwide, with a cost-of-living index over 21% higher than the national average. Consumers here are already squeezed.

Living in Connecticut already comes with a high cost, and this tax makes it worse simply because we live here, unlike our nearby states and our neighboring states who won't be paying a regressive tax for their beverage choices. Bad federal policy created much of this current affordability crisis.

And while this legislation aims to solve a problem, it ends up creating another one, higher cost for consumers, fewer sales for businesses, job loss and pressure on the state's economy. Tens of thousands of Connecticut residents already pay a hidden tax on beverages through our highest in the nation \$0.10 container fee.

In fact, more than \$40 million in unclaimed bottle deposits are swept back into the state budget every year. And singling out beverages, a staple high-volume grocery category for yet another tax unfairly targets everyday purchases that retailers depend on to drive traffic.

It also hits local beverage distributors and bottlers, many of which are family-owned with additional costs that threaten jobs in local investment. The outcome here is clear in border communities like Greenwich, Stamford, Danbury, Enfield, and Groton.

When these beverage prices rise, consumers are going to shop across the border, and they're not only going to purchase their beverages across the border,

they're going to purchase all of their groceries across the border. We've seen it in Philadelphia. Philadelphia consumers--

CLERK: You've reached three minutes. If you could please summarize.

STEPHEN MONROE TOMCZAK: Yeah. Philadelphia consumers crossed the border, and many businesses in the city line, within the city limits went out of business once they imposed the beverage tax. We think something similar like that, we're sure something similar to that will happen. So I appreciate if you would read my testimony that I had submitted to the committee, and I'd be more than happy to take any questions on this bill.

SENATOR FONFARA (1ST): Representative Horn.

REP. HORN (64TH): Thank you, Mr. Chair. Thank you for being here. I thought I'd ask you if you wanted to be creative a little bit, because this bill, I hear from both you and retailers, restaurants, the difficulty, first of all, just emerging from the pandemic, that was really hard on our restaurants and other small businesses, and that this tax would be difficult.

I hear that and I'm very aware of that as an issue. What I think this bill is trying to do is at least recognize that what we're trying to do is families who need their kids to eat healthy meals are also suffering from the affordability crisis. And they can't afford to feed their kids a healthy meal.

So we're looking for a way to do that while recognizing something that I think is pretty clear, which is to say the nexus between sugary beverages and adverse health outcomes. And trying to find a way to connect those two without hurting you and other small businesses that are sort of caught in the crossfire here while we're trying to fund something that would really help our kids. Any ideas?

WAYNE PESCE: Yeah. Well, my first thought is that if you look at the school lunch programs as it is today, those programs were funded with \$90 million worth of ARPA money, that was never going to last. Okay? So those funds are gone, and this program has expanded post-pandemic to a level where it's never been before.

So the idea that businesses in the State of Connecticut and consumers, Representative, this is a consumer issue too. We're talking about the businesses, people are going to pay more. And at what point does it cost too much to live here? Look, I work on a lot of issues, and I can tell you the key and the genesis of everything I talk about is about affordability.

I raised my family here, I live here, I care about what we're doing in this state, and I just can't thread that needle and tell you how to solve a health crisis when I sit here and say the affordability crisis is as bad as any health crisis that we have. And we've got an affordability crisis as much as we have a health crisis.

REP. HORN (64TH): We do, which is why a lot of families can't afford to feed their kids at school. So this is related to the affordability crisis.

WAYNE PESCE: I don't disagree with that, but if you look at communities like Stamford, Waterbury, New Haven, and Bridgeport, they're 100% federally funded on school lunches. Those are the communities that are most in need of these funds. Now, yeah, are there families in certain communities, whether it's Darien or Middlebury, where I live, where a family needs a hand? Certainly. But if you go back prior to the pandemic, it wasn't universal lunch. You had to qualify for that lunch. You had to prove that you there was a need.

REP. CONSTANTINE (42ND): That's of course true. But part of the issue here is that we're-- and we may not be able to solve this problem, to your point.

This may be just too much for us, but it is to ensure that children have access to a healthy meal and they aren't embarrassed to ask for it. That's part of it.

WAYNE PESCE: Representative, I supported the bill that came out in February on school lunches. I supported the bill last year. The game is turned upside down in terms of the federal funding that is being kind of pulled back on. And where I get off, where I come in here and sit before you is because this federal funding is gone, and all of a sudden, we're going to put it on the back of businesses and consumers here.

There's a reason why we're 46th in affordability. How does that help? So, I get it. Look, I did not testify in the first public hearing on this bill because I did not want to be the person who came in here and said that kids shouldn't have school lunches. But there's another side of me that's sitting in here, and I'm constantly talking about this with our members, and with media, and other legislators about what it costs to live in this state.

And I have concerns that we are going to drive consumers into border towns and other places to make their grocery purchases, and it's actually going to have an adverse effect that I don't know that we're so--

REP. HORN (64TH): I think you misunderstood my initial question, but I have also exhausted my questions, Mr. Chair, so--

WAYNE PESCE: Yeah, I can't thread the needle on the health piece, Representative. I'm sorry. I apologize.

SENATOR FONFARA (1ST): Thank you, Representative Horn. Questions? Thank you, sir.

WAYNE PESCE: Thank you so much. I appreciate it.

SENATOR FONFARA (1ST): Brian Donahue?

BRIAN DONAHUE: Yes. Hello. Thank you for letting me testify. And I welcome Senator Fonfara and all the members of the committees. I speak only on what I do in my private life, which is I run an organization called NOT JUST US, which is over 100 members across the State of Connecticut.

But I also need to identify that I also, in my professional life, and I will not speak on who I am employed by, but I will say that I've been a social worker for the past 31 years, and I have worked with families, children, communities that are very poor and very rich. And in those rich, I have gone into homes--

I was a caseworker. I went into homes and in the homes-- I've visited doctors, lawyers, businessmen who own their business, and they are families who are also struggling just because somebody lives in a town such as like mine, which is probably middle class considered, it's Rocky Hill.

We have members from not just us who report, when we have these events across the state, how their income is being considered, but the fact of the matter is with the Trump cuts, all the cuts that have been made across the state, there are a lot of hurting families, no matter what your zip code is.

I'm not going to go into the statistics because I think that's been talked about to death by the previous speakers. But I will say, we need to understand where the family is coming from, where the child is coming from, because these statistics are wonderful and it helps to support or guide decision making. But you have to look at what the actual family's going through.

The children may not have any other lunches, no matter what town they're in, except for the school lunch. That is often, we are told, the only meal of the day. So they are struggling on the weekends,

they're struggling at night. These families are working three to four jobs and they're not able to afford. That's why we support 7272, the tax credit and 7273 for the lunches for all children.

Because no matter where they are, there's so much pain and there's going to be so much pain coming down the pike. And it doesn't matter, as I said, I worked in the poorest of the poor communities and families in the richest of the rich. And just because someone's a doctor, a lawyer, what have you, does not mean that they have necessarily all the money to provide for their kids.

There's a lot of issues with these people. People need to be looked at as people and not statistics. So I thank you. And we support 7272 the tax credit and all school lunches for 7273.

SENATOR FONFARA (1ST): Thank you, sir. Questions? Thank you.

BRIAN DONAHUE: Thank you.

SENATOR FONFARA (1ST): Nancy Fink.

NANCY FINK: Hi. You see me? Oh, now I see that you see me. Thank you for giving me this opportunity today. My name is Nancy Fink. I live in Stamford. I'm a concerned citizen, a mother and food and nutrition policy consultant since 2002. I testified on SB 921. And I'm really excited to get another opportunity to testify in support of this impressive bill, HB 7273.

Once again, I want to use my time to highlight some beverage industry misinformation that I believe is worth repeating. First, I'm sure the beverage industry front groups have emerged in Connecticut by now to oppose this sweetened beverage tax. They purport to be led by local businesses, but they are industry-created, led, and managed industry drives the messaging.

Second, I'm reiterating what others have already said, that there is no evidence that the sweetened--that sweetened beverage taxes caused job losses. None at all. Evaluations of Philadelphia and San Francisco sweetened beverage taxes found no net job losses or job losses in industries that produce and sell the drinks. Additionally, the Philadelphia and San Francisco results are consistent with an evaluation of the 2014 Mexico taxes on sweetened drinks and snack food, which found no reductions in employment or increases in the unemployment rate. Third, industry's warnings about cross-border shopping continue to not be backed by evidence.

A 2024 study found that sweetened beverage taxes in Boulder, Philadelphia, Oakland, and San Francisco, California, as well as Seattle, were associated with a 33% reduction in purchase volume with no evidence of increased cross-border purchases. Fourth, I believe that industries regressivity claim rings hollow. No one is required to pay the sweetened beverage tax to maintain a healthy diet since no one needs sweetened drinks to survive.

The sweetened beverages that will be taxed have little or no nutritional value and are at best products that should be consumed as an occasional treat. The passage of HB 7273 will help counter industry's aggressive marketing of these products as fun, harmless drinks that should be consumed 24/7. Finally, please be aware that industry spends heavily to silence potential critics of sweetened beverage taxes through donations and charitable contributions.

If you are lobbied by a health or community group that seems like it should support a sweetened beverage tax, yet is an opponent, please ask them if they're receiving funding or donations from the beverage industry. In conclusion, you have a rare opportunity with HB 7273. Not only can you fund healthy school meals for all of Connecticut's children, you can also lower sales of the leading

source of added sugars and decreased sales of unhealthy non-nutritive sweeteners and drinks. That's a win for everyone. Thank you.

SENATOR FONFARA (1ST): Question for Ms. Fink? Representative Constantine.

REP. CONSTANTINE (42ND): Thank you, Mr. Chair. Thank you, Ms. Fink. I was wondering in your role as consultant, if you would be able to elaborate and let us know, for those of us who don't know what the actual process is for families to qualify for school lunches, like what kind of work do they have to do? What do they have to file with the school district? Anything like that.

NANCY FINK: I'm afraid that's not my area of expertise. You'll have to ask someone else.

REP. CONSTANTINE (42ND): Okay. Thank you.

SENATOR FONFARA (1ST): Anyone else? Thank you. Daniel Swift.

DANIEL SWIFT: Good afternoon, Co-Chair Senator Fonfara and Representative Horn, and Members of the Finance, Revenue and Bonding Committee. Thank you for the opportunity to offer testimony and support of Senate Bill 1556. My name is Daniel Swift, and I'm a principal in the property tax practice at Ryan LLC, where we represent both commercial and residential property owners and property tax matters. The property assessment process in Connecticut, specifically the assessment appeal process is broken.

Currently, cities and towns are bogged down with a

high cost and the strain on municipal resources associated with a high volume of superior court tax appeal filings. And on the other side, taxpayers are often forced to spend thousands of dollars before they can even begin to have a meaningful conversation about the fairness of their assessed value. Over the past year, my colleagues and I have worked closely with leadership from the Connecticut Association of Assessors to explore ways to fix the system.

Through these collaborative discussions, we came to a consensus. The BAA system does not work. BAA members are not required to have formal qualifications or significant training. As a result, these boards often lack the expertise necessary to evaluate complex valuation issues. That's precisely why the \$1 million threshold for commercial properties was established.

Because these boards are simply not equipped to handle such cases. The result, BAA appeals are routinely denied or deferred out, ultimately ending up in superior court, further straining public resources and creating a backlog that serves no one. Senate Bill 1556 proposes the creation of the Connecticut Appeals Board for Property Taxation, a centralized statewide board composed of professionals with extensive backgrounds and property valuation.

This board would provide a more efficient and equitable venue where both municipalities and taxpayers can be heard by experts who understand the intricacies of these issues. This proposed board would conserve resources for municipalities, provide taxpayers with a fair and informed hearing before turning to litigation, and establish a system that prioritizes equity, efficiency, and expertise, all of which are sorely lacking in the current structure. I urge your support of Senate Bill 1556, and thank you for your time and consideration.

SENATOR FONFARA (1ST): Thank you, Mr. Swift. Questions? No questions, but I would like to thank you as well for your participation in the process, getting us to where we are today, and hopefully we can continue to make progress to advance, at least what is seems to be a consensus that the current system does not work and the statewide initiative would but see what we can do going forward. Thank you, sir.

DANIEL SWIFT: Thank you, sir.

SENATOR FONFARA (1ST): Stephen Henriques. Is he with the group? I don't know if he's bringing the group right, but is he-- are all three ready to testify or? Well, gave him a shot early. We'll come back. Sean Collins.

SEAN COLLINS: Good afternoon. Hopefully, you hear me and see me.

SENATOR FONFARA (1ST): We do both. Yes, thank you.

SEAN COLLINS: Well, good afternoon, Co-Chair Senator Fonfara, Representative Horn, and Members of the Finance, Revenue and Bonding Committee. Thank you for the opportunity to speak with you today. My name is Sean Collins. I am the Eastern Regional Manager for the Aircraft Owners and Pilots Association. We are the world's largest aviation membership organization, representing 300,000 aircraft owners and pilots across the country, including about 3000 in Connecticut.

On behalf of these members, AOPA opposes Senate Bill 1559, AN ACT CONCERNING THE CAPITAL CITY

REDEVELOPMENT AND ESTABLISHING THE SOUTH MEADOWS DEVELOPMENT DISTRICT BOUNDARIES. Now, let me be absolutely clear, the aviation industry supports economic development around airports and certainly around the City of Hartford. Airports are economic engines that, when incorporated into thoughtful community development planning, can create synergies that draw far beyond simple aeronautical interests. As business leaders of all industries seek fast and efficient access to their facilities. When thoughtful community planning includes the airport, it can serve as a magnet for non-aeronautical development.

But only when community leaders accept and provision the airport for success. Section eight of the bill creates a South Meadows development district, roughly one-third of which comprises of the Hartford Brainard Airport property. Due to the FAS investment of the airport improvement program or AIP grants into the airport, all future developments around the airport must be compatible with the safe operation of the airport.

As drafted, section eight leaves undefined the mission, organizational structure, and the powers of the development district. Because of this, we urge the committee to remove the Hartford-Brainard Airport property from the boundary of the district itself to ensure that no violations of the airport's grant obligations could result from the inclusion of the airport within the district. So for these reasons, AOPA opposes Senate Bill 1559. And thank you for the opportunity to speak with you today. I'm happy to answer any questions.

SENATOR FONFARA (1ST): Questions for Mr. Collins?  
Thank you, sir.

SEAN COLLINS: Thank you, Senator.

SENATOR FONFARA (1ST): Jude Malone.

JUDE MALONE: Good afternoon, Senator Fonfara, Representative Horn, Senator Fazio, Representative Constantine and the Distinguished Members of the envi-- sorry, of the Finance Committee. My name is Jude Malone. I'm with the Connecticut Beer Wholesalers Association, and I come to you today to speak on House Bill 7271. So first, I just really want to thank Representative Horn and Representative Constantine and many of the members that are also on the Environment Committee that sit on the Finance Committee.

And as you heard Lori Brown say, there is a bill before the Environment Committee that we're also working on. And so I so appreciate you guys taking the time to understand the real challenges that wholesalers and we're wholesalers. And there's a, a lot of misunderstanding about manufacturers and wholesalers, but my guys are wholesalers. So the challenges that we are having as we implemented the 10-cent deposit as of January 2024, for the first time since the conception of the bottle bill, we were over-redeemed.

Not everybody, right? One distributor. So you ask why one distributor was over-redeemed. It's his proximity to New York, it's his portfolio that he carries, and it is the location of redemption centers. So star distributors located in West Haven was over-redeemed in August, September, and October of 2024. There was a leveling off. And then in January, he was 140, 107, and 115 in March, and this is the issue that we come before you today and we ask for your help, is that current statute only allows for credit that over redeemed deposit initiator, a beer wholesaler only gets a credit.

So he asked the state to connect -- revenue service.

He applied for a credit in the tune of \$550,000. If you add in handling fees that are required by statute, that's \$770,000. And we are small family-owned businesses, as you heard a lot today, and that is not sustainable, and you don't see any end in sight in, and as Lori Brown says, unless we have enforcement, right? And so we come before you and we ask you to work with us to find the funding for enforcement. And until we have real consequences and enforcement, it is going to continue. And I agree with Lori, is it's just going to take a few cases to say, you know, and this is the problem for people that aren't on environment we have a 10 cent--

CLERK: You're at the three minutes. Could you please summarize?

JUDE MALONE: Sure, thank you. We have a 10-cent deposit surrounding states five or nothing. And I just want to, before I close, is that I thank you again for thinking about the study, and this is the reason why I would prefer not to go down the study row is we can't, we don't have time, but we also provide you with all the information you need on a quarterly basis, and that's units in and units out.

And we are required by law as deposit initiators to provide that to DRS. And I made you a little map that I submitted and it shows you we can provide you any information. We'll work with you on getting that. But please help us with those two issues of enforcement and helping those that-- and it's predominantly one distributor right now. We see it migrating north, and I will say--

CLERK: Just a reminder, you're past your three minutes.

SENATOR FONFARA (1ST): Representative Horn.

REP. HORN (64TH): Thank you, Mr. Chair. I'll give you a chance to finish your sentence, but I want to first just acknowledge that I know that part of the issue here is the redemption rates we look at are statewide and to your point, they vary wildly across the state. And there are, you know, there's at least one distributor that's really getting hammered here. So my first question actually is, it's my understanding that, that if there's over redemption, that it doesn't-- that it does roll over so that if it goes back down in the next term, not saying it will, you can get-- that does even out over time, first of all, is that right?

JUDE MALONE: That is correct.

REP. CONSTANTINE (42ND): And then I just wanted to note that although we've-- I've commented before on this earlier today that we have-- there's an environment bill. That is a, one of those works in progress. That's been, I believe, referred to the Finance Committee. That we are in conversation with them, because to your point, there are, you know, enforcement issues. Of course, those enforcement issues are tricky for constitutional reasons. We can't just go out of state actors. That's not permissible. But we're aware that it is hitting some distributors really hard and, and we are working together to try to find some way to address the issue. Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Further questions?  
Representative Veach.

REP. VEACH (30TH): Hi Jude, how are you today? Thank you for coming in, and I think you know that most of us that are on the Environment committee realize that there's a huge issue here and we certainly need to address it, and we are trying to work together to

come up with some sort of a solution. So hang in there, we are trying.

JUDE MALONE: Thank you. I really, really appreciate it very, very much, and--

REP. VEACH (30TH): Okay, thank you. Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Thank you. Anyone else? Thank you. Paul Travaglino.

PAUL TRAVAGLINO: Thank you, and if it pleases the committee, we've checked with the clerk. I'm also going to be joined with Curt Cameron, who's on the list today. Hopefully, we'll save you three minutes in a very long day.

SENATOR FONFARA (1ST): Much appreciated.

PAUL TRAVAGLINO: I want to thank Chair Fonfara, Rep. Horn, Ranking members Fazio and Polletta, Vice Chair Constantine, the distinguished members of the committee. My name is Paul Travaglino. I have a cannabis food and beverage company, Enlightened Foods. I'm here today representing the Connecticut Cannabis Food and Beverage, so Alliance.

And we're here to support raised bill 7271, which would reduce the fee down to 5 cents. You know, we all worked very hard last session to create this new category. We appreciate your looking at this and working with us. It's, you know, creating these beverages is expensive. There aren't many margins. I'm going to associate my remarks with Curt. I'll let him speak.

CURT CAMERON: Great, thank you. Thank you to the committee. Yeah, we are here today in full support of 7271, and its proposed reduction of taxes to 5 cents per 12-ounce container. First, I want to thank the legislature for the thoughtful regulation last session helping to keep these products safe and out of the hands of miners. My company was the first licensed manufacturer of infused beverages in Connecticut.

This new product line has not only helped us survive through tough market conditions but it's also helped us retain and even create jobs. I have locations in Hartford and in Bloomfield and this is now our fastest growing product category. However, the current tax rate at a dollar a can or 25 do \$24 per case is by far the highest in the nation. And it's tax significantly higher than any other beverage in the state. By contrast, beer is about 2 cents a can.

Wine from small wineries is about one and a half cents for 12 ounces. So at 50 times the beer tax rate, the current structure has really stifled growth of this promising new category. HB 7271 provides a fair, balanced solution that brings infused beverages just a little bit more in line with other regulated products in Connecticut. And so we highly urge you to support this-- this bill. Thank you.

SENATOR FONFARA (1ST): Questions? Representative Constantine.

REP. CONSTANTINE (42ND): Hi, how are you?

CURT CAMERON: Good.

REP. CONSTANTINE (42ND): I was wondering, would you be the gentleman from Barn Brew who mentioned there was like three milligrams per can in their-- in their-- in their beverage. What, what's the industry average regarding how much THC is?

CURT CAMERON: Yeah, Connecticut is the lowest at three. Most are five to 10. We are frankly rolling out New Jersey. They have 50 milligram containers on the shelf. Some will be angry for me saying this, but I think that's irresponsible. I think it's too high. I think that what you're going to see as this industry sort of normalizes is that five to 10 milligram level becoming the standard. I think that most states will regulate out some of these higher, higher limits.

I think the other challenge you run into is the way that the rules are written in other states. As you can say, that one can, has 20 or 30 servings per can, which I dunno, it's a little ridiculous to be quite honest with you. But I think Connecticut has put some-- a really thoughtful approach into the way that they've, they've done things, and frankly, we're seeing a lot of states look to Connecticut for guidance on the way that they've put legislation in place.

REP. CONSTANTINE (42ND): And do you think the 5 cents per can is the smarter way to go versus, you know, 2 cents or 3 cents per milligram?

CURT CAMERON: So as a producer, you know, I'd rather you not tax it at all, right? But that's selfish and unrealistic. So I think that 5 cents is a realistic number. I mean, you know, again, some people will be upset that I'm not, you know, going for more. But I think it's a thoughtful and sustainable number. And

I think that what we're going to find is that the adoption of these type of products at that reasonable rate will increase tax revenues because more people will try these products.

REP. CONSTANTINE (42ND): Yep. Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Thank you. Mr. Cameron, do you-- are you required to have a equity applicant as part of your operation?

CURT CAMERON: We are not.

SENATOR FONFARA (1ST): Why is that?

CURT CAMERON: We are not under-- I think what you're referring to is some of the rules and regulations are out sort of sanction-- sanctioned cannabis companies. We are not one of those.

PAUL TRAVAGLINO: I can speak to that if you like. As a cannabis licensee, there are both social equity-based licensees, and there are those that are not, at least in the cannabis channel, every license, whether or not they have a social equity entrepreneur as part of that license, needs to have a social equity plan in a workforce development plan that specifically attend to those things.

You know, a lot of the times the tax, in this particular case, this tax goes to, I believe, an enforcement and education fund. I'm not sure how those monies were spent in the last calendar year. I think we'd probably have to ask the Department of Concern protection on that. I do know that many of the fees that come from the cannabis side do also go into social equity, give-backs into

disproportionately impacted areas, as you well know, Senator.

SENATOR FONFARA (1ST): So are the-- as a producer, it's cannabis that you're infusing or THC from cannabis, I assume.

CURT CAMERON: It's a hemp-derived.

SENATOR FONFARA (1ST): Hemp.

CURT CAMERON: THC. Right.

PAUL TRAVAGLINO: Last session we had to grapple with the reality that there is a federal regulation over hemp, or rather a deregulation of very low, low amounts of intoxicating THC that exists in that plant. And some states have further regulated hemp and some have not. So, hemp runs wild in some states, not so much in Connecticut.

And it, it tends to be that, if I can generalize, the blue states, which have allowed for cannabis to be a regulated and taxed substance, they have often looked for social equity as you point out. And they have further regulated hemp in the states that are oftentimes more red. They have let hemp kind of do their own thing.

As part of the discussions last year, we had to grapple with not only as was mentioned on the other bill. You know, there's a dormant aspect of the commerce clause. You can't really shut down outta state manufacturers from coming in, but you can regulate them properly, which is what we asked for, that they be tested and allow for to be taxed and registered with the state of Connecticut. But hemp is a different animal than cannabis is. They are

technically different definitions for the same plant.

SENATOR FONFARA (1ST): The effect is the same.

PAUL TRAVAGLINO: The effect is the same. And I would agree with Curt that a 50 milligram drink is quite a bit. I would argue Connecticut should maybe have five and it can in dispensary, so if you go into a cannabis retailer, hybrid retailer or dispensary facility beverages, there can be five milligrams. The, the legislature felt last year that three was reasonable in the marketplace in an age-gated environment like a, a package store. But again, we have two channels of sale here. We have within dispensaries and within package stores, both age-gated.

SENATOR FONFARA (1ST): Yes, and I visited a package store last year when the bill was being considered and saw THC infused beverage on the shelf. I bought four cans. I don't drink, but I wanted to show legislators that this is available today, but there's no equity aspect to it for that product, which I thought was a mistake and continue to think it's a mistake.

CURT CAMERON: Well to be clear, there is in the sort of what I'll refer to as the sanctioned cannabis licensing.

SENATOR FONFARA (1ST): I'm referring to hemp.

CURT CAMERON: Okay. Correct then.

SENATOR FONFARA (1ST): And I don't think that should be like punitive. I think it should be an

opportunity for communities that have been underserved to benefit from that side of things as well. But that's a conversation we will not have any further here today, Madam Chair. Apologize to the committee for violating my own rule. I won't ask another question today. [Laughter] Further questions. Representative Polletta.

REP. POLLETTA (68TH): Thank you both for being here. It's insightful in what you had to say. One quick question. Do you pay excise tax on infused beverages? I know there's been maybe some conflicting data from DRS. Is that something that you both--

CURT CAMERON: So I guess the definition of an excise tax, right? So right now what happens is that the wholesalers are, who are collecting \$24 a case on every case sold in the state of Connecticut. Whether you sort of paint that as an excise tax or an infused beverage tax or whatever, it's a tax. So I would say that I sort of look at it kind of looks like an excise tax, you know, quacks like an excise tax. So yes, I would say it's an excise tax.

REP. POLLETTA (68TH): Okay, and then DRS hasn't really weighed in on it. I think they said no, but then maybe to your point, you do. So maybe there needs to be some clarity there.

CURT CAMERON: Yeah, I mean, there is a lot of confusion around the tax, quite frankly, and the fact that it's \$24 a case makes it even more confusing because retailers don't know whether to, you know, how exactly to deal with it. And, and, you know, candidly, we see sometimes because it's such a large number, then putting margin on it or even sales tax being added on top of it, which it specifically states it shouldn't, you know, that

shouldn't be done. But again, I guess this is part and parcel of any new product that comes into the market. There's going to be a learning curve and it's sort of our responsibility to educate those retailers on how properly to handle it.

REP. POLLETTA (68TH): Thank you for your answers.

SENATOR FONFARA (1ST): Further questions. Thank you, gentlemen.

PAUL TRAVAGLINO: Thank you.

CURT CAMERON: Thank you.

SENATOR FONFARA (1ST): We will go back to Stephen Henriques as part of a panel with-- [inaudible] and to Steven Tian. [Whispering]

SENATOR FONFARA (1ST): If the clerk could help the committee understand what's happening.

CLERK: I am sorry. Can you repeat the names again?

SENATOR FONFARA (1ST): Stephen Henriques, Professor Sonnenfeld, Steven Tian. We will hope to resolve the matter, but we'll proceed. Tom Strahle. Sir, could you please press-- there you are.

TOM STRAHLE: Are you okay now?

SENATOR FONFARA (1ST): We hear you now. Yes.

TOM STRAHLE: Okay. Sorry. Chairpersons Fonfara and Horn, and Ranking Members, Fazio and Polletta, and other Distinguished Members of the Finance, Revenue and Bonding Committee. My name is Tom Strahle and I thank you for this opportunity to speak in opposition to HB 7273. Parenthetically, I would add that the three issues, this one and the trans chairman of empty bottles, which is another study committee, all merged together in my life, and I'll try and be brief about this.

I'm Vice President of Government Affairs for Pepsi in Bristol, a 78-year-old independent family-owned franchise serving 17 towns in Connecticut. The company employs 70 people in our Southington, AKA Bristol location. HB 7273 proposes the 2-cent per ounce tax. If you go to a Walmart today, a 12-pack of soda, pick whatever you want, is about \$7.40. The 2 cents per ounce is \$2 and 88 cents incremental on top of the seven 40.

And then incremental to that is, and it's, the third issue is the deposit. The increase in the deposit from a nickel to a dime, increases is at another 60 cents. We're already struggling with the addition of the deposit from 5 cents to 10 cents. And that bottle increase and the over redemption that's occurring even in our franchise, which is not on a particular border, is very troublesome. I've been in the Pepsi business since I'm 20 years old.

I'm 78 years old today. I've worked for four independent Pepsi franchises. The deposit laws that occurred in Connecticut, I think in 78 and New York in 83, have exacerbated the territorial difference and the transshipment of product empty in full goods over those times. And there's an underground network of people that facilitate that.

I can't even begin in three minutes to get into how much blood I've let over these three issues. So I'm just going to ask that as you deliberate on this, and you've already received expert testimony from

Bree Deley about the, the numeric part of this to strongly consider not passing HB 7273 because the other issues on the, on the transshipment of product and the deposit issues are just so complicated. And I've lived with them forever.

My last job, I was Chief Operating Officer for Pepsi, Bristol and Pepsi in Newburgh, New York. I spent 25 years from 1991 to 2016 at the hotel across from ESPN every week to connect and manage with my people. We're good citizens in those 17 towns. We service Dr. Petit is one of my favorite people in the Bristol Plainville area. So please, as you deliberate on this, please give us the time to give all perspectives before you pass this bill. It is just not something that's beyond my ability to resolve in a three-minute time. That's all I have to say. Thank you.

SENATOR FONFARA (1ST): Thank you, Mr. Strahle, and first of all, despite having to be here today, I hope you have a wonderful and enjoyable birthday

TOM STRAHLE: [laughter] No, it's not until September. I'll be 79 in September.

SENATOR FONFARA (1ST): I thought you said your birthday was today. I won't take it back, though.

TOM STRAHLE: I'll take it. I'll take your good wishes.

SENATOR FONFARA (1ST): Your words are-- have been heard here today, and we thank you for taking the time to come here and to testify.

TOM STRAHLE: Thank you.

SENATOR FONFARA (1ST): Are there questions?  
Representative Constantine.

REP. CONSTANTINE (42ND): Thank you, Mr. Chair. Thank you, Mr. Strahle, for being here. You know, I know you were here for 7273, but given your experience with Pepsi and manufacturing, did you-- we've had a few comments on 7271 regarding what we can do on helping solve the cross-border fraud with bottles. Could you tell us a little bit about the manufacturing process as to what the obstacles would be?

TOM STRAHLE: We're bottlers and distributors. We're members in four bottling co-ops, three of them in Ayer Massachusetts, one in Cicero, New York. And on that front, there's a lot of cooperation for after the Tylenol incident back several years ago. The discipline to track where your product's going is pretty good. We know exactly where it goes, cause if somebody calls up and says they got a bad bottle, you got to know.

You have to really know, did I make it? Did I send it? Where did it go? So I think that capability exists, how it can be managed is beyond me. The red stripes suggestion I heard before we exist because we're low-cost producers. We have the best machinery and everything else. It's very difficult to have a different label on a bottle. Almost impossible. Solving this really is, is a, is a problem.

I really can't tell you how big, big of an issue it is. It's trucking. There's so many things that affect the cost of moving product around. And a lot of empty trucks come into this marketplace and they look for payloads. And, and there are people that, that facilitate that. It's, it's more than I can

explain in, in three minutes, but I've lived with it for, for almost 40 years as we could talk outside.

REP. CONSTANTINE (42ND): Yes, that'd be great. Thank you.

TOM STRAHLE: All right.

REP. CONSTANTINE (42ND): Thank you, Mr. Chair.

TOM STRAHLE: Alright. Any other questions?

SENATOR FONFARA (1ST): Anyone else? Thank you, sir.

TOM STRAHLE: Thank you very much.

SENATOR FONFARA (1ST): Okay. Hopefully, three times the charm.

SENATOR FAZIO (36TH): They're on now.

SENATOR FONFARA (1ST): Steven Henriques, Professor Sonnenfeld, and Steven Tian.

JEFFREY SONNENFELD: Thank you very much, and I appreciate this opportunity. Thank you for not giving up on us. Chair Fonfara and Chair Horn. I know it's been a, a very long day for all of you, and I think there are only 76 people to follow, but I, I believe both chairs are, are hosting drinks the least. The rumors are at the Red Rock Tavern, at the end of the day. So we'll look for you.

I'm Jeffrey Sonnenfeld, Lester Crown Professor with

leadership practice and founder and president of the Yale Chief Executive Leadership Institute. Alongside my research director, Steven Tian, and research fellow, Steven Henriques. I'm testifying in support of the proposed legislation SB 1557, introduced by the Finance Revenue and Bonding Committee in ACT, establishing the investment board and concerning independent review of the investment performance of the state's pension funds.

Last year, you may recall we testified in front of the same committee with 40 slides in three hours that we're sparing you that this time. But we, with some concrete actionable steps last year, for some ways, the state can improve the investment performance of our long underperforming pension funds. And we are gratified that many, no, not all of our recommendations were adopted on this. The skilled leadership of Treasurer Eric Russell, Chief Investment Officer Ted Wright, the new IAC chair Phil Zucker, who's quite a star and has been a priceless addition into the team.

And we're delighted that the expert IAC chair emeritus-- emerita, Ellen Schumann, is staying on. Now we are well on our way towards significant dramatic improvements in our investment performance with a strong 10.3% return last year. But sadly, that is still just half of the S&P 500 returns, leaving billions of dollars on the table that the state could have used.

In particular, we recommend Treasurer Russell, we commend him for implementing many of our recommendations on more careful manager selection and pruning underperforming managers, a more balanced asset collection, streamlining the public reporting of investment performance, which is much clearer to read. Congratulations and professionalizing the operation with a focus on transparency.

Despite the traumatic and performance of this team

our state's experience over the last quarter century, as a reminder, we may not always have the good fortune of a professional, impressive team such as this nor are we guaranteed of that moving forward. Should Treasurer Russell and his team choose to move on in their careers in some way, one of our recommendations, which remains unadopted, which we will comment on today, is in no way a reflection of our current excellent team or their advisors, but rather, a structural weakness.

The weakness is the anomaly of an executive position with no governance checks and balances. If we had time, we might discuss how this has become a, a, a, a hot topic in the headlines in Washington DC these days. Constitutionally, we're supposed to have a balance of power in Washington. Certainly, every organization that everyone in this room knows whether or not it's private or public. It has such a balance of power.

However, with North Carolina's new treasurer currently making a push to change North Carolina's sole fiduciary model towards a board oversight model, Connecticut would become the only state, the only state of all 50 states, with the sole fiduciary model of governance over our state's pension funds. This is not some obscure governance debate, but a real issue of consequence with billions at stake. Because, as a reminder, our state pension fund manager manages \$60 billion of retirement funds of our public employees.

Every 1% of better performance amounts to \$600 million for our state, every 1%, \$600 million more for our state. If we only had the median performance of all 50 states over the last decade, we would've had an extra more than \$10 billion in our state coffers. While Treasurer Russell has been vastly improved the state's investment performance, we're not always guaranteed a leader of his dedication and character.

A single individual holding sole fiduciary responsibility over \$60 billion without any checks and balances does not seem like a good idea, which is perhaps why 49 other states have gone down a different route with board governance. We're delighted by this distinguished committee's thorough discussion of this matter last year and is remarkable by came and bipartisan unanimous vote, which we would encourage to be taken up again before the full General Assembly.

Hopefully, this year we'll have the support of the Senate Majority Leader, which somehow was lost at the 12th hour last year. We look forward to answering your questions and hope you'll once again advance SB 1557. Thank you. I'm speaking for myself, Jeff Sonnenfeld, Steven Tian, and Stephen Henriques.

SENATOR FONFARA (1ST): Senator Fazio

JEFFREY SONNENFELD: And not Brielle [laughter].

SENATOR FAZIO (36TH): Thank you Professor. Thank you, Mr. Tian and Henriques for your enormous contribution to the public in this state. You know, we've spent a lot of today discussing another bill with much debate like many other proposals in this building about whether to raise taxes and spending or try to limit spending and taxes. And here we have one of the few examples of potential hundred dollars bills being left on the sidewalk over many, many years.

I mean, your study showed that in the 10 years up to 2023 are pension investments in the state of Connecticut underperformed by \$10 billion the median state in the country. Connecticut forwent \$10 billion of revenues for the state of Connecticut equal to thousands of dollars in tax-- extra taxes for the average household in the state. That's not a

trade-off. There wasn't extra spending that was done in order to achieve that.

That was simply lacking pension returns. You shined a light on that without your research. We wouldn't even be discussing this in the state of Connecticut. Now we are fortunate, as you said, that some of your recommendations have been taken up by the treasurer's office. I think this treasurer has done a commendable job in many regards and his team as well in shifting more of their assets to US equities.

And so we've seen a pickup in our returns. However, I think this legislation, as you say in your testimony, is about the entire system. It's about the next 20 treasurers that we have in the state of Connecticut. And we might not be so fortunate, and I don't know of a single private entity with \$60 billion of assets under management that would have all fiduciary power vested in a sole official.

So again, I guess I would ask, do you-- you mentioned once North Carolina eliminates its sole fiduciary system, which they seem to be on the precipice of doing, we will be the only state in the country with a sole fiduciary model for 60 billion of pension assets under management. Do you know of any major \$60 billion-plus private entity where there is a sole fiduciary responsible legally for all that assets under management?

JEFFREY SONNENFELD: Only if it's a family business and there aren't a lot of family businesses at that, that scale-- scale Senator. So offhand, I, well not offhand, I'm certain there's no public enterprise, and there is certainly nonprofit enterprise and no government entity that has such a, an unusual and dangerous fiduciary arrangement. And this is not to say that there's any question of the character or competence again, of who we have, but for the-- this Advisory Council to be an independent board that's

attractive to the best talent, they need to know that they-- it matters what they say.

They have some teeth. We saw many reports over the past years of people who were quasi whistleblowers, a form of auditors who people had raised issues over the last 30 years that somehow never got to the public. I think we've shared some of them in our report last year that were quite distressing over underperforming asset managers kept on for long periods of time, had this been raised in a, with a forum that they felt that what they-- what they discussed mattered, would've made a difference, and I think that again that we would be the only one with this arrangement. I dunno. Steven, you want to add to this?

STEVEN TIAN: Yes. I will jump into the ranking member's question here. You might hear that New York State also advertises itself as having a sole fiduciary governance model, vesting total control over the state's pension funds in the state comptroller. That's what they advertise themselves as. But in fact, quality it's actually a very different system, and our testimony that's submitted to the committee, footnote number one, contains the actual hyperlinks to the New York statute, which makes clear that it is actually not quite a sole fiduciary model because you have five different oversight committees that are written into New York state law, which maintain final sole discretion over investment decisions, over certain investment types, and that final decision-making power does not lie with the state comptroller.

It lies with those oversight committees. So even though New York State advertises itself as having a sole fiduciary model, in farcicality, it's much more of a hybrid model. So, as you point out, as the ranking member points out, once North Carolina amends its system, which it looks like it is on the precipice of the treasurer, has endorsed legislation

there, which looks like it will be passed imminently Connecticut will substantively become the only state in the nation with the sole fiduciary governance model.

SENATOR FAZIO (36TH): Thank you for that, and I'll note that you know, our testifiers are experts on corporate governance in the private sector as well, so this is unheard of in the private sector, and it will soon be literally unheard of in the public sector, with the exception of the state of Connecticut. You know, the legislation was written such that it goes into effect in the middle of 2027.

So it's some time off, but in the long term, this will benefit state employees, it will benefit state taxpayers, it will benefit people who rely on services. In Connecticut, we forwent \$10 billion of revenues to the state government in the 10 years leading up to 2023. That equates to \$6,250 in extra taxes paid for by the average family in Connecticut over that period of time.

I think this legislation will help support future treasurers. It will help support taxpayers, it will help support residents who rely on vital services in the state. It will help support public employees, and I thank those testifying from Yale for the great public service they've done shedding light on this issue. Thank you, Mr. And Madam Chair.

SENATOR FONFARA (1ST): Thank you. Questions? Senator, welcome. It's good to see you again.

SENATOR HWANG (28TH): Good to see you, Mr. Chair.

SENATOR FONFARA (1ST): Senator Hwang.

SENATOR HWANG (28TH): Thank you very much Professor Sonnenfeld and Mr. Tian, always good to see you, and again, I want to echo the terms of thanking for your research and sharing of real facts and data points and bringing greater accountability to the taxpayers' dollars. And this bill is a consistent extension of that, because what you have done in the past year has brought more clarity and accountability in regards to how our fund in the past has performed, and it comes at a cost to Connecticut taxpayers.

That being said, I think this bill will serve as a successor to the current existing investment advisory board, and the composition may slightly differ, but to you, what do you see as the major difference between the current investment advisory board and how this bill with a new composition can transact and increase greater transparency and accountability and greater expertise in a market success?

JEFFREY SONNENFELD: I think not to disparage the public service dedication of the current members, and I don't know them personally, but just to attract people who have the greatest backgrounds in endowment management and asset management it certainly is more appealing to them to know that their thoughts and their expertise would matter and carry some sway. As we had pointed out, and I just-- and thank you Senator Hwang, that as you recall last year, we want to also acknowledge we had 18 Yale students working with us just trying to calibrate apples versus oranges and where fees are and how sometimes they-- the managerial fees were hidden and the different ways we calibrate what the assets were and the different names.

They were different states and the calendars versus, you know, calendar year versus the fiscal year. It was very hard to work on this, and was all volunteer time. So we're very proud of it but what we did find

that going back almost 30 years, during 25 years, we consistently had the second worst performance with all the expertise and talent in this state. In this particular arena. It was paradoxical, ironic that we wouldn't have the best performance, but it wasn't a red state, blue state issue either. We looked at who the best performers were.

They just managed to attract the very strong advisory groups or, you know the boards to work in partnership with their treasurers. You know, even this past year, if we don't look back in history, but had we a 60-40, a 60% equity, 40% fixed income, we would've had a 15 point a half percent return instead of the 11.5%. What return we had? Well, what does that matter? That's \$2 billion.

I'm sure everybody sitting there would think, well, we could use another \$2 billion if we had what most professional managers had, which is more of a 70-30 mix, we'd have had close to \$5 billion more. I mean, could you imagine the kind of discussions this group would've had the past three months if there was an extra \$5 billion sitting on the desk there?

So this-- it matters, and to bring an expertise that can-- that can stir up the pot and ask some questions. It is just really good for brainstorming. I don't ever send out a single letter without having everybody around here read it cause they always find mistakes. It's just good to have people around that have background, have expertise, and we'll ask tough questions, Senator.

SENATOR HWANG (28TH): And thank you very much for that response. And I think I'm appreciative of you acknowledging that the people passed are good public servants and do it out of a community commitment and to our state. So I think that's important to acknowledge that, but nevertheless, I think the data and the performance measures for itself, can you tangibly offer how this proposal makes-- give me a

couple reasons beyond the composition that can really make a difference to continue this kind of accountability and increase performance measures?

JEFFREY SONNENFELD: Well, I think it helps bring expertise that would that would be as strong as that as the Chief investment officer who has a great competence and can also inform the treasurer. So the-- we don't have to worry about the perspective, the background, the expertise the orientation of a single person that channels the information. That's what makes a board of directors great, is to have a lot of people there that have different ideas, but with very strong backgrounds in the field. So we aren't beholden to a single individual that has a certain way of doing things that sometimes we have to revisit what we're doing.

So having that active pool of partners, and this is a partnership model. This is not an adversarial model. The best boards are governed with a sense of collaboration. And that's really what we're looking for here. We're not-- we're not looking for a hostility. We're not looking for anybody who is diminishing the competence of anybody, but it's just bringing more to the table is what helps to come up with better solutions. Is there anything you want to add to that?

STEVEN TIAN: Yeah in response to Senator Hwang's question that A in IAC stands for advisory. And this is a committee that has many great members but is purely advisory with no actual fiduciary responsibility per Connecticut leg-- per Connecticut, Connecticut statute. That is different than 49 other states, which provide final decision-making power over the state's investments to a board or a committee. In this case, transitioning what this legislation proposes to do, which would be to transition the governance model from that of a purely advisory committee with no actual decision-

making power to a fiduciary responsibility oversight committee, which actually possesses fiduciary oversight over the state's investment would be a sea change in how these investments are managed and who ultimately retains decision making power.

JEFFREY SONNENFELD: And if somebody were to say there's never been a public dispute that has erupted between the current advisory council and the treasurer and that-- and that sounds like a good thing, well, perhaps it's a good thing. But if that's indicative of a lack of debate behind closed doors, that's a bad thing. Groupthink is what we were trying to counter here.

The notion of getting along going along by getting along, is that we actually need to have some constructive confrontation behind closed doors about different ways of approaching a given model. And this is-- this is-- I can't think of anything more important that we look at in terms of this committee than the money that is raised when we're talking about billions and billions of dollars that other states get that we should have access to.

SENATOR HWANG (28TH): Thank you very much, Professor Sonnenfeld and Mr. Tian, and I appreciate that you articulated the goal of this bill is to greater accountability, greater input and thank you very, very much. Thank you, Mr. Chair for the indulgence. Thank you, sir.

SENATOR FONFARA (1ST): Thank you, sir. Further questions? Representative Horn.

REP. HORN (64TH): Thank you, Mr. Chair. One clarifying question, because it was my understanding that the advisory committee did have some ability to constrain the actions of the treasurer. It's not--

they're not purely advisory, in my understanding. Is that not your understanding? Do they have--

STEVEN TIAN: No power--

JEFFREY SONNENFELD: I'm not a lawyer, so I certainly wouldn't play one in this forum, but for what I understand is in the statute is there actually is some authority that the governor would have to override the treasurer if there was a unanimous vote of the IAC that would empower the governor to--but it's a, an unusual feature of the state's constitution that I have no expertise in, and we certainly would never want to see such a thing happen.

I think we have extraordinary compatibility between not just the cabinet members, and of course, this legislature was remarkable out of the 50 states that we all get along so well, but also the constitutional officers of the state work so well in partnership that we wouldn't ever want to see that as, as, as a, as an outcome. So a Chair Horn, I think that right now we wouldn't want to have the kind of a standoff.

STEVEN TIAN: Yes, and just to jump into Chair Horn's question, obviously, such a situation would be absolutely unimaginable. Right now, with this current leadership team, as we pointed out, treasure Russell has genuinely made significant changes. He's adopted many, if not all, of the recommendations we put forward, and we're seeing that pay off already.

You've seen, I mean, in the two years since we came in front of this committee to testify, you're already seeing two years of much stronger performance over the last couple of years. And as the ranking member pointed out in his opening comments we did not miss the Bull Run in US stocks

over the last two years. Anyone who looks at the S&P 500, we have seen the S&P 500 even after the recent volatility. It has gone up a lot over the last two years, and we did not miss out on that.

So we're very gratified that the treasurer has adopted many of these recommendations, such a situation where the governor would need to join the advisory committee and overwriting the treasurer would be absolutely unimaginable and unfathomable right now. But we are not guaranteed of a treasurer such as Treasurer Russell with his character and his determination forever. So it's not unimaginable that at some point in the far future, that situation could come to bear.

JEFFREY SONNENFELD: Bewilderingly, the market's even up today, but who can figure but what is really I think important to I think understand is that there's no good objection to this. I'd love to hear somebody say, what are the arguments against it that 49 other states have missed?

REP. HORN (64TH): Well let me-- I mean, I share the interest of a lot of people here to make-- we have made significant changes, both legislative and through the Treasurer's Office that have been part of, and their investment strategy really that have been a part of a sea change in terms of the re-- the, the returns we are seeing for the state. So I share your interest off stated that, you know, what the changes that we've-- we now have in place are durable for the long run, regardless of, you know, who is this a political office at the end of the day, and we want to make sure that we protect these changes.

I just, I will check into that because it's my understanding that there were actually the advisory board had some ability to quite specifically constrain the investment choices by the treasurer.

But I will please, if you have you know, information on that, please, you can submit it to the committee and I will look into it as well, but I don't, we don't, we can have--

JEFFREY SONNENFELD: I mean, no, I have no position to contradict your expertise especially a Debevoise attorney, not to mention an accomplished legislator. But we'll send back the statutes that we have that suggest that the governor has the ability, but I don't-- with a, something like a unanimous vote, but I don't believe that the committee does, but we'll send it back to you.

REP. HORN (64TH): Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Thank you. Further questions? Representative Santiago.

REP. SANTIAGO (84TH): Hi. Thank you. I didn't think you had seen my hand. I just have a quick question. I want to thank the folks there for coming in to testify. My question is very simple, was the treasurer's office, the treasurer himself, consulted on this bill proposal legislation?

JEFFREY SONNENFELD: Yes. We had several meetings with the treasurer. Two years ago, we had individual meetings with him and then with his team, and also met with other officials around the state. We also brought in expert from the field and from within the state and that was again, two years ago, worked through every one of nine recommendations in detail. And then things were moving along pretty quickly, but then the time ran out on the clock at the end of the legislative session two years ago.

So it was reintroduced last year, and we went

through all that again and shared our entire proposal in December of 2023, and then again in January of 2024 to be presented in, I guess it was again in April of 2024, and worked it through before, during, and after that session with the treasurer and the Chief Investment Officer. And there's nothing new here that wasn't worked through in detail, both of those sessions, but I also did out of courtesy submit this same repeat proposal you know, or statement again today in advance of the meeting to the treasurer.

STEVEN TIAN: Yes, and just to clarify for Representative Santiago as well, the proposals here flow out of some of the recommendations that we had initially recommended collaboratively with the treasurer over the last two years. But this legislation we had no role in drafting whatsoever.

JEFFREY SONNENFELD: That's right. Thank you.

REP. SANTIAGO (84TH): Okay, so, I mean, from what I understand, the treasurer was not consulted on this issue, and I'm quite surprised, and I mean, there's a lot of task force and a lot of group studies that come out of major recommendations. And this is a huge major recommendation to the way the state of Connecticut will do business, right? And I'm surprised that no task force was suggested or a study group, because if you did the studies and you put all this information together, that doesn't mean that I got the-- I got the studies and I was not given the privilege of getting a lot of this information. Maybe we did and I didn't see it. I don't know, but from what I understand the treasurer was not specifically consulted on this bill.

JEFFREY SONNENFELD: The treasurer was extensively consulted on the proposal we're making this

particular bill is a carve out from what we had proposed and extensively talked to the treasurer about in 2022. I actually talked with him in great detail about this when he was running for office at a bar down the road here. But we actually met with his team after election, promptly after election, and then we went through it in quite a good bit of detail in 2023.

In 2024, we went through detail, and we spent three hours with this committee on this in 2023 and had tortured you folks with a 50-page slide deck on this. Which we can reissue. Everybody has seen everything we have to say on this, but as Steven mentioned, we didn't author the reissued re-- this one recommendation reissued, but the treasurer knows as much as what we are pro-- proposing as we do.

There's not one sentence that the-- that I know that the treasurer doesn't know just as well and hasn't seen as often as I've seen it, because not only today did he see it and his whole staff see it today, and the chairman of the advisory committee and the former chairman of the advisory committee all see it before this presentation now, but they also saw it last year with three hours of presentation and then extensive personal in-person meetings with his team going through this.

So if anybody said otherwise, then they had misinformed this committee, and that would not be the accurate statement of the truth.

REP. SANTIAGO (84TH): Okay. I'm just trying to get things straightened out and to what I had heard. So I want to-- did anybody consult with him? Oh, I think you did say you consulted him before you came to speak to us on this bill. So you talked to him in 2025 also?

JEFFREY SONNENFELD: In 2025, we just-- we just sent

back what we have just put into the record here, which is the same thing we proposed last year, but thank you for your question.

REP. SANTIAGO (84TH): Okay. Okay.

JEFFREY SONNENFELD: And thanks for the opportunity to clarify any misunderstanding there.

REP. SANTIAGO (84TH): Sure. I'm very grateful that it was clarified and thank you for that, but again, I think a major change like this in changing the way the system is going to operate should have been thought about going through a task force first or a group study. Because even if you set up a board that has more than advisory power, sometimes those boards have, doesn't mean that everybody that sits around that board agrees on what's going on. And there's always different opinions, and then you have to find experts in order to sit on those boards. But no, I'm grateful that you were able to clarify that, and I thank you for your time today. Thank you.

JEFFREY SONNENFELD: I appreciate that. Thank you very much, and I, I must say, although I'm walking out on a limb on this, I'm not a, a big fan of the Doge restructuring efforts that just tear up what's working. And I think your question is a very important one. To understand how would new processes work. I think it's an-- it is an excellent question, and more conversation would be needed, should this be adopted, how it would work, and that's very, very important but there's nothing that was a surprise here to anybody.

REP. SANTIAGO (84TH): Okay. Thank you. Thank you, Mr. Chair.

SENATOR FONFARA (1ST): Representative Santiago, before you leave us, Senator Fazio could maybe shed some light on your question.

REP. SANTIAGO (84TH): Okay, thanks.

SENATOR FAZIO (36TH): Yeah, and thank you Representative Santiago for your question. As a chief proponent of the legislation, I'll just reiterate, this has been legislation that has been-- and proposals that have been floated both within the legislature and from the Yale professors for the last two years. I have not had a conversation with the treasurer in 2025 about it, to your point, I have had private conversations with the treasurer multiple conversations in years past, and I'll keep them private conversations unless he wants to disclose them.

I take seriously this legislatures powers as a co-equal branch of government, and in fact, the first co-equal branch of government that I think has a right to propose changes to how \$60 billion of assets are managed and not only that, but to do so in the same exact fashion as what will soon be 49 other states in the nation. But again, it's a very it's an exhausted debate over the past two or three years.

And I wouldn't-- I wouldn't necessarily-- I'm for this legislation, I wouldn't necessarily be opposed to a task force that was passed into law out of this term of the legisla-- this session of the legislature. But all that's being proposed is what has been proposed for the past two or three years repeatedly in debates and conversations that have been exhaustively had. Thank you.

SENATOR FONFARA (1ST): Thank you very much. Anyone else? I would just say very quickly is that while we're discussing practice in law and historically in terms of the treasurer's performance, exactly a high watermark on the part of the legislature? This committee and this chair in particular, over the years of not taking on this issue or learning about it independent of our friends at Yale, and I bear that responsibility as much as anyone and so I hope that puts some perspective on the issue.

Having said that, gentlemen, I think we've exhausted the questions for you. We thank you for your efforts in being here today and testifying. I'll just say that the sage advice of my coach here, once again, has requested that we stand for our public health and stretch our legs for a minute before we proceed. [Murmuring and crosstalk]

Okay, recess is over. Time for class to resume. I'll be-- I'm happy to announce that we are past the halfway mark in our journey. Let's try to keep the momentum going. Towards that end, Maryam Elahi.

MARYAM ELAHI: Good afternoon, members of the committee. My name is Maryam Elahi and I'm the president and CEO of the Community Foundation of Eastern Connecticut. Honorable Chairs and esteemed committee members, I thank you for providing this opportunity for me to testify on HB 7272 and HB 7273, on behalf of the Community Foundation. We serve the 42 towns of Eastern Connecticut, and in 2024, we provided over \$8 million to nonprofits to create a thriving community in our region.

Since 2020, the Community Foundation has provided over \$4 million in funding to child and youth-serving organizations in Connecticut to ensure that our children do better at school and this funding has given us a regional and in-depth perspective on this very important issue. In addition the community foundation is leading a collaborative of some 115

organizations, foundations, institutions of higher learning, and healthcare centers that all agree on advancing legislation policy and strategies to end child poverty now in Connecticut.

I'm here today to request that you use your political will and legislative power to put into place a few strategies with proven record of ending child poverty. Our state, one of the wealthiest in the union can and should do this, establishing a permanent fully refundable child tax credit of at least \$600, and free meals for all school children are two proven strategies. It will protect children and families, invest in the next generation, and be a national example of the triumph of hope over fear.

We recognize the urgency of the moment and the impending threat of the federal fiscal cuts that will cause massive pain across the board in our underserved communities. I would like to remind the committee that no child whose family income for four exceeds 57,720,000 a year is currently getting free breakfast or lunch at school. HB 7273 will ensure that our kids don't go hungry and are fueled properly to excel at school.

It's imperative that we take action to address the urgent needs of our communities by passing legislation to establish a permanent, fully refundable child tax credit and free meals for all school children. We can uplift our most vulnerable families, reduce child poverty, and promote equity and economic justice. I've submitted a longer testimony for the record, as have my trustees and peers, the CEOs of several other community foundations in Connecticut. We are all deeply committed to working together to end child poverty in our state. Thank you for considering my testimony and for your dedication to serving the people of Connecticut.

REP. HORN (64TH): Thank you for being with us here

today. I believe Rep Constantine has a question for you.

REP CONSTANTINE (42ND): Thank you, Madam Chair. Thank you, Ms. Elahi. I'll definitely read your testimony in full, but it was very encouraging to hear what you had to say. In some of the other testimony today, there was discussions about qualifications for people to qualify for food, for the school meals, what they have to do to qualify. What forms they have to fill. Would you be able to let us know in your experience what extent families have to work depending on what districts they are, but kind of what process they have to go through in order for their children to qualify for free meals?

MARYAM ELAHI: Yes, and I have to first say that I am by no means an expert on this. We are philanthropists deeply committed to advancing equity and justice in our region, and we work with a group of experts on the steering committee, some of whom have testified today such as the Connecticut Voices. She leads justice the United Way and others, and my understanding, both from them and from the reports that I've read, is that we are putting barriers before the most vulnerable families to go through the application process that will inevitably result in a lot of families falling through the cracks and not being able-- their kids not being able to access food.

Whereas when you ensure that the food is available to all kids, everyone benefits, and you don't actually either single out and create a stigma or create obstacle for obstacles for families that they may not be able to overcome. For a myriad number of reasons to fill in those forms, I am sure that there are a number of situations, if you look at different towns that vary. So again, I would encourage you to speak to organizations such as the United Way or Connecticut Voices that might have a better handle

of that from the ground, and if you'd like, I'd be happy to connect with some of our grantees and get a better sense from them to answer your question.

REP. CONSTANTINE (42ND): Thank you so much. Yes. That would be most welcome. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, representative. Seeing no further questions, again, thanks for being with us and being a little patient as-- sorry, being patient with us as we were sort of struggling to get everybody where they needed to be for a while there. Thank you. Next, we have Barbara Channels. Welcome.

BARBARA CHANNELS: Good afternoon, chairman. Members. My name is Barbara Channels, and I'm from Torrington. I am a newly retired letter carrier of the United States Postal Service, a proud second-generation veteran of the army, and a mother of four grown children and a bonus child, age 10. Our grandson, now our son, Jack. I am the youngest of six children. Growing up in a town-- in the town of Torrington, back in the sixties, seventies, and eighties, there wasn't much assistance back then for families.

You wore hand-me-downs if you were lucky, or you had a friend or neighbor who was just a size above you. Trips to the grocery store depended on sales coupons. Day-Old bread and good budgeting jumped to the 2000s in Connecticut, which has changed, and in the plus 25 years now, our cost of living has increased. House mortgages are in the \$2,000 or more mark and rentals are a hundred-- \$1,500 plus.

Raising children in today's economy, parents are struggling with electric bills, groceries, healthcare, and the extras, clothing, shoes, childcare and school extras, band, sports, and extracurricular activities such as dance and in

gymnastics. If my 10-year-old kid goes to five birthday parties of classmates a year, that is an easy \$100 plus for a gift for the five parties. A class trip might be partially funded by the school, but then extras are required. Band instruments to rec are up to \$100 per year or more.

Athletic equipment, uniforms, gear, an easy \$200. My point of this is to raise competent youth today takes money for the essentials shoes, clothing, and the extras. As daycare prices soar to over \$300 per week for an infant and less for a child in the school system. With summer coming, parents have to choose to work or be a stay-at-home parent to care for their child.

We need this childcare tax credit for the state of Connecticut, sooner rather than later. Our kids are important to Connecticut's growth. Our youth are the future to run our state, manage it, bring in industry, technology, and a strong workforce. With the tax credit cost, now it will be building a better future tomorrow. While I am grateful for the free lunch program--

CLERK: You've reached three minutes. Please summarize.

BARBARA CHANNELS: I am grateful for the lunch programs and assistance that I get through the basis program in our town. It doesn't care for-- it doesn't make up for the extras that we all take for granted. I'm also grateful for the school lunch and breakfast program that we have. In closing, the child tax credit will benefit families and children on a local level in my town, my coworkers, my children that are paying daycare costs and school age kids able to keep appearance due to peer pressure for the coolest shoes, designer jackets, or by participating in sports or music programs. This

bill should be supported now and we need this more now than ever. Thank you.

REP. HORN (64TH): Thank you, and thank you for coming in from the northwest corner. I appreciate that. Torrington used to be part of my district, but it will always remain part of it because it's an important anchor for the whole corner and I really appreciate you sharing your experience with your bonus child, so.

BARBARA CHANNELS: Thank you.

REP. HORN (64TH): Any questions? Seeing none again, thanks for being with us today. Next up we have Marielle Smith. Marielle Smith, you brought assistance. Excellent. We all need some help.

MARIELLE SMITH: Good afternoon. Members of the Finance, Revenue and Bonding Committee. My name is Marielle Smith and I live in Terryville, Connecticut. These are my children. Mia, she's six and Zane, he's seven. I am a warehouse worker and my husband is an Uber driver. Thank you for the opportunity to speak with you today and for putting forward House Bill 7272, which would establish a fully refundable CT child tax credit.

I strongly support this bill and its potential to make a real difference for families in our state. For me, the impact is personal. Every day my family faces the growing cost of the basics to support our children and household. I just had to buy shoes for my son. Even, I have bought him a pair of nice ones, which were probably around \$70, and even the off-brands were about \$30, and that's a couple times a year cause he's a growing boy, and even my daughter, the same thing. You know, and she's getting to the point where she likes the character shoes and, you

know, she's definitely got her own tastes.

So anything extra that we could get will help our family, and that's why I strongly support this bill. And I joined the CT Child Tax Credit Coalition in urging that the credit be at least \$600 per child. This would be a meaningful amount that would truly help my family. My kids also go to Hartford Public Schools. They go to a magnet school, they need uniforms, and I thought uniforms would be easier, but it turns out they're not, cause now they need two separate wardrobes. So it's replenishing clothes multiple times a year as well. Thank you for your time and consideration, and taking this important step to support Connecticut families, including my own.

REP. HORN (64TH): Thank you for being with us, and I have seen you and your children around most, if not all of the day. And they are extraordinarily patient and attentive. So congratulations on that, mom, and I thank you for bringing them today and reminding us we have a number of proposals in front of us today, the focus of which is on the health and care for our kids. So I am very grateful that you're here today and I believe Rep Shannon has a question for you.

REP. SHANNON (117TH): Thank you, Madam Chair. Good afternoon. Just a quick question with this child tax credit right now, the bill we are discussing, we've said it before too, but this one would be \$150. I just was wondering something, what is something do you think would be maybe most common, or what are most families maybe going without that this could really help them with in their daily lives? Like what type of item? Like clothing or shoes, like you said. Do you-- Just wondering

MARIELLE SMITH: I guess the best way to answer it, I feel like everyone's doing a juggling act right now.

So it's like, okay, they can hold off on-- I can hold off on shoes because I'm buying shirts right now, and when you get that supplemented income, it's like, okay, I can finally cross that final item off the list. You know, something's always at the top of the list and like, you know, maybe it's even you know, an extra energy bill or something. I mean, we had a warm spell. I didn't use my air conditioner, but you know what I mean, you know so you're constantly balancing. So it would just help you cross something else off that list.

REP. SHANNON (117TH): Thank you so much for that. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, representative. Seeing no further questions, I'll let you and your kids get on with your day. Thanks for joining us today

MARIELLE SMITH: Thank you so much.

REP. HORN (64TH): Next up we have James Krieger online.

JAMES KRIEGER: Okay. Good. Can you hear me?

REP. HORN (64TH): We can hear you. The floor is yours.

JAMES KRIEGER: Excellent. Okay. Well good afternoon, Chair Horne, Chair Fonfara on distinguished committee members, and thanks for this opportunity to speak in favor of House Bill 7273, and also for your stamina, what's turning into a long hearing session. My name's James Krieger. I'm a physician. I'm professor emeritus at University of Washington,

and I've led efforts to adopt and implement Seattle sweetened beverage tax and have participated in multiple tax evaluations.

Sweetened beverage tax will make Connecticut healthier and that's important cause 62% of Connecticut residents are overweight and or obese in consumption of sweetened beverages linked to weight gain, as well as poor oral health type two diabetes, heart and liver disease. There's recent and growing evidence showing that the taxes themselves are already producing improvements in both oral health weight and birth outcomes. In Seattle, we found that the sweetened beverage taxes work and our sales of sugary drinks have dropped 22%.

And a recent study showed that in five US cities with taxes, including Seattle sales, have dropped about 33%. Our tax in Seattle is raising \$22 million a year and funding vouchers for low-income families to buy fruits and vegetables, which turns soda sales into sales of healthy foods and income for local farmers and store owners. I want to make sure to make the point that taxes are a progressive policy.

My research in Seattle shows that more than 6 million a year transferred annually from high-income to low-income households because of the tax, because the high-income households pay more of the tax while low-income residents benefit more from the funded programs. In addition, lower income residents we found have reduced consumption of tax beverages more than twice as much as higher income residents. So this saves them money, it reduces exposure to unhealthy products and improves health. And importantly, no one has to pay the tax.

There are plenty of other healthy untaxed choices like water, milk, and juice, and the sales have gone up of these products. I also commend the bill for including beverages with non-sugar sweeteners as well as those with sugars. This comprehensive approach, like the one used in Philadelphia,

broadens stabilized the tax base and it makes the tax more equitable because higher-income people purchase more diet beverages.

While the bill would improve health, in Connecticut, though the beverage industry opposes taxes to protect their profits. Plain and simple, they often mischaracterize a beverage-- a beverage tax is a grocery tax, but that's false taxes only sweetened beverages, not all groceries, and there's no evidence. And this has been looked at that it increases the price of other groceries.

And the amount of taxes pretty small. In our study, it ranged from five to \$31 per year per person and not the outlandish thousands of dollars mentioned previously by Coca-Cola representatives. Despite industry claims, taxes do not reduce business and sales revenues. When people buy less tax beverages, they buy more untaxed products. And a study in Seattle showed no negative effects on revenue or business closures.

In small independent stores. Industry claims taxes killed jobs, but Philadelphia experienced no job losses. In fact, there were job increases, class of rev-- investment of revenues. Concerns about cross-border shopping are similarly unsupported by real world evidence and others have noted the most recent rigorous studies don't show this at the state level. Such concerns are even less relevant given larger geographic area--

CLERK: You've reached three minutes. You've reached three minutes. Please summarize.

JAMES KRIEGER: Okay. Yeah. So in conclusion, this important bill will assure that every child in Connecticut will get a free school meal and paid for by the tax, and it will reduce the sales of unhealthy product. So the bill's a true win-win, and

I hope you support it. Happy to provide any additional information as desired, and thank you for your time and consideration.

REP. HORN (64TH): Thank you. Representative Farrar, we'll have the first question for you. I'll clean up.

REP. FARRAR (20TH): Thank you, Representative Horn. Thank you, Chairman Horn. Thanks, James for joining us. I was glancing at your testimony briefly, and I was hoping you could provide us a little more guidance based on your research. I know that when we kind of look at this tax, you know, overall we might tend to think of it as a regressive tax. And I'm curious some of the research you found related to lower-income residents reducing their consumption more than twice as much as higher-income residents, and how that played into you making the case that this is a progressive tax.

JAMES KRIEGER: Yeah, thank you for that question, Representative Farrar. So we were very concerned in Seattle, making sure this tax was a progressive public policy, and so what I think is important just to consider both two ends of the equation. One is who is paying the tax, and how much are they paying? And then what benefit are people getting from the tax? And so we looked at the amount of money spent by household income stratified by higher-income and low-income households and found that the tax burden really didn't differ significantly across household income.

Then we looked to see who got the benefits of the taxes by looking at each program that was funded by these taxes and who was benefiting by income status and found that the mass majority of funds are invested in programs that are benefiting households with low incomes. So when you take both how the

revenues are invested and who pays the tax the net effect is a shift in resources from higher-income households to lower-income households.

I think the other things that we found that make the tax progressive, or that the effect on consumption is greater among low-income households. And so therefore there'll be less exposed to a product that can produce diabetes, obesity, and ultimately be healthy, cause the bottom line is you have a choice about whether you consume these products, these beverages, and if you choose not to produce, to consume them, you'll be healthier.

REP. FARRAR (20TH): Thank you for that, and you referenced Philadelphia as well. Was there a similar analysis that Philadelphia has done, similar to what you all pursued in Seattle?

JAMES KRIEGER: Yeah, our study actually included both Philadelphia and San Francisco. In the analysis, we found basically the same types of findings in all three cities that we included in the study.

REP. FARRAR (20TH): Okay. Thank you so much. Thanks for joining us, and thank you to the chair.

JAMES KRIEGER: Sure. Thank you, representative.

REP. HORN (64TH): Representative Rader.

REP. RADER (98TH): Thank you, Madam Chair. Thank you, James for being here to testify and to speak to this bill. I missed a little bit of your testimony, but I would love for you-- there's been a lot of questions, or maybe I don't want to say doubts around the negative impacts of sweetened beverages

on communities and how that long term-- I studied the data around Philadelphia and other cities and how it's kind of been disproven the financial negative impact, but the health impact has been pretty staggering, the data I've read.

Can you speak, one thing that somebody mentioned today, but not a lot of people are talking about is like, the impact to dental health. And I don't know if you're, you know, as reversed on that, but, you know, we know about the impact to obesity and childhood diabetes and adult diabetes, but can you reference other things where they've seen a market improvement once this tax was implemented?

JAMES KRIEGER: Yeah, there are a couple of studies that speak directly to that. Thank you for the question. So the first study that came out of that was in Mexico, which tracked a whole cohort of kids, a bunch of kids before and after the tax who received dental care in public facilities in Mexico. And they found a marked decline, particularly in kids, but also in adults of number presenting with severe tooth decay or with decay, missing, and filling teeth. And that effect was observed within actually six months of passing the tax.

So pretty immediate benefit. There's also been other studies in the US which have looked in the Medicaid population at oral health-- severe oral health problems, and similarly have found that about six months to a year after the tax goes into effect among children there are, are less severe complications from poor oral health, including abscesses and other severe health complications.

REP. RADER (98TH): Thank you. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, representative. Online, we have Representative Mushinsky.

REP. MUSHINSKY (85TH): Hi. My question is on the other states that, I guess it's just one other state you can look at. Did they have any problem with the legislature taking the fund and putting it into the general fund? That's the one thing I'm actually worried about here, is if we put this money aside for school lunches, is it possible it'll be rated and put into the general fund if we have a downturn in the economy, and if that came up in the West coast, how did they defend against that?

JAMES KRIEGER: Yeah, thank you very much for that excellent question, because that is a real issue. And although I'm not familiar with the intricacies of budgeting and segregation of funds into dedicated funds in Connecticut, I can give you the example of what we did in Seattle, where that actual scenario arose. So we-- the initial legislation did dedicate the funds to both providing food vouchers to buy fruits and vegetables as well-- as well as investing in early childhood development and access to childcare services for low-income families.

However, a couple years after the tax went into effect, the mayor sought to take those funds and invest them in other laudable purposes, but not what was debt, what was specified in legislation. In response, our city council passed additional legislation to assure that there were firm guardrails about how those funds could be spent or not spent and ensure up the statutory definition of what a dedicated fund is. And there's been no subsequent issues since then, so that's our experience in Seattle. Again, I would have to defer to folks who are more expert in how the dedication process works in Connecticut budgeting procedures.

REP. MUSHINSKY (85TH): Okay. I suspected someone would try to raise it sooner or later and just wanted to be ready for that possibility. I hate to see us raise this money for children and have it disappear. So thank you for your testimony, appreciate your coming in. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, representative, and no surprise, my questions have been asked and answered by those who preceded me. So seeing no further questions, again, thank you for being with us and sharing your experience from the West Coast. We appreciate it.

JAMES KRIEGER: Okay, thank you for having me.

REP. HORN (64TH): Next up, I believe we have a panel, Jill Rickard and Eric George. Is this a hybrid panel or?

ERIC GEORGE: It is a hybrid-hybrid panel. We are both in person and remote at the same time.

REP. HORN (64TH): Okay. There we go. I see.

ERIC GEORGE: Representative Horn, Senator Fonfara, Members of the Finance, Revenue and Bonding committee, my name is Eric George. I'm the president of the IAC, just not the IAC that you heard about a little while ago. We are the Insurance Association of Connecticut, not an Investment Advisory Council. Just to clarify. We are here to support section four of House Bill 7272 and this concerns retirement income tax withholding and lump sum payments.

This bill was raised at the request of ACLI and IAC and I just wanted to give a little background before I hand this off to Attorney Rickard as to how we got

here. So there was an inadvertent issue that happened in legislation that was passed last year. And unfortunately, it changed the definition of lump sum payments, and in a way that we as life insurance companies, that's who Attorney Rickard and I represent, it's impossible for us to comply with. It would require fundamental changes to our systems and forms and procedures in a way that it's just not possible.

So we reached out to this committee. We reached out to Representative Horn. We reached out to the bill sponsor probably around the fall last year, maybe late summer, and we reached out to the Department of Revenue Services to talk about it. And what you have in section four was a result of those conversations. I am going to hand it off to Attorney Rickard now to talk about the intricacies of the language you have in front of you.

JILL RICKARD: Thank you, Eric. Can you all hear me?

REP. HORN (64TH): Yes, we can.

JILL RICKARD: Great. Thank you. Thank you, Representative Horn. Thank you, Senator Fonfara, and Distinguished Members of the Finance Committee. My name is Jill Rickard and I'm a regional Vice President with the American Council of Life Insurers. As Eric mentioned, we are here in support, but also with comments to section 4 of House Bill 7272. This is separate from those listening from the child tax credit. As background, we did approach Representative Horn earlier this session to discuss the administrative issues that our member companies were having with section 12-705 of the Connecticut General statutes, which was amended last year.

The primary issue is that the law requires a payer to withhold tax on lump-sum payments. And lump sum

payments was redefined in the bill last year to be a distribution that exceeds the lesser of \$5,000 and 50% of the account of the total account balance. The new definition of lump sum distribution would include-- as proposed in this bill, would include many periodic ongoing distributions that are above \$5,000.

And unfortunately, even with the revised definition, many of our members administrative systems are not capable of continually comparing these periodic distributions to the statutory thresholds and determining on a distribution-by-distribution basis whether withholding is required or not. So although we appreciate that the bill would simplify the lump sum definition, unfortunately, administration would still be difficult or impossible.

Reprogramming the systems would be for many require very significant time and resources. And for some with legacy administrative systems, it would be impossible to reprogram the limit. I'll give you an example to hopefully make this a little more easy to understand. So a Connecticut resident payee receives a monthly annuitized pension payment of \$4,900. That is not considered a lump sum payment under the bill is revised and is not subject to mandatory withholding, but say a cost-of-living increase adjustment is made.

And then at some point of the next month, the monthly payment you increases to \$5,100. That would be a lump sum payment under the law. And at that point, mandatory withholding would be triggered and our-- the system would have to recognize the increase and begin to withhold the tax. So while these may not be considered lump sum distributions, when you sort of think about it, because they are periodic payments on a month-by-month basis, they would be considered so under the law.

So we would request the opportunity to continue to work with the committee on additional language that

would make the statute easier to understand and administer both for Connecticut resident payees and for our member companies who are the paying agents, while also continuing to ensure that Connecticut residents do not unknowingly under withhold and face a surprise tax bill. So again, thank you for your willingness to hear and address our concerns, and again, we'd appreciate the opportunity to continue to work with you on language that works for all parties involved.

REP. HORN (64TH): Thank you. We may have to have this conversation-- continue this conversation offline, but can you explain to me-- so I understand the, you know, \$5,000 threshold if that's a periodic payment, somehow that's triggering the lump sum requirement, which we can discuss, but I don't understand why it is impossible for your system to flag, unless I misheard you, a payment, you seem to be objecting to any kind of numeric threshold by which to flag a payment, and I don't understand why that is so difficult.

JILL RICKARD: So I cannot speak to the technicalities of the system. We'd be happy to go back and get some, you know, more information from our members. But this is what I'm hearing is that they're unable to do this. Again, we'd be happy to continue to talk with you online, if they could do this, I think, you know, they would be happy to do it. But I think the problem is some of these legacy administrative systems who have been making these payments over months and months and years and years just cannot be updated to reprogram this, the limit.

ERIC GEORGE: Representative Horn, if I could, and it's not going to be able to perfectly answer your question, but two things. One, you have somebody coming up batting cleanup today. He's number 50 on the list. His name is Kyle, and he represents SIFMA,

and he has a very strong working knowledge of what can and cannot be done. And I understand from your perspective, you're at a quandary as to why is it impossible for us? And we're being told that our systems just can't support that.

I've seen language from one of my members that I think addresses your underlying concern of making sure that taxpayers aren't hit with an unexpected tax bill, which I think was the purpose of the original bill in 2024. I actually think that it does it even more in a more protective way than the 2024 bill did, and it avoids any gradation of dollar amount. So it would be much more compliable for us.

I need to just vet it through a couple more of lines to make sure everybody's on the same page, because this is very technical, but then we can provide that to you to see you how you react to it and to see if this is acceptable to you. But I wanted to also say that we're just so appreciative that you allowed this issue to be discussed because, you know, we came to you, you know, late as I seem to do. Unfortunately, it's not intentional, it's just the way things happen sometimes. But we appreciate that. We just want to be able to work with you as this moves along, and you know.

REP. HORN (64TH): Thank you. I'm of course disappointed to his testimony because it was my fervent hope that after much back and forth on trying to resolve this issue, we'd arrived at something that was workable. And I must-- I'm not going to take up the rest of the committee's time with this, but I am confused why, absent a claim that you absolutely cannot identify what lump sum payments are, and I understand we have to define that term, but what we're trying to do for the record is-- what was happening is that pension holders were, or, you know, were withdrawing a large payment from their account without withholding any tax.

And then were surprised to have a big tax bill later on, which is neither good for them, nor is it good for the DRS. And we'd prefer to have less enforcement than more. And I believe everyone was sort of on board with trying to solve that problem. But how you identify that, it is impossible to identify what those payments are, to describe them in any way that you can measure is baffling to me. So we'll continue this conversation as we go forward to see if we can finally put this one to bed. Thank you. Thank both of you for seeing no other questions. [Laughter] I'm sure there are many people who will sign up for the oncoming meeting. Thank you again for being here. Next up, I believe, is Samantha Daley.

SENATOR FONFARA (1ST): She needs to accept to become a panelist.

REP. HORN (64TH): Samantha, if you can hear us, you need to accept the promotion. There we go.

SAMANTHA DALEY: Hi, I'm here. Sorry about that.

REP. HORN (64TH): We can hear you. Please proceed.

SAMANTHA DALEY: Thank you. Good morning, Members of the Finance, Revenue and Bonding committee, or sorry, good afternoon rather. My name is Samantha Daley Harwood. I live in Windsor, Connecticut. I am a parent of three children, ages 12, nine, and four months, and I worked as an administrative assistant in the Windsor High School.

Thank you for the opportunity to speak with you today and for putting forward the House Bill 7272, which would establish a fully refundable CT child

tax credit. I strongly support this bill and its potential to make a real difference for families in our state. For me, the impact is personal. I'm sorry. Every day my family faces the growing cost of basic needs to support our children and our household, and here's just a few examples of those things are at least \$50 a week for gas.

Things like \$350 for groceries. Both of my older sons, they play sports. It's at least \$200 for each sport, and our new expense that we are trying to figure out is daycare for my infant son which right now, the cheapest and most local center is \$395 a week. That is what it would look like for care for him on a weekly basis. This is why I strongly support this bill and join the CT Child Tax Credit Coalition and urging that the credit-- at least, the credit be at least \$600 per child.

As you heard in just the very, very minimal things that I ran down that are day-to-day payments for-- or not day-to-day, but monthly payments for my family. That \$600 per child would be very helpful and would also go quickly. This would be a meaningful amount that would truly help my family meet its needs. Thank you again for your time and consideration for taking this important step to support Connecticut children and families. Thank you.

REP. HORN (64TH): And thank you for being with us. Any questions from the committee? Seeing none, I wish you a happy rest of your day. Hope you get to see the sun, which we hear.

SAMANTHA DALEY: Thank you. Yeah.

REP. HORN (64TH): Next up, we have Christina Roberto. Nope? Sandra Carbonari. Dr. Carbonari.

SENATOR FONFARA (1ST): Once again, she needs to accept.

REP. HORN (64TH): [Laughter]. She's accepting [laughter]. There you go. No, the red light needs to be on, so you need to hit the button again. There we go. That works.

SANDRA CARBONARI: Thank you. So anyway, good afternoon. My name is Sandy Carbonari. I'm a primary care pediatrician and a member of the executive board of the Connecticut Chapter of the American Academy of Pediatrics. And on behalf of our over 600 pediatrician members, I'm speaking in support of HB 7273, AN ACT IMPOSING A TAX ON CERTAIN SWEETENED BEVERAGES, SYRUPS AND POWDERS, AND DEDICATING THE REVENUE GENERATED TO A UNIVERSAL FREE SCHOOL MEALS PROGRAM.

And pediatricians have been advocating for the decreased consumption of added sugars for a very long time and for very good reason. Sugary drinks are the leading source of added sugars to the diet of children in the United States with little to no nutritional value. Excess consumption of added sugars, especially from sugary drinks, poses a grave health threat to children and adolescents, and disproportionately affects children of minority and low-income communities.

This excess consumption contributes to the high prevalence of childhood and adolescent obesity and is associated with increased risk of cardiovascular disease, dental decay, high blood pressure, high cholesterol, type 2 diabetes, as well as fatty liver disease. So how would attacks on sugary drinks help with these problems?

Both evidence-based studies and the experience with tobacco and alcohol have shown the increases in

price are associated with a decrease in consumption. And a modeling study aimed at identifying the most cost-effective interventions to reduce childhood obesity found the implementation of a sugary drink tax to be the most cost-effective strategy to address childhood obesity, leading to the prevention of disease and healthcare cost savings.

Although people of lower socioeconomic status often bear a greater burden from taxation, they can also disproportionately benefit from the prevention of cardiovascular disease and type two diabetes. Moreover, if the tax revenue is allocated to decrease health disparities or provide other services that promote health in these groups, the tax ultimately can be progressive.

So this proposed tax would not only protect the health of our children and adolescents, but also has the added benefit of reducing the burden of hunger in our children by funding school breakfast and lunch programs. Anyone who volunteers in a soup kitchen or food bank can tell you that childhood hunger is a very real problem in our state. One in six children in Connecticut experience hunger. Children who are food insecure are more likely to become ill, develop chronic diseases, and have nutritional deficiencies.

They're also more likely to become hospitalized and have increased medical costs. Children who experience hunger have impaired learning in school and are increased risk of developmental delays and are more likely to experience emotional and behavioral challenges. A vote and support of this bill will have two positive outcomes, improving the health of children and adults and decreasing hunger in children. Certainly, the best win-win situation, and I hope we have your support. Thank you.

REP. HORN (64TH): Thank you. Representative Rader has a question for you.

REP. RADER (98TH): Thank you, and thank you so much for being here and you're submitting your testimony. Given that you're in the pediatric world, one thing that hasn't come up today and I'm curious about is you've been practicing, I would imagine for a while. Do you-- do children have a knowledge or understanding of nutrition and proper nutrition and good choices?

And I'm curious, you know, how you see this bill kind of, if they are wonderful, if they're not, how do you see schools playing an important part in that education piece around establishing really good habits really early? And yes, it's going to affect them for the rest of their lives, and all the data is there to show that, but I'm curious as you've seen children, do you feel like there's a knowledge base inherent to them or, you know, how could that be advantaged with this bill?

SANDRA CARBONARI: A long time ago, very interesting studies were done with kids and allowing different cohorts of kids of different ages and basically allowing them a buffet of every kind of food option and letting them choose what they wanted for their meals. And after the initial, you know, sort of expected binging on various things, invariably, as humans do, they chose a healthy diet because that's what, you know, our instincts and our drive is to be healthy. That's part of the human condition, is to maintain our health and children will choose healthy foods.

Of course, there's all the other, you know, other issues about knowledge and peer pressure and what everybody else is doing, what they're learning at home, just like in any other sphere. Nutrition is just, is just one of those. And it's again, just my own experience being older than all of you, probably

is, when we were in grammar school, was when all the knowledge about how bad smoking was. It much more public knowledge before that smoking was a good thing.

It was touted and advertised as being called healthy, and it started in school that kids were educated, and it was through kids pressuring their parents in many cases and bringing home the message to them that no smoking was not good. And in the same way, I think schools can really help with learning about nutri-- or teaching children about nutrition, and having a healthy diet. And the other-- you know, the plus side too is that outside of school with this added tax on unhealthy beverages, they'll be seeing less, fewer people drinking these unhealthy things.

And, you know, another finding from some of these studies, and in my written testimony, I have a lot of references and things there that had obviously cut out. But, you know, when these taxes come into place, there is an increased consumption in milk and water, and in real water, there's a lot of things that are called water that have a lot of stuff added to it, but I'm talking about H2O period.

REP. RADER (98TH): Thank you very much.

SANDRA CARBONARI: Did that-- did I answer your question?

REP. RADER (98TH): You did. Thank you very much. It's really helpful just like the little bits of data that you have that someone else might not have. So I appreciate it. Thank you, Madam Chair.

REP. HORN (64TH): Thank you. Representative Winter.

REP. WINTER (94TH): Thank you, Madam Chair. Thanks for your testimony. The bill defines sweetened beverages to include sugar-sweetened beverages and also non-nutritive sweeteners such as aspartame, sucralose, and stevia. Can you tell us about the impacts of drinks that contain these non-sugar sweeteners? The health impacts of beverages like that.

SANDRA CARBONARI: I'm not an expert on that, but they-- in general, they're all the-- they call them non-nutritive, but it's basically in all the diet types of beverages there are, and there have been ongoing studies all the time about various like saccharin used to be, you know, the answer and then was found out not to be. So not putting these non-nutritive substances into our kids' bodies, I think is always a positive. But I can get you some actual studies on the effects. I just don't have it at the tip of my tongue.

REP. WINTER (94TH): Thank you.

SANDRA CARBONARI: You're welcome.

REP. WINTER (94TH): Thank you, Madam Chair.

REP. HORN (64TH): Thank you, representative, and we appreciate your long expertise in sharing it with us. There are things one learns watching this, and particularly the reference to, I've had a few other public health advocates talk about how we can turn the tide on smoking tobacco and the, you know, the tax and the cost was a part of that. So, seeing no further questions, again, thanks for being with us.

SANDRA CARBONARI: Thank you.

REP. HORN (64TH): Now, I believe we have Keith Beaulieu. Are you with us, Keith? I think I see you. Can you hear us? I see your name on the screen.

KEITH BEAULIEU: Yes, I see my name. Can you hear me?

REP. HORN (64TH): We can hear you now.

KEITH BEAULIEU: Excellent. I apologize. I was hoping to do this from my office, but time ran out so I got to go pick up my kids. So I just pulled over to the side of the road, if that's okay for you all.

REP. HORN (64TH): That's good to be pulled over. We prefer you not testifying while driving [laughter].

KEITH BEAULIEU: Absolutely. Good afternoon. My name is Keith Beaulieu and I'm the owner of the main pub in Manchester and also serve as the chairman of the Connecticut Restaurant Association. And I thank you for the opportunity to testify today on HB 7273. Let me start by saying that this plainly a 2 cent per ounce tax on sweetened beverages is outrageous.

It's not just a minor fee, it's a massive increase that would have real consequences for every single restaurant, corner store and grocery shopper in this state. Just do the math. A three-gallon bag in box that makes our fountain drinks would cost me an additional \$46 and 8 cents. This is not a light-touch policy, it's a heavy-handed hit to every Connecticut consumer and business. Over my 40 years-- over my 40 years, I'm sorry.

Over 40 years ago, my parents opened the main pub, and it has been an honor to continue their legacy in what is now the longest-running family-owned restaurant in Manchester. Our employees, our customers in the neighborhood in which we operate are like family to me. And I know the kind of community that our local businesses create and bring to Connecticut and its residents.

I have put my passion for the main pub into ensuring that other local restaurant owners across our state are able to keep their doors open, provide for their families like my parents did before me, and thrive. Our local restaurants are so crucial to the communities we live in, providing jobs, a vibrant culture, and joy for our families, friends, and neighbors. We should be doing everything we can to support them, not hitting them with a beverage tax that puts more strain on already razor thin margins.

Owning and operating a business is no easy job. We work long hours, face tough decisions, and deal with challenging financial situations. The past few years have been exactly that. We've seen prices for everything increase and have had to navigate changing regulations since the time of COVID. Among other things, these things make it even harder to stay afloat, harder to provide living wages and adequate job hours for our employees, and harder to keep prices low for our families.

Now is not the time for more challenges like a beverage tax. A beverage tax would also increase prices for families wherever they get a refreshment in our restaurant or picking up at the grocery store. This is unfair to them as they too, are already struggling to deal with our state's high cost of living that continues to increase. This also means that they'll have less disposable income that will allow them to order takeout, take their family to a Friday night dinner at a local restaurant, or go out for a date night.

Our local restaurants cannot afford both higher costs and fewer customers. And I'm concerned about how many of us would survive. I stand with working families and local businesses across the state and the Connecticut Restaurant Association in opposition to HB 7273. And I ask that you join me and do the same. We look forward to working with you to find a different and better solution. I appreciate the time to testify today. Thank you so much.

REP. HORN (64TH): Thank you for taking the time to be with us. Seeing no questions, I wish you back on your way to pick up your kids if that's what you said you were doing.

KEITH BEAULIEU: Absolutely. I appreciate you all. Thanks so much. Thanks

REP. HORN (64TH): Thanks for being with us.

KEITH BEAULIEU: Bye-bye.

REP. HORN (64TH): Next up, we have Meg Hadley Zimmerman.

MEG HADLEY ZIMMERMAN: Can you hear me? Hello.

REP. HORN (64TH): We can.

MEG HADLEY ZIMMERMAN: Good afternoon, Senator Fonfara, Representative Horn, Senator Fazio, Representative Polletta and members of the Finance, Revenue and Bonding Committee. My name is Meg Hadley Zimmerman and I'm the program manager for End Hunger Connecticut, as well as a resident of Stanford. I'm

grateful for the opportunity to voice my support for HB 7273. This bill's a win-win for our children and our communities.

Feeding kids at school is simply basic common sense. So I won't waste your time by listing out all of the many reasons why feeding kids school meals and at no cost is beneficial. Not only to the kids themselves, but to families, schools and communities. Although I will say that we already provide kids with textbooks and school buses and all the other basic tools that they need to show up every day and be ready to learn. So why wouldn't we provide them with meals as well?

And Connecticut has been talking about universal school meals for a while now, and understandably, the most common pushback we receive is that enacting a universal school meals policy is simply too expensive. What this bill does so effectively then is introduce a mechanism that could actually pay for this program. Attacks on sweetened beverages seems like both a fair and smart approach. These drinks are a leading contributor to childhood obesity, type 2 diabetes, and other chronic health conditions.

By placing a small tax on them, we not only discourage excessive consumption, but we also create a dedicated stream of funding that directly further supports children's health and wellbeing creating a virtuous cycle. Now, I this is not a radical idea. Multiple cities across the country have implemented similar taxes with real success as people have testified before me, and funding-- funneling that funding into public health and nutrition programs and even school infrastructure.

Connecticut has a real opportunity here to introduce the first statewide tax that will lead the way toward ensuring every student is nourished and ready to succeed. Now I have an additional note that I wanted to make. I've heard to talk about which districts would benefit from this and which would

not. And it seems that there might be a misconception that some of our biggest cities, like Hartford and Stanford and Bridgeport, are already completely covered, and so this wouldn't impact them.

But this is not entirely true. It's true that these districts all already offer free meals because of their participation in the community eligibility provision or CEP, but this doesn't mean that this program is financially stable for them. I mentioned earlier that I live in Stanford, I'm also a former Stanford educator, and there's a real concern in Stanford right now that their current CEP program is not financially viable for the city and they may have to take meals away which would be devastating for Stanford kids who've been receiving free meals now since 2020.

So this means that thousands of kids who have only known free school meals for all would have to go back to filling out paperwork, paying hundreds of dollars a month. And realistically, what this means is that there are students who will simply stop eating meals at school because of that change. So I urge you to--

CLERK: You've reached three minutes. Please summarize.

MEG HADLEY ZIMMERMAN: I urge you to support this bill, not just because it makes fiscal sense, but because it also makes common sense. Thank you for your time and consideration.

REP. HORN (64TH): Thank you for being with us. I believe Rep Rader has a question for you.

REP. RADER (98TH): Thank you, I'll keep this really quick, but you brought up something that really hasn't been explained in good details around the community eligibility provision. And can you just expand on what's happened in Stanford? And I think you're right. I think folks just assume that that means there's no bill to the district when they participate. So can you explain what's happening in Stanford and why they're considering stepping away from participating?

MEG HADLEY ZIMMERMAN: Sure. So the Community Eligibility Provision or CEP now it's relatively complex. I would direct you to our fact sheet, which I can submit with my written testimony that a hunger and the school meals for all coalition is put together. Essentially, it allows districts that have a high enough percentage of students who qualify for free meals or who are categorically eligible through participation in programs like SNAP that they're allowed to provide the meals free for all students.

But based on that percentage of students who fall into that identified category, that percentage determines the amount of money that the district is reimbursed by the federal government for those meals that they're providing. So it's at a rate of 1.6 times the percentage of students. And so Stanford is hovering right around 40% of students are eligible, which means they're only, let's see, can I do this math quickly? They're only receiving around 60% or so of their meals reimbursed.

And so Stanford is covering that remaining 40% of meals that they're not being reimbursed for, and that's still a pretty hefty price tag, and so it's just becoming very expensive for the city. And so they're considering pulling away from that program entirely, and there are other districts across the state that are in a similar position where they're eligible for CEP, but they're not yet at the threshold of 62.5% of students that would bring them

to a hundred percent reimbursement by the federal government.

REP. RADER (98TH): Thank you. I think that's a really important clarification. Thank you. Thank you, Madam Chair.

MEG HADLEY ZIMMERMAN: Thank you.

REP. HORN (64TH): Thank you. Rep Shannon.

REP. SHANNON (117TH): Thank you so much, Madam Chair. Hey, thanks for being here today. I have like the application for the free and reduced meals is-- I'm just like thinking about being a parent or crazy world, whatever. Is there somebody, if you were to call the district or whatever, that would be able to like help fill this out if parents are asking or is this really just all on?

MEG HADLEY ZIMMERMAN:

I'm sure there are people who would help. Thank you for your question, Rep Shannon. I'm sure there are people who would help, but having worked in several school districts myself, what I would tell you is, my guess is that they're probably already doing a thousand other things. And so to sit down with a family and actually go through the application from start to finish with-- which you're right is only a couple pages, but it's got a lot of tiny boxes and a lot of different things that people have to fill out.

And I would encourage you, my colleague Amari Brantley who spoke earlier, he's submitting a copy of the school meals application with his written testimony so you can all take a look and see what that looks like, and what we've heard from our

partners who are food service directors and work in food for-- excuse me, food service is that cafeteria staff are often chasing down parents to get these applications because if a school is operating under the model of some students get free lunches, some get reduced price lunches, some are paying, they every family who is not participating in a categorical eligibility program like SNAP has to fill out the application to get the free meals. And a lot of families simply don't, and all that time that staff members are chasing down families to get those applications is time that they're not spending on preparing the meals.

REP. SHANNON (117TH): And they have to refill it out every school year.

MEG HADLEY ZIMMERMAN: I believe so, yes.

REP. SHANNON (117TH): Okay, alright. Thank you so much. Thanks, Madam Chair.

REP. HORN (64TH): Thank you, Representative.  
Representative Winter.

REP. WINTER (94TH): Thank you, Madam Chair. Thanks for your testimony. Some of the testimony we heard earlier was about meal quality and the opportunity that this funding stream would provide to improve meal quality. Can you speak to that and how that interacts with the federally funded program, you know, in terms of districts that are covering some of the cost or all of the costs?

MEG HADLEY ZIMMERMAN: Yeah, thank you, Representative Winter. That's a great question, and the reality of it right now is that districts have

such a tight budget that they're working with to fund those meals, that it makes sense that they're, they may have to cut corners sometimes and they're doing what they can with the funding that they do currently receive.

Our hope is that yes, if we are able to implement a universal school meals policy that takes some of that financial burden off of school districts and freeze up funding that they can use to invest in local farms and local farmers and bringing in more local food to schools, investing in their farm to school programs, which not only could improve the quality of the meals themselves, but also would improve food education.

Something we've heard is that, well, you know, there are healthy food options for the students to take, but they might not take them. And that's something that can be improved with food education in addition to investing in our local agriculture and bringing that into our schools as well. Does that answer your question?

REP. WINTER (94TH): So if a district's already fully federally funded, could they use this funding to supplement that federal funding to provide higher quality meals or?

MEG HADLEY ZIMMERMAN: That's a good question. My understanding is that the way this bill is currently written, if a district is receiving a hundred percent federal funding, I don't think they would, but I don't quote me on that. I'm not a hundred percent sure.

REP. WINTER (94TH): Okay. Thank you. Thank you, Madam Chair.

REP. HORN (64TH): Rep Rader.

REP. RADER (98TH): Okay. I'm just going to jump in and kind of clarify for Rep Winter and you, so when CEP districts, to your point, they don't actually get 100% of the funding that they need to feed a district. And so one of the thoughts we had around this bill, like to your point is how do we offset that if there's, say the federal formula doesn't change, and say Stanford, this is wrong. Needs \$120,000 a month, but they get 90,000. So that \$30,000 gap is there.

So would you suggest, possibly in this language, that we provide some sort of stipulation for covering that the difference between the federal reimbursement and the actual cost per child, the-- and the SDEMA has a formula for how much a school can get reimbursed per meal, because I know during COVID they set up a formula with districts and they submit every month and then they get their reimbursement. So, would you suggest something like that to kind of fill that gap that Rep Winter is talking about?

MEG HADLEY ZIMMERMAN: Thank you for your question, Representative Rader. I think we absolutely would advocate for the language we've used before, is making-- excuse me, CEP districts whole and making up that gap between what they're reimbursed by the federal government and what they still have to pay. I believe there are only a handful of districts in the state that have reached that 62.5% threshold and, therefore are a hundred percent reimbursed. There are a lot more districts that are in that middle cutoff area, and there actually is talk at the federal level right now of raising the eligibility threshold for CEP, which would further make things complicated for school dis-- excuse me, school districts. The cutoff for a while was at 40%, then it was lowered to 25%, but there's talk that it

might be raised to 60%, which would cut a lot of schools out of the CEP program.

REP. RADER (98TH): Thank you. I've been reading the same information. I appreciate that and thank you, Madam Chair for letting me clarify.

REP. HORN (64TH): Thank you, Rep Rader. Seeing no further questions. Again, thanks for being with us.

MEG HADLEY ZIMMERMAN: Thank you so much.

REP. HORN (64TH): Next up, we have Randy Collins.

RANDY COLLINS: Good afternoon, members of the Finance, Revenue and Bonding Committee. My name is Randy Collins. I'm associate Director of Policy for the Connecticut conference, and municipalities wanted to speak today briefly. I know it's getting late. We're almost done on two bills. The first is 1554, regarding motor vehicle taxation absolutely, and I personally absolutely support the elimination of the motor vehicle tax. I think I've talked about this every year in multiple committees.

We would love to be able to get rid of the motor vehicle tax. It's probably one of the more regressive aspects of the property tax. Unfortunately, I think we have-- our membership has some hesitation at the current time, given the-- looking at the funding mechanism that would offset this.

It's something that we certainly look into. I think unfortunately, with the history of programs that have come gone underfunded or unfunded, there is an aspect of, what we've done well with the current motor vehicle program over the last few years, we've

also been in a situation where we've had six plus seven years now of billion dollar budget surplus.

I think there's a question of what would happen when we are in a negative budget situation and if the motor vehicle reimbursement is offset, where would towns go? And then shifting it onto our motor vehicle, you know, our personal, real, and commercial and personal property. So I think we'd like to look at the whole idea of the motor vehicle tax.

We think it should be part of a broader position of property tax, you know, local revenue diversification, rather than becoming more beholden to state municipal aid, which, as I said it can be hit or miss. And even in solid years, we have a lot of towns that are certainly hurting right now and looking for assistance. The other bill I would like to speak to is 1556, concerning an act creating a Connecticut Appeals Board for property valuation.

Certainly something we'd like to work with the committee on. I think there's a lot of questions, that we have of exactly how this bill would work, some of the routines and procedures, but over the years we've argued that there are problems with the appeal process. We've seen cities, Hartford with really thousands of property tax appeals that just bogged down that process that they can't handle.

So if there is a process by making that system more streamlined, more professional, we'd certainly like to sit down with the proponents of the bill, the advocates, and work out what are some of the procedures that would have to be put in place. Some of the regulatory aspects that are listed in the bill that this authority would determine. We do have some concerns in the language in section two regarding reimbursement of overpayment, interest costs that would be awarded by courts.

Court has this fee, but it's rarely used, but again, we think that this is something worthwhile looking into and we'd like to work with the committee to figure out how it would work. Again, having come out late, you know, only a few days ago, we haven't had a chance to talk to a number of our members.

CLERK: You've reached three minutes. Please summarize.

RANDY COLLINS: As I said, we look forward to working with the committee, and hopefully, we can improve that process. Thank you.

REP. HORN (64TH): Thank you, Representative Polletta.

REP. POLLETTA (68TH): Thank you, Randy, for being here and for your advocacy, and trying to mitigate property taxes, real estate taxes, motor vehicle taxes increasing. We do know that it hits everyone across the board in our municipalities, cities, towns across the Connecticut, and it's been a problem that we haven't quite been able to solve up here. As far as the motor vehicle tax, just a quick question to you. You had mentioned a little bit about getting rid of it, and I think-- and I just wondering if you could expound briefly, and so getting rid of the motor vehicle tax would obviously create a large hole in a budget, right?

I think some towns and cities rely on that. It's up to 15% of their general fund. What would be in your professional opinion, logical way to backfill that loss in revenue? Is there a place we could get it from? Is there a way? I know, and we speak the same language when we talk about the unfunded mandates, things coming out of Hartford.

Legislation coming out of Hartford, that disproportionately impact these towns and cities, forcing them to raise their mill rates each year. But how would we be able to backfill? Are there ideas that you can offer to help our towns and cities maybe plug that hole? Because I think it is a laudable goal to eliminate that tax. I don't think we should have it, and it hits people, particularly those of low, moderate incomes, the most, and it is regressive and it should be eliminated.

RANDY COLLINS: As I said, we agree. I mean, municipalities are wholly reliant on the property tax. Probably one of the more regressive tax, the motor vehicle tax, about a billion dollars, give or take. I mean, depending on, I think with the change in the motor vehicle valuation, it might have decreased slightly, but you're close to a billion dollars that we would have to backstop. So I think we would look at our special education costs that are underfunded.

Look at underfunding a pilot, which is we and the legislature to your credit, has made significant progress. You know, we've had made progress. We're in a better position than we've been in years, but it's still well below where we need to be, and I think the last thing we would want, we talk about affordability of housing, you know, slow economic growth by taking that billion dollars and if we bring it onto real and commercial taxes, you know, it's just going to further that gap.

You know, and I think if we look-- if the state was going to invest this money, we'd say fill those unfunded mandates first and then start rolling this one back rather than we'd still be-- if the state were to put in, you know, a billion dollars, 750 million, you know, to offset this. We're still at the same level and the state's spending significantly more money.

We really haven't made progress with just moving the chairs, but as I said, we think we've made some progress with, you know, that large gap that we'd had, we'd seen a few years ago where, you know, you'd see 70 mill in Hartford and maybe 12 mills in Greenwich, and we balanced that out. I think there's steps to go but it-- you know, as I said, without revenue diversification, what we're holding, relying on a property tax and, and what the legislature has, it really ties our hands.

And I know between the veterans' exemption and change the motor vehicles, towns are very wary right now of wholesale changes without fully understanding what that process would be, what the-- how they would be offset, but always open to have that conversation. If I don't have to come up here and testify against about motor vehicles, again, I'd probably be the happiest guy in this building.

REP. POLLETTA (68TH): Thank you, and yes, I'll just say that as someone who sat on the town council in my town and, you know, seeing the needs and wants of both the town and the Board of Education, it's very difficult to say no. But then you also have to balance that, of course, with that person that's on a fixed income or, you know, that just can't afford the increase. So it's always a juggling act, but I do think that sometimes some of the policy that we pass up here in Hartford, negates what the locals are trying to do to keep the mill rate down and to not raise taxes locally.

But unfortunately, you know, a lot of our property-- all of our property taxes are just based on that mill rate. It doesn't go by income. I mean, like you said, there's some exemptions with the veterans and whatnot, but very few municipalities have options for folks that can't afford that mill rate increase each year. And I agree with you. I'll just end there. I hope there's a day where we can say we've eliminated the car tax. I would love it.

RANDY COLLINS: No, I absolutely agree. And the regressive nature of if you lose your job, you're not paying an income tax that year. If you lose your job, you still owe your property taxes. If we tell you can't operate because of COVID, you still-- it's the regressive nature of that, of that property tax, and we would love to figure out a way to reduce that large burden that our residents are carrying.

REP. HORN (64TH): Thank you, representative. Mr. Co-chair, Senator Fonfara.

SENATOR FONFARA (1ST): Thank you, Madam Chair. Mr. Collins, I want to understand you for once. So you've testified in opposition to the removal or elimination, ultimately of the car tax, the motor vehicle tax, because you don't trust the state of Connecticut. But am I correct that your organization proposed earlier this session, a \$545 million increase in educational aid from the state of Connecticut to your member towns?

RANDY COLLINS: To increase educational aid to our towns? Correct, yes.

SENATOR FONFARA (1ST): So you don't trust us to fund the elimination or eventual elimination because this never proposed initially to eliminate it. It was a gradual reduction. You don't trust that, but you propose, you're not responding to a proposal, you proposed CCM did a \$545 million increase in education aid to member towns. You trust that, you trust the state for that.

RANDY COLLINS: Well, I think in that sense, we are asking for additional assistance to meet, you know, the specific needs that were laid out.

SENATOR FONFARA (1ST): From where?

RANDY COLLINS: We're asking the state to assist.

SENATOR FONFARA (1ST): Same organization that you just said you don't trust to eliminate the motor vehicle tax.

RANDY COLLINS: Yes, we are asking for help, and I think the concern with this, with the motor vehicle is one of the few-- the only revenue stream that we control is the property tax. And if we lose that chunk of it, that we don't have an option. If there is a hard time within the state, I mean, we can look at--

SENATOR FONFARA (1ST): How's that differ from if there's hard times with respect to this 545 million that you're requesting?

RANDY COLLINS: I think, as I said, I think with those, we would hopefully, if we can work those into those education, that those additional education supports on the special Ed side, the excess cost side, that it would actually reduce some of the local burden--

SENATOR FONFARA (1ST): Somehow, that wouldn't be changed by law if we were in hard times, right. That'd be preserved somehow protected.

RANDY COLLINS: No, it would be something that, obviously, everything is on the books every time that we're here, and we understand that. You know, and it's-- again, but if we don't have-- right now, if we have to, I'm looking at West Hartford says 7% property taxes increase, that's proposed. I think Wallingford 19% budget increase.

So it's across the board. We have towns, you know, New Haven is 56.7% tax-exempt. That's putting such an enormous burden on a few people, and that's what we're saying. If we take the motor vehicles out of that stream, it's shifting even more onto those residents, and we're just-- if we can look at the numbers, and I will be honest looking at the, you know, the capacity gap, I don't completely understand how it works.

I am reading through it and trying to understand what those numbers are, but towns are going to look at it and say, what does this-- what is the reimbursement based on this capacity gap metric? And with the slope that's played out. When they don't understand something, they're like, I know what I have now with my property taxes, might not be the best system, but I can budget with it.

If I don't know what that is after, again, the changes in the motor vehicles and the, you know, a couple different iterations before, you know, even into this session, the veterans' exemption, which is larger, larger than we thought. I think they're looking to say, we just need to pause what we have and how we can go forward. I'd like to sit down--

SENATOR FONFARA (1ST): Thank you, sir. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, Mr. Chair. Seeing no further questions for you. Thanks for sticking around for the day.

RANDY COLLINS: Thank you.

REP. HORN (64TH): Next up, we have Marlene Schwartz online. Hello.

MARLENE SCHWARTZ: Hello. So I appreciate the opportunity to testify in support of Bill 7273. My name is Marlene Schwartz, and I'm a professor of human development and family sciences and director of the Rudd Center for Food Policy and Health at the University of Connecticut. I'm also a resident of Guilford, and I've spent the last 20 years studying children's nutrition and food policy here in Connecticut.

In my opinion, this bill is a public health grand slam. We are facing two food-related problems at the same time. Our diets include too many products that provide little nutritional value, and many Connecticut families are struggling to make ends meet and to feed their children. It's important to recognize this bill doesn't introduce anything that is untested or unproven.

It takes two extremely well-studied and empirically supported approaches and puts them together to reinforce each other. So school meals, the food that students receive at school is healthier than the food they receive from any other source, including home, including restaurants and that's because school food is tightly regulated for nutrition, and we have new regulations on added sugar and sodium coming on the horizon.

There are eight states that have universal free school meals, and they have found that participation increases significantly. And families also see a reduction in food insecurity. There's also evidence of better attendance, which of course is necessary

for academic achievement. One of the things that was really interesting is that not only do the students who didn't get free meals before increase their participation, but the students who actually qualified for free meals already.

And part of that is because there's a decrease in stigma and a positive shift in the overall experience in the cafeteria. So when there's higher participation, the school food service programs have more funding. They can spend more time cooking, less time on administrative tasks like checking each student's status and tracking the payment. I know you're going to see the form.

There is a 16-minute video to help you fill out the form that the Department of Ed put on their website. It's very detailed. You have to list a lot of detailed information about your income. And notably, it also says on the forum that the data won't be shared with any place like ICE, but you can imagine how some families might be very concerned about filling out all that information in the current environment.

We've also heard a lot today about how expensive Connecticut is. And there is this huge gap between how much money you need to make less than to get free meals, which is \$57,000, and how much money you need to cover your expenses, which is \$126,000. So I know everybody has people in every district in this state that fall in that place in between. And this would help them make sure that their children are getting breakfast and lunch every day that they go to school. There's written testimony by experts like Dr. Christina Roberto and my colleague, Dr. Tatiana Andre Eva, that go through a lot of the research on sugar sweetened beverage taxes and--

CLERK: You've reached three minutes, your time has expired. Please summarize.

MARLENE SCHWARTZ: Okay. I just want to say, I think some of the arguments that we've heard against the tax that have really been refuted with the research in terms of job loss, in terms of cross-border shopping, and the bottom line is this strategy really brings revenue by taxing a product that is not necessary and using it to support the best source of nutritious food that our children have. Thank you.

REP. HORN (64TH): Thank you, and thank you for sort of taking us to the big picture again, of the dots we're trying to connect here. I want to make sure, have you submitted written testimony?

MARLENE SCHWARTZ: Yes, I have.

REP. HORN (64TH): Great, okay. Rep Rader has a question for you?

REP. RADER (98TH): Thank you, Madam Chair and hi Marlene. Good to see you in both of your professional capacity and as my constituent. Thank you for referencing Dr. Christina Roberto, and unfortunately, she didn't get to testify today, but a lot of the most succinct data that I've read has been published by her at UPenn. Can you speak to very quickly, just, you know, you've been working in this world for, like you said, 20 plus years, for my colleagues and those on the committee, and just the community. What are some really strong and easy resources for others to kind of see the data that you're seeing or what are some good resources really quickly?

MARLENE SCHWARTZ: Well, I mean, so Christina did submit her written testimony and she summarizes a

lot of her research. She has been studying the tax in Philadelphia and has done some very carefully controlled studies comparing it to Baltimore, which did not have a tax and she was able to demonstrate how much money was brought in the very small amount of cross-border shopping.

And of course, it's a city, it's not a whole state. And then also the decrease in the, sort of, consumption of these beverages. And I think what's most impressive is just how Philadelphia also had very specific goals for that money in terms of early childhood education as well as community development and parks and things like that. And how it really did get used for that, and how it has really helped the economy that way by supporting the communities across the city.

REP. RADER (98TH): Thank you. I appreciate that, and I'll just share with my colleagues, I have that data and we'll be happy to share it with the committee. Thank you, Madam Chair.

REP. HORN (64TH): Please do. Thank you, Representative Rader. Any-- Representative Constantine.

REP. CONSTANTINE (42ND): Thank you, Madam Chair. Just a really quick question. Thank you, Ms. Schwartz. You mentioned something with administration dealing with the paperwork. Do you have any idea how much admin time is required for schools to deal with the lunch paperwork for kids to qualify?

MARLENE SCHWARTZ: That is a great question. I would ask my colleagues at the School Nutrition Association of Connecticut. They probably could give you some specific numbers, but I can just tell you

from my experience, just being in the field is it really is a huge job chasing down those forms, getting families to fill out those forms and that-- so that's time consuming as well as in the cafeteria having to keep track of which children are taking the lunch and then whether they should be charged or not. So I think it's a very big administrative burden, and I'm sure the School Nutrition Association could share more details on how big it is.

REP. CONSTANTINE (42ND): Thank you.

REP. HORN (64TH): Thank you, representative. Any-- Representative Winter.

REP. WINTER (94TH): Thank you, Madam Chair. Thanks for your testimony. I wanted to ask you if you had any more background about the non-sugar sweeteners, and including that-- the rationale for including that.

MARLENE SCHWARTZ: That's a great question. So one of the things that's complicated about studying those non-nutritive sweeteners is there's so many of them, and then we get new ones every now and then, but I can tell you that the World Health Organization has definitely come out against them. And the way that they don't seem to really work for people is that they taste sweet, but what research has found is that it's almost as though your body registers the sweet, and when it doesn't get the calories, it compensates by eating more.

So the hope was that they would help people lose weight, but in fact, that is not what has happened. So there's that problem as well as some of them really being linked to cancer and other negative health outcomes. So yeah, I feel certainly with

children, absolutely, they're not recommended at all. And for adults, obviously, it's their choice, but this is in no way a beverage that we would be recommending that people drink.

REP. WINTER (94TH): Thank you. Ms. Schwartz. Thank you, Madam Chair.

REP. HORN (64TH): Thank you, representative. Seeing no further questions. Again, thank you for sharing your expertise with us today.

MARLENE SCHWARTZ: Thank you.

REP. HORN (64TH): Next up we have Sarah Ganong. Nope. Next up, we have Dominick Cingari? Nope. Okay. Sandra Grance online, I believe. There she is.

SANDRA GRANCE: Hi. Good afternoon. Thank you, Chairs Fonfara and Horn, and members of the committee. Thank you for the opportunity to discuss the proposed beverage tax and to register the beverage industry's opposition to HB 7273. I'm Vice President of State Government Affairs for the American Beverage Association. We represent manufacturers, distributors, and suppliers to the refreshment beverage industry.

ABA's members bottle and distribute non-alcoholic, non-dairy beverages. It's been a long day. Many people before me have made the case for why a beverage tax is not the right solution for Connecticut, and the impact on businesses and consumers. So I'll just highlight a few points. We've also submitted written testimony that you can reference and that Bree Dietly spoke to earlier today.

So I just wanted to talk-- there's been a lot of discussion about the Philadelphia tax and I just hope that you review the testimony that was submitted by Teamsters Local 830 and Liberty Coca-Cola, the talk specifics on how the taxes impacted both job loss and sales loss in the city, and then also demonstrating that they've seen sales growth in the neighboring counties for those that, you know, can shop elsewhere that they do.

And then I just wanted to touch on some points too that have come up today around, you know, the health challenges that Americans and those in Connecticut face. And just, you know, on behalf of the beverage industry, we want to be part of that solution. We're supporting families and their efforts to achieve a balanced lifestyle. You know, no industry's done more than ours to help reduce sugar and the diet and to tackle obesity.

We are leveraging our industry strength in product innovation and in marketing and offering consumers more choices with less sugar. We offer smaller portion sizes and give clear calorie information, and we're the only food industry sector that offers zero-calorie alternatives to our flagship products. And the impact of these intentional changes that our industry has made is that nearly 60% of beverages bought today are zero sugar.

Beverage calories per serving have declined by 42% since 2000, and more than 600 lower no sugar brands are on the market today. And we-- less than 6% of calories come from beverages, so those are just a few things I wanted to bring out. Happy to take questions, but just appreciate your time today and ask you to reject this proposal and to look to alternative funding measures for these important programs.

REP. HORN (64TH): Thank you for being with us, especially as you had the unfortunate lottery of

being near the end of the list. I had a-- just a moment ago, you were talking about, I believe it was the Philadelphia example about a decrease and growth, you know, in Philadelphia and growth outside Philadelphia. Growth of what?

SANDRA GRANCE: Sales outside of Philadelphia have grown, while those sales in Philadelphia actually--

REP. HORN (64TH): Sales of what, though? Sorry to interrupt you, but sales of what? Sales of sugary beverages. Sales of beverages, does that include, you know, flavored waters that don't have-- you know, please distinguish between the sugared ones and the non-sugars.

SANDRA GRANCE: Yes. All beverages, and all beverages, you know, other than water are impacted by the Philadelphia tax as well.

REP. HORN (64TH): Okay. Have you sub-- did you submit that with your testimony?

SANDRA GRANCE: So it is submitted by-- we have some information in ours as well as Liberty Coca-Cola, who operates in Philadelphia, as well as a small part of Connecticut, submitted some information as well on that.

REP. HORN (64TH): Okay. Thank you.

SANDRA GRANCE: You're welcome.

REP. HORN (64TH): Any further questions? Seeing none. Thanks for being with us.

SANDRA GRANCE: Thank you.

REP. HORN (64TH): And last on our list is Kyle Innes.

KYLE INNES: Hello.

REP. HORN (64TH): Congratulations, you made it [laughter].

KYLE INNES: I did. Chair Horn, Chair Fonfara, members of the committee, thank you so much for a few minutes to talk to you guys today here specifically on behalf of the Securities Industry and Financial Markets Association to talk about HB 7272, and specifically section 4 of HB 7272. And just really wanted to take, first and foremost the opportunity to thank you for your willingness to work on this.

I think this is an excellent bill right now. It's going to help a lot for the industry and consumers, and taxpayers in the state of Connecticut. You know, we do think that there is-- we do think the bill could actually go further as far on a taxpayer protection standpoint, would actually even further streamline the industry's systems, and if I could respond to a question that Chair Horn had asked a couple witnesses ago, it's not that it is an impossibility, at least as we understand from our members, it's not an impossibility to set up that \$5,000 threshold ever, it's just that we don't have it right now.

And the way that the systems are set up, there's just no checks. So if this is something that would have to be programmed and created, you know, so if it goes through a periodic distribution, there's

nothing-- there's no code out there checking the amount on the periodic distribution because that's a periodic distribution, not a lump sum in any other state. So we could put it together, it would probably take about a year to program it, but also on the flip side, if we just went forward and mandated withholding on all distributions, that is something that we could put in place within a couple of months.

REP. HORN (64TH): So thank you for that [laughter]. I'm not sure I want to bore the rest of the committee with this, but so, if there's a strike, it sounds to me like you're saying there is a-- you have a very clear distinction in your system between periodic distributions and lump sum distributions in some form. Is that right?

KYLE INNES: That's correct.

REP. HORN (64TH): How do you define lump sum distributions?

KYLE INNES: Most places lump sum is defined as the entirety of the account. So when the entire, you know, if you have anything that gets distributed on a monthly basis or a quarterly basis, those are not generally considered lump sum payments. Now again, there is a, please don't quote me on this particular part, but I believe it is a federal piece where there is a very, very low threshold that just basically means mandatory withholding on everything which is again, something that we could implement, just, you know, on every distribution it mandatorily it will just generally withhold at the default rate unless otherwise asked for by the consumer. And that way the taxpayer, you know, would definitely avoid the unexpected bills. They could lower that again if

they so choose, and its not-- you know, and all that money gets to them one way or the other.

REP. HORN (64TH): So you're saying your systems can only distinguish between payments or the emptying out of an account?

KYLE INNES: Right, there's not, like literally in the code when you have, when you've created certain automatic processes, there's nothing to check there yet, if that makes sense. There's no code running to kind of check that, to kick it off to the operations groups.

REP. HORN (64TH): And what distinguishes the emptying out of an account? How does that get your attention?

KYLE INNES: The code is in place. So when it-- when you're processing that and it identifies that, it'll start that process just from a tech standpoint. It's just that when it is a-- that periodic distribution when it's like, hey, you know, \$4,000 or \$6,000, every month that comes out, that check's just not in place because it's not --

REP. HORN (64TH): To be clear--

KYLE INNES: The entirety of the account.

REP. HORN (64TH): I'll end this here. Our intention was not to catch the periodic distributions. Again, we're trying to catch substantial distributions and, you know, 5,000 to some people can be substantial. That might be half their account. That might be all of their account. And I find it hard to wrap my head

around the fact that that's impossible to capture, but we will continue this conversation, so--

KYLE INNES: No, again, it can be. We would just need some time to program that within the system.

REP. HORN (64TH): How much time would you need?

KYLE INNES: From what I'm hearing about a year, just the way that goes. But, you know, once again, if we just-- we could also just go to a standard withholding on all distributions, and we could do that much faster.

REP. HORN (64TH): Okay. Any other questions? Seeing none, thank you for closing us out.

KYLE INNES: Thank you so much.

REP. HORN (64TH): Mr. Administrator and Madam Clerk. Do we have anybody that we've missed that's online? No. With that, we will meet again on Wednesday for another public hearing of the Finance, Revenue and Bonding Committee and the final, that's true, that will be our final public hearing, not our final gathering, but our final public hearing. With that, we're adjourned. Thanks everybody.