

House Republican Press Release

May 21, 2008
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Republicans: “Do Something” Before it’s Too Late



Republican budget proposal will protect municipal state aid, fund Early Reading Success, encourage small business growth and reduce state gas taxes

HARTFORD - Amid skyrocketing gasoline prices, worsening economic indicators and pleas for help from taxpayers, educators, nursing homes, private providers, public housing authorities, Mayors and First Selectmen; Legislative Republicans today reintroduced their alternative budget proposal and again called on Democratic legislators to pass it.

The Republican budget, first introduced in April, would cut state gas taxes, protect municipal state aid, fund the Early Reading Success program, provide tax incentives to small businesses, streamline state government, and reduce state spending by more than \$160 million.

“The solutions are right in front of us,” **said Senate Republican Leader John McKinney**. “We can fund the early reading success program. We can lower the conveyance tax without harming municipalities. And we can lower state gas taxes and provide needed relief to working families and small businesses. We simply need the political will to get it done. Regrettably the Democratic Majority has so far failed to provide the leadership necessary to achieve this legislature’s common goals.”

“This modified budget proposal is clear path forward and a way out of a looming fiscal mess. Unless we make some honest choices now there will a lot more pain for taxpayers and working families down the road,” **said House Republican Leader Lawrence F. Cafero, Jr.** “We have put reasonable compromises on the table and set our priorities for state taxpayers and our towns and cities. We still have time to act.”

In anticipation of a June special session, Republicans have revised their proposal to address the debate on extending the state conveyance tax. The Republicans have proposed a solution that will lower the conveyance tax rate without lowering state aid to municipalities. They accomplish this by keeping the municipal portion of the conveyance tax intact, while reducing the state portion (.5% on residential real estate sales under \$800,000) by .15%. The savings to taxpayers is equal to savings that would be achieved if the conveyance tax were to sunset. The Republicans pay for the tax cut by implementing a Tax Amnesty program.

The Republican budget proposal is balanced, offers significant and lasting tax cuts, addresses shortfalls in the Special Transportation Fund (STF) and funds the two major criminal justice initiatives adopted this year. The proposal calls for spending \$16.84 billion, \$221 million below the existing 2008-2009 state budget.

Highlights include:

- Balanced Budget for '08 and '09 and a surplus for '09
- No Tax Increases
- No Program Cuts
- No Layoffs
- Funds Housing PILOT/tax abatement
- Repeal of the Gross Receipts Tax Increase on Gasoline Scheduled for July 1st
- Cap on the Gross Receipts Tax on Gasoline
- Phase Out of the Business Entity Tax
- Phase Out of the Estate Tax Cliff
- 1% Increase for Private Providers & Nursing Homes
- Saving the Early Reading Success Program
- Two Month Gas Tax Holiday
- Does not touch the Rainy Day Fund
- Reduces the Size and Cost of Government through Voluntary Early Retirement Incentive Program
- Lowers conveyance tax without reducing municipal aid