

Sent: Thursday, August 06, 2009 11:26 AM
To: COTCE COMMISSIONERS
Cc: COTCE STAFF

Subject: RE: Tax Packages

Dear Chairman Parks and Commission staff:

I am writing to submit my concerns about the Personal Income Tax proposal as currently articulated in the Tax Package. As I recall from the July 16 public hearing, we discussed moving forward with the following scenarios: 1) maintain current structure and reduce deductions, 2) simplified number of brackets and reduce deductions, and 3) maintain current structure and rates and adjust capital gains.

According to the powerpoint, consideration will be given to structures other than the two brackets only if all AGI brackets do not receive a reduction in taxes. I would like to request that the analysis of the difference between current law and the proposed PIT modifications be provided for the 11 AGI brackets (starting at "negative to 0" and ending with "over \$5 million") that were presented by staff at the June meeting.

Given the recent PPIC report and CCSCE's brief, I believe that we need to revisit the assumption that there is direct correlation between high income tax rates and wealthy residents leaving the state. In terms of addressing volatility, a rainy day fund may be more effective than shifting the burden to middle- and low-income residents by reducing revenue from personal income tax and raising more regressive taxes.

Therefore, I am requesting that the tax change impact of the individual proposals and the entire package be provided for each AGI class - for the 11 AGI brackets, when possible.

Thank you, in advance, for your consideration,

Jennifer Ito