

House Republican Press Release

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Press Office: 860-240-8700

A VIEW FROM THE INSIDE
State Representative Ruth Fahrbach



**GOP proposal would protect
municipal aid,
encourage business growth**

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 have reintroduced their alternative budget proposal and again called on Democratic legislators to act upon 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.

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 percent.

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, which is estimated to bring in \$30-\$35 million un revenue to the state.

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 in the 2008-09 fiscal year, \$221 million below the existing 2008-2009 state budget.

Highlights of the GOP budget proposal 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 1
- 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 and 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

The national and state economies are obviously slowing. The legislature still has time to act on the GOP budget proposal, which would provide a cushion during these difficult economic times. This budget proposal should be debated during the special legislative session, which is tentatively scheduled for early to mid-June.

State Rep. Ruth Fahrback represents the 61st District, including Suffield, and parts of Windsor and East Granby, in the General Assembly.