

House Republican Press Release

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REPUBLICANS APPLAUD GOVERNOR'S MOVE TOWARD NO TAX INCREASE



HARTFORD - Republican lawmakers today were encouraged by Gov. M. Jodi Rell's statements that she now believes that the legislature doesn't need to enact her proposed tax hike to meet the state's needs for the next two years.

House Republicans first proposed a "No Tax Increase" budget April 24 and stressed that revenue projections for the last 15 years have been consistently under estimated. Republican expect future revenues will be sufficient to increase spending significantly but that no tax increase is necessary. Gov. Rell said Thursday that the state now has a 20 percent increase in revenue collections and that has caused her to reconsider her initial tax hike proposal.

"This is welcome news to Connecticut taxpayers and as House Republicans we commend Gov. Rell for her statements that the state's revenues appear to be coming in higher than originally anticipated. We stand ready to work with Gov. Rell to enact a budget that requires no tax increases," House Republican Leader Lawrence F. Cafero said. "We've said from Day One that, while we applaud her efforts to increase funding for education and provide towns and cities with the resources they need and deserve, we can meet our critical needs with a No Tax Increase approach."

Gov. Rell praised Republicans for coming forward with an alternative budget and now all sides are poised to begin serious budget negotiations.

Cafero and other Republicans noted that last year the state had a \$1 billion surplus and this year they expect it to be much higher than the current projection of \$600 million. Much of the state's revenue is derived from capital gains taxes driven by the financial markets and Wall Street is booming. Republicans have consistently said the state needs to restrict spending because those markets provide unstable revenue streams.

Like the Governor's budget, the Republican's tax and spending plan commits unprecedented amounts toward education for towns and cities. The Republicans in the House and Senate also put \$274 million more into hospitals and other providers to improve health care and access, Cafero said.

"We hope that by the end of the session we can do what is right for taxpayers and come away with a good budget that does not require any new taxes. That message is starting to resonate with the public," Cafero said.