

House Republican Press Release

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The Debate on the Budget



By Rep. Vincent Candelora

Last session, Connecticut put forth a two year budget covering Fiscal Years 07-08 and 08-09. In this short session, the General Assembly is charged with making adjustments to the budget. These adjustments can include deficit spending, surplus money, revenue adjustments and new spending. Last week, the Appropriations Committee voted out its version of the 2009 state budget. The budget was 150 million less than the Governor's proposed budget and approximately 20 million less than the 08-09 budget passed last year. At the outset, I found the climate in this year's committee somewhat quiet and restrained. Both parties recognize the fiscal cloud hovering over the state. It did not, therefore, come as a surprise that the Appropriations Committee produced a budget that spends overall less than last year.

While I think it's the responsible position to reduce spending given the economic climate, I'm concerned about the mean by which the Committee achieved this goal. The Committee reduced spending by cutting Medicaid by \$116 million, which includes a \$50 million reduction to HUSKY. Given the healthcare climate and enrollment projections in HUSKY, many doubt the legitimacy of these cuts. If we're wrong in our projections, Connecticut will be undoubtedly facing a deficit next year.

So where should we cut? Well, this same budget also proposes \$168,000,000 in new spending programs. Some are necessary, but many are not, and I'd estimate one third of these programs have not been properly vetted through the process. Additionally, these programs propose an additional 202 government employees, and a \$37 million earned income tax credit program for people who don't even pay taxes.

By providing an overall reduction in the budget, legislators are able to appear fiscally responsible just in time for November's elections; however, these new programs create additional ongoing expenses that will have to be funded in future years. This type of bait and switch budget is why Connecticut has the dubious award of being the highest taxed state in the nation. In light of the fact that a record 2,800 businesses have closed in the first quarter, I don't believe that this spending package, which fails to include the elimination of the business entity tax, works for Connecticut.

While Democrats promised there would be no tax increase this year, the Finance Committee has passed a bill that places a 6% tax on deliveries, which will naturally be passed along to the consumer. This tax would apply to deliveries from UPS, DHL, and Federal Express but also be applied to deliveries of things such as groceries, flowers, medication and even pizza.

The overall positive message of this budget package is that the legislature has set a ceiling on how much we are willing to spend. It will be imperative for us to now hold the line and reduce any new, unnecessary spending in order to ensure that Connecticut is properly insulated from the looming economic times ahead. Any future tax increase is just not an option.