

House Republican Press Release

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ALTERNATIVE REPUBLICAN BUDGET CUTS GAS TAXES, BUSINESS TAXES, OFFERS EARLY STATE WORKER RETIREMENT



HARTFORD – The alternative Republican budget offered today would cut state gas taxes, eliminate a business tax and balance by offering thousands of state employees an early retirement plan that will reduce spending by \$163 million next year, according to the non-partisan Office of Fiscal Analysis.

With just 10 days remaining in the legislative session House and Senate Republicans put forth a balanced tax and spending plan that will not raise taxes, streamlines government and will avoid potentially huge budget deficits in the coming years.

“We have been working on an alternative budget for some time. But based on the recent alarming revenue deficits, we felt we had to provide both fiscal restraint and relief for businesses and at the gas pump,” House Republican Leader Lawrence F. Cafero, Jr., of Norwalk said. “Now is not the time to sit back and ‘do nothing’ when we are all aware of the potential deficits that lie ahead. We realize that this is an election year, but we must make some clear, tough decisions now that will benefit all of Connecticut and not wait until after the campaign is over.”

Senate Republican Leader John McKinney of Fairfield said, “Connecticut is facing an economic environment that is very different from when we passed the biennial budget in 2007. Our state surplus has disappeared and we are projecting budget deficits in 2010 and 2012. At the same time, Connecticut residents are coping with the rising cost of everything from food, to home heating fuel, medicine and other necessities; and as the price of gasoline threatens \$4 per gallon, the state gas tax is scheduled to increase again on July 1st. Doing nothing means raising taxes. We should instead respond with budget adjustments that will protect Connecticut’s long-term economic security.”

Democratic leaders have said they are content to not make major changes in the 2008-09 budget because of recent drops in revenue projections. The Republican alternative would:

- Cuts gas prices by 10 cents through a summer state tax moratorium and a roll back the scheduled gross receipts tax increase of .5 percent on July 1. Those roll backs will save consumers \$50 million, Republicans said.

- Eliminates the \$250 Business Entity Tax over two years that all businesses pay just for opening their doors. This will save \$35 million (\$17.5 million in the first year).
- Phases out of the so-called Death Tax cliff that will save estates \$24 million and help keep more people in Connecticut (\$12 million in the first year).
- Offers up to 11,600 eligible state workers an early retirement incentive program, or ERIP, to save a projected \$163 million in the next fiscal year.
- Allows hundreds of seniors to receive home care for a savings of \$17 million. (Money Follows the Person.)

The ERIP offered in 2003, in the midst of the last state fiscal crisis, saw more than 4,000 workers retire and cut the state payroll by more than \$155 million. Republicans stressed that no state workers would lose their jobs because of the ERIP.

Cafero and McKinney said the incentive plan will be a matter of personal choice and that the enrollment period could begin immediately.

“We look forward to working with the Democrats in a bi-partisan effort over the next 10 days to make the right decisions for Connecticut,” Cafero added.