

A photograph of the Connecticut State Capitol building, featuring a prominent golden dome and Gothic-style architecture, set against a cloudy sky. The building is partially obscured by a white gradient at the bottom.

The State of the State: A Presentation on CT's Budget and the Issues That Defined the 2013 Legislative Session

**State Representatives
Dan Carter & Mitch Bolinsky**

Connecticut's General Assembly

Connecticut's state government, as in the case of our federal government, requires a means of checks and balances to ensure that one-party rule does not dictate the duties of our elected officials.

Absent from the Governor's office for the past 20 years, the Democrats in the legislature are enjoying the luxury of having a fellow Democrat occupying the office of Governor. The House make up is **99D-52R**, while the Senate is **22D-14R**.

The Democrat's one-party rule is prevailing with the adoption of any new legislation and budgets deliberated by the general assembly these last 3 years.

In the past, Republicans have countered with their own proposed budgets and amendments to Democratically sponsored legislation – these alternatives were met with little to no response from the majority party. We simply ask for a seat at the table – an open dialogue and a chance to right what we perceive as flawed.



The Legislature's Response to Sandy Hook

Gun Control:

- Requires background checks for all firearms sales, including at gun shows
- Legislation restricts certain weapons, as well as sale or purchase of high-capacity magazines
- Creates a statewide registry of people convicted of crimes involving the use or threat of dangerous weapons
- Requires eligibility certificates for the purchase of any rifle, shotgun or ammunition
- Increases penalties for illegal possession and trafficking of guns

School Security:

- Creates the School Safety Infrastructure Council that must develop school safety infrastructure standards
- Requires the state to develop school safety and security plan standards by January 1, 2014
- Broadens the reporting of bullying

Mental Health:

- Focuses on prevention, early identification and intervention techniques for mental health providers
- Increases coordination among state agencies, schools, health centers and families, so that mental health issues in children can be addressed earlier

2012: An Opportunity Missed

Poor choices then steered the problematic decisions of today.

- Despite \$1.8 billion in tax increases over the previous two years, our state faced a \$2.5 billion deficit over the next two years. State spending continued to increase and taxes continued to go up to the highest levels in the history of our state
- \$222 million was borrowed to cover the operating deficit
- \$70 million was swept from the Special Transportation Fund
- Spending increased by \$145 million for FY 2013
- No funds were available to begin conversion to GAAP accounting
- The state's cash pool was down more than \$800 million from 2011 levels, "trending downward" according to the state Treasurer
- Republican proposals to reduce spending were defeated

Risks at the time: future deficits, more borrowing, further rating downgrades, higher costs of debt, declines to service quality to citizens, and additional tax increases



FY 2014-2015 State Budget Highlights

- Spends \$44 Billion over the next two years
- Borrows \$750 million for day-to-day operating expenses
- Increases spending by 10% over the next two years
- Extends tax increases that were to sunset this year
- Raids over \$130 million from funds with dedicated purposes
 - Transportation Fund
 - Stem Cell Research
 - Tobacco Trust Fund
- Removes \$6 Billion from the constitutionally adopted spending cap
- Establishes Keno gambling in the state for the first time
- Dedicates more than \$100,000 to process licenses for illegal immigrants
- Raids \$200 million from the current surplus



2013: A State Budget Built on Gimmicks and Double-Speak

- The Democrat budget was finalized with the addition of Keno gambling in Connecticut. The state is expecting to raise only \$3.8 million in revenue from the game in 2014 and \$27 million in 2015.
- \$100 million devoted to the state's transportation needs was taken out of the Transportation Fund and put directly into the General Fund for non-transportation use.
- The “temporary” electric generation tax, set to expire on July 1st, will be extended for another three months.
- The 20% corporate surcharge on businesses adopted two years ago and set to expire this year has been extended for another two years – costing \$74 million over a year.
- Delays the payment of almost \$400 million in debt, costing taxpayers tens of millions of dollars in unnecessary interest charges in the long run.
- The plan continues to borrow \$750 million for cash flow purposes – to pay day-to-day operating expenses.



Republican Alternatives

A Better Way Forward

- Adopt a defined contribution pension plan for state retirees.
- Create Health Savings Accounts for current state employees.
- Prevent the July 1st gas tax increase of nearly 17%.
- Limit the filling of vacated state employee positions.
- Lower the Earned Income Tax Credit to just 10%.
- Provide funding for additional staff in the Medicaid Fraud Control Unit to fight fraud, waste and abuse.
- Increase funding for debt service by approximately \$400 million.
- Restore over \$500 million in Democrat cuts to hospitals; cuts, which will result in loss of services and force hospital employees to lose their jobs.



Major Legislative Highlights

Controversial Measures Adopted

- **Drivers Licenses for undocumented residents** Require the DMV to issue a driver's license to illegal immigrants who reside in our state in violation of federal immigration laws.
- **Campaign Finance changes** Roll back the reforms enacted in response to the Rowland scandals. Doubles the amount that a donor can give to state party committees from \$5,000 to \$10,000 and doubles the amount that a person can give to a town committee from \$1,000 to \$2,000. Additionally, it removes limits on what committees can spend in support or opposition to candidates.
- **Early Voting** The legislature removed the final hurdle leading the way to a Nov. 2014 ballot question asking voters if they support some form of early voting.
- **Mattress Recycling** This new law requires mattress manufactures to create a Mattress Stewardship program and establish methods for the disposal and recycling of used mattresses. Consumers are charged a fee at the time of purchase that will fund the recycling program.

Major Legislative Highlights

Controversial Measures Adopted

- **UCONN Bonding** *Next Generation Connecticut* is a \$2 billion investment in classrooms, dorms and lab equipment, as well as a move of UCONN's West Hartford branch into downtown Hartford and the creation of dorms at UCONN Stamford.
- **GMO Labeling** This new law requires the labeling of foods containing genetically modified organisms (GMOs). There are a number of trigger clauses built into this new law. Four other Northeastern states need to pass similar labeling laws, and one of those states needs to border Connecticut. The combined population of these states needs to be at least 20 million.
- **FOI** A new law was adopted that will block the release of photos, videos, or digital video images "depicting the victim of a homicide, to the extent that such record could reasonably be expected to constitute an unwarranted invasion of the personal privacy" of the victim or surviving family members. This is in response to the Sandy Hook shootings.

Major Legislative Highlights

Controversial Measures Blocked

- **Elimination of the Independent Party** Republicans fought against a Democrat proposal to remove the word "independent" from any political party in Connecticut. This provision would have required that those voters registered as Independent would have to register under a new party.
- **Decrease of the Drug-Free Zone** Republicans objected to a measure that would have reduced the size of a drug-free zone around a school or daycare facility. A measure, proposed by the Democrats would have reduced the boundary from 1,500 feet to just 300 feet.
- **Construction of a Daycare at York Correctional Facility** A \$10M proposal to construct a daycare care facility at a York Correctional Facility in Niantic was defeated in large part to Republican opposition to the heavy price tag and the fact that the state's DCF is doing an admirable job caring for the very few infants born to incarcerated mothers.
- **Energy User Auction** Proposed to force energy users to move from the standard offer to a retail supplier of electricity.

Bipartisan Legislative Agreement

- **Continuation of Education Reform** The legislature committed \$355M additional money to improving education in our state. Four new charter schools will be funded, more students to attend magnet schools and funds will be available for the new statewide teacher evaluation system.
- **Hurricane Sandy Response** Legislation was adopted to make the process of rebuilding after a major costal storm easier for shoreline homeowners. The new law grants more flexibility to property owners to protect properties in advance of a hurricane or tropical storm.
- **Pool Safety** A new law adopted will require at least one certified person, in addition to the instructor, to be present in a school's swimming pool when students are participating in aquatic activities. Additionally, schools are required to develop a pool safety plan.
- **DUI Arrests for Driving with Minors in the Vehicle** This adopted bill will make it a felony to drive while intoxicated with passengers under the age of 16. A first offense would carry a five-year sentence. It would increase to 10 years for a second offense and 15 years for subsequent offenses.



Bipartisan Legislative Agreement

- **Small Business Express** Expands the existing program to include companies with up to 100 employees, and provides additional funding to meet the demand from small businesses.
- **Renewable Energy Tax Exemption** Phases in a requirement to offer property tax exemptions for businesses that use renewable energy sources to provide power for their business.
- **Early Release Program** Reforms the early release program to ensure that no violent offender gets out of prison before serving at least 85% of their sentence.
- **Gun Trafficking** Provides \$1 million for the Gun Trafficking Task Force and increase penalties for illegal trafficking of guns.
- **Sex Trafficking** Imposes increased penalties for sex trafficking and require additional reporting.

The High Cost of Living and Doing Business in Connecticut



- Connecticut has negative job growth over the past 25 years. (Based on Department of Labor data)
- CT was ranked 45th among the Best and Worst States to Do Business. (*Survey of 651 CEOs done by Chief Executive Magazine*)
- CT ranked worst state for retirement. (*money-rates.com*)
- CT ranked 45th in economic competitiveness. (*American Legislative Exchange Council, "Rich States, Poor States"*)
- CT Legislature has been voted "Least Business Friendly" in the nation. (*Expansion Management Magazine*)
- State Business Tax Climate – 40th. (*The Tax Foundation*)
- Gas Tax – 4th Highest. (*American Petroleum Institute*)
- Cost of Doing Business – 5th Highest in the country. (*Milken Institute, 2007*)
- Percent Funding of State Retirement System Liabilities – 3rd worst in the country at 58.3%. (*Public Fund Survey*)
- Per Capita State and Local Tax Burden as a Percent of Income – 3rd highest in the country. (*The Tax Foundation*)
- Worst state for business property tax burden. (*The Tax Foundation*)
- Ranked 7th by Forbes Magazine for the state with the highest number of residents fleeing our state.

Additional questions?

Please Contact Us

State Representative Dan Carter

Legislative Office Building
Room 3502
Hartford, CT 06106
800-842-1423

Dan.Carter@housegop.ct.gov
www.RepCarter.com

State Representative Mitch Bolinsky

Legislative Office Building
Room 4200
Hartford, CT 06106
800-842-1423

Mitch.Bolinsky@housegop.ct.gov
www.RepBolinsky.com

