CTCPA
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December 13, 2017

To the Connecticut Members of the United States Congress:

The Connecticut Society of Certified Public Accountants (CTCPA) and its 6,000 members commend the efforts of the Congress in addressing the very daunting yet necessary mission of taking on major tax reform this year. We learned today that there is tentative agreement, in principle, on a consensus tax bill, with a vote scheduled for next week.

Through the years, Americans have had to comply with an increasingly complex set of tax laws that even our CPA members occasionally find almost uninterpretable. Our perspective is that the consensus bill that you will likely vote upon next week approaches reform in a manner that will produce a most severe and negative impact upon Connecticut's economy and thus it citizens.

In an era wherein Connecticut leads the nation in the ratio of residents leaving the state versus people moving in, this law provides greater disincentive for people and businesses to come into Connecticut and even greater incentive for current businesses and individuals to leave our state for greener financial pastures. More so, this law would further exacerbate our loss of our critical population of young people, upon whom we depend for Connecticut's future, as they decide where to establish their careers and their families.

The following elements of the consensus bill are of particular concern to our members:

- **Eliminating the deduction of state and local income and sales taxes:** The state and local taxes (SALT) deduction, a provision that has prevented double taxation since 1913, is relied upon by residents of Connecticut and other high-tax states that send billions of dollars in tax revenue to Washington.

- **Capping the property tax deduction at $10,000:** With Connecticut's status as one of the highest per-capita-income states in the country, our real estate prices are naturally much higher than other regions. Accordingly, local property taxes reflect those higher prices. Connecticut residents also pay property taxes on their automobiles and other items. Accordingly, capping the deduction for property taxes will negatively affect many Connecticut residents, and not just the affluent.

- **Limiting the deduction for mortgage interest to the first $500,000 of a home's purchase price:** Fitch Ratings, Inc., has reported that the limit could contribute to a loss of a home's value and a corresponding drop in property taxes, leaving Connecticut cities and towns with no other option but to raise local tax rates to balance their budgets and provide essential services. And, as mentioned above, Connecticut's real estate prices (and accompanying mortgages) are among the highest in the nation, given our geographic location.

The Connecticut Society of CPAs

716 Brook Street, Suite 100 • Rocky Hill, CT 06067-3433 • ctcpas.org • 860-258-4800

In short, the consensus tax reform plan would make Connecticut less affordable and less competitive. In the interest of tax fairness, we strongly urge you to do all that you can to correct these inequities that will directly harm Connecticut and your constituents before you finalize the bill.

Thank you for considering our views on this very important issue.

Sincerely,

Bradley D. Kronstat

Bradley D. Kronstat, CPA
President
Connecticut Society of Certified Public Accountants

Bonnie Stewart

Bonnie Stewart
Executive Director
Connecticut Society of Certified Public Accountants