

## House Republican Press Release

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### **Rep. D'Amelio: State Legislature Must Act Quickly on \$300 Million Budget Deficit**



#### ***Majority Democrats' Refusal to Act Until After Election Is Making Serious Fiscal Problems Worse***

State Representative Anthony J. D'Amelio and other Republican legislators today called for swift, decisive action by the Connecticut General Assembly to resolve a \$300 million state deficit that continues to grow and could reach crisis proportions in the near future.

"The looming fiscal crisis we predicted in April is almost upon us," said Representative D'Amelio, R-71<sup>st</sup> District, who serves on the state legislature's Appropriations Committee. "The refusal by the state legislature's majority Democrats to do anything to head off the crisis last spring and their apparent decision to take no action until after the November elections is making a bad situation worse."

House and Senate Republicans offered an alternative budget in April that would have reduced spending by \$163 million and helped avert the budget crisis that is now upon us, Representative D'Amelio said.

The growing deficit was confirmed by independent budget analysts during a fiscal forum convened today by state House and Senate Republicans. The forum also included both budget experts from the governor's office and revenue analysts. Several Democrats also took part in the forum, which their leaders declined to attend.

Dwindling revenues and the refusal by the state legislature's Democrat leaders to make budget adjustments earlier this year are leading to what could become the most serious fiscal problems the state has faced in years, Representative D'Amelio said.

The state legislature's non-partisan Office of Fiscal Analysis has noted the deficit could grow to as much as \$1.2 billion in 2010.

"If we do not act soon, we will be looking at major tax increases and cuts in state services that will hurt almost everyone in Connecticut," Representative D'Amelio said. "The budget and revenue information that was presented today made it absolutely clear that we can no longer afford to delay the difficult decisions that have to be made if we are to get through what could be the worst fiscal crisis our state has faced since the late 1980's and early 1990's."

The data presented at the forum clearly demonstrates that from real estate sales to income and sales taxes, revenues from virtually every sector of the state's economy have dropped significantly. "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," said House Republican Leader Lawrence F. Cafero Jr., R-142<sup>nd</sup> District. He noted the budget numbers do not reflect any portion of the recent Wall Street melt down that began September 15<sup>th</sup> and is expected to ripple through Connecticut's economy.

The forum revealed that revenues are seriously lagging:

- 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.

The data shows Connecticut relies too much on certain areas of the state when it comes to revenue. Fairfield County provides 45 percent of all state income tax receipts to Connecticut, Representative Cafero said.

Since the two-year state budget was adopted in June 2007, housing starts are off an astounding 122 percent, he said.

All sectors of state government, including legislators, the administration and state employees – must come together quickly and begin the work that lies ahead. "What we have heard so far is that we have to wait months to consider our options. No budget adjustments were made this spring and we are already in trouble," Representative Cafero said.