

## House Republican Press Release

September 25, 2008  
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### **\$300 MILLION BUDGET DEFICIT CONFIRMED; REPUBLICANS CALL FOR SWIFT ACTION NOW**



HARTFORD – Republicans today called for swift action to offset the growing \$300 million state deficit that was confirmed by independent budget analysts during a fiscal forum convened by House and Senate Republicans.

Sinking revenues and the refusal by the Democrats to make budget adjustments this year has led to the most desperate fiscal problems the state has faced in years, Republicans said. The budget problems will only worsen over time without legislative action and the deficit could reach \$1.2 billion in 2010, according to the non-partisan Office of Fiscal Analysis.

“It is now clear to everyone that we cannot afford to wait and delay budget adjustments as the legislature did this year. That includes convening a special session, working with the administration to identify spending cuts and engaging public employee unions to talk about how best to solve this pending crisis,” House Republican Leader Lawrence F. Cafero Jr., of Norwalk said.

“This sitting legislature cannot leave these problems to the next legislature or Connecticut will be faced with either huge tax increases, massive service reductions or both,” he added.

The forum included budget experts from the governor’s office and revenue analysts. Several Democrats also took part in the forum that Democratic leaders declined to attend.

Cafero said legislators needed the bare facts that were presented today in order to make the proper decisions and deal with the deficit. “There has been no action on the state budget for 15 months. We do not have the luxury of sitting back and waiting any longer,” Cafero said.

The data shows that revenue from virtually every sector is way off, from real estate sales to income taxes and sales taxes. “We have got to address the spending side, including revisiting the proposed Early Retirement Incentive Plan for state workers which would save us more than \$160 million in payroll,” Cafero said. He noted that the dire budget numbers do not even reflect any portion of the recent Wall Street melt down beginning Sept. 15 which will ripple further through Connecticut’s economy.

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The forum revealed that:

- Investment income is off 41 percent;
- Real estate conveyance taxes are down more than 40 percent;
- Gambling revenue is down 4.3 percent;
- Car sales taxes are off 10.8 percent;
- Job growth overall has remained flat for nearly two decades.

Cafero said the data shows that Connecticut is over reliant on certain areas of the state when it comes to revenue. Fairfield County provides 45 percent of all the incomes taxes to Connecticut, he noted.

Since the budget was adopted in June of 2007, housing starts are off and astounding 122 percent.

Cafero said that all parties in state government – all lawmakers, the administration and state employees – must come together quickly and begin the work that lies ahead. The governor’s budget chief told lawmakers that they cannot afford to put off budget adjustments.

“No budget adjustments were made this spring and we are already in trouble,” Cafero said.