

An Open Letter to General Electric

June 11, 2015

Dear General Electric,

It's time we bring good things to light. For the past week, your CEO and your CBIA corporate spokespeople have issued last-minute threats and claims about Connecticut taxes being "business unfriendly." But a closer look at the facts sheds a whole new light on the situation:

1.) You've had a good run – too good – and you still do.

GE has been paying no corporate income taxes to the state of Connecticut. None. You utilize our taxpayer-funded roads, sewers, police, schools and other public services. And in the process, your company enjoys annual revenue of over \$150 Billion (that's over 7 times the size of our entire state budget revenues, by the way and #8 ranking on the Fortune 500 list. Yet, thanks to complicated tax write-offs, and more than half a trillion dollars in corporate welfare GE has received over the last two decades, GE is famous for giving almost nothing back to pay for the corporate resources it consumes.

It's not just you. Corporate taxes in Connecticut used to be over 12 % of our state's tax revenue – now they are around to 3%. Individual taxpayers have been left to bear the brunt of the responsibility, as a result. In fact, a recent national study by corporate service and accounting firm Ernst and Young of total taxes levied by state and local government (including income, sales, and property taxes), shows that **businesses in Connecticut pay the lowest of any state as a percentage of total taxes – 36% lower than the national average. And as a share of gross state product our business taxes are second lowest – tied with North Carolina.** Clearly, the State Legislature has been quite business-friendly over the years.

Hey, we get it – why let the facts get in the way when you're trying to preserve a great deal like this? But ultimately, the people (Republican, Democrat, and independents alike) elected the General Assembly and the Governor to craft a budget – not GE. And it's right for them to ask huge, profitable multi-national businesses to do a little more to pay their fair share, especially since we tax businesses at so far below the national average.

2.) You had a good, long look at the corporate revenue proposals.

By dramatically issuing a public letter on the morning of the House of Representatives' vote to pass the state budget, GE suggested sudden dismay and surprise. But in reality, almost all the business tax changes in the state budget were proposed by the Governor way back in February and/or by the Revenue, Finance & Bonding Committee back in April. The final budget, in fact, included FEWER business taxes those earlier recommendations did.

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So why GE's sudden 'surprise' a full six weeks later? Six weeks is positively an eternity in legislative time, especially for those with multiple well-heeled lobbyists representing their interests in the halls of the State Capitol.

3.) Connecticut is a good place for a corporate headquarters and you know it.

Every serious study of the locating of corporate headquarters shows that the rate of the corporate income tax is far down the list of factors major corporations consider. The top factors include livable communities, good education systems, and an educated workforce top the list -- all of which Connecticut already offers. Transportation also ranks high on the list of corporate consideration, and this state budget, together with the Governor's 30-year transportation initiative, is moving Connecticut into the future.

Add that to its low business taxes, all evidence and logic says that GE's sudden threat to move is either pure political theatre, or that the state budget is a convenient excuse for a move already planned, not the real reason. Either way, it's an unacceptable way to treat your community, your employees, and the public.

One thing we can all agree on is that the state budget isn't perfect – it never is, in anyone's eyes. This year's process was especially full of hard choices and tough decisions on the best way to preserve our quality way of life, protect the most vulnerable, and ensure the responsibilities are more-fairly shouldered by everyone who lives, works, and benefits here. We commend the Legislature and the Governor for making long-overdue progress towards rebalancing our state's revenues to be more fairly divided between working families, extremely wealthy individuals, and large corporations. In fact, we'd have liked to see them go even further to redress our tax system which asks too much of working families, and too little of the very rich and the richest corporations. But that's very hard with all the well-heeled lobbyists pushing their myths about high corporate taxes and the supposedly over-taxed rich (who actually pay about half the rate in state and local taxes that working families do).

Lastly, we need to raise one more point. GE's open letter to its employees, a political document distributed on work time from the CEO of the corporation, publically urged employees to "voluntarily" call the state legislature to protest the new state budget. This use of the power of the employer to advance the employer's own political and economic agenda always raises great concerns. Are such calls truly "voluntary?" What would happen to the GE employees who dare say publically that the most profitable corporations really should pay their fair share of taxes? Your imagination can guess at likely reaction of GE corporate leadership.

"The time is always right to do the right thing," said Dr. Martin Luther King, Jr. General Electric's recent open letter to its employees threatening to move its corporate headquarters because it didn't approve of the state budget proves that it's also true that "the time is always wrong to do the wrong thing." We urge GE to come clean with its employees and with the people of the state with whose democratic decisions GE is trying to interfere.

[Signed by all sponsors]