

## House Republican Press Release

May 4, 2007  
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### **“A Republican Budget Offers No Tax Increase Alternative”**



During this budget season at the Capitol, the governor and the super-majority Democrats have put forth proposals that include major tax increases. In response and in defense of taxpayers throughout the state, the Republican caucus in the House of Representatives has offered a third alternative, a budget highlighted by no tax increases.

The House Republicans' No Tax Increase budget fulfills legitimate government responsibilities, provides services and municipal aid, and promotes economic growth.

The No Tax Increase budget helps the elderly, the indigent and the ill, and improves education. The No Tax Increase budget addresses health care and energy concerns and enhances mass transportation.

The No Tax Increase budget is based on common sense and sound reasonable economics. The No Tax Increase budget works.

As a result of 14 years of underestimating revenues to create state budgets, taxpayers have paid more than \$5 billion dollars unnecessarily. (Surplus funds were used to pay off the 2002 budget deficit and fund one time expenditures such as open space and school construction—important items but outside the regular budget process) This year's surplus is estimated to be almost \$800 million. House Republicans maintain the state is capable of constructing a budget without underestimating revenues. There is no need for a tax increase.

House Republicans want the best education for our children yet have long maintained the state needs a new and different approach to state education funding. The current formula is rife with inadequacies and inequalities that force suburban towns such as Greenwich to shoulder much more of the burden. The No Tax Increase budget gives additional education funding to every community but levels the playing field so urban districts do not receive a disproportionate increase.

To address energy concerns, the No Tax Increase budget adds \$26 million to the Energy Conservation and Load Management Fund, established to assist development and implementation of cost-effective energy conservation programs for both commercial and

residential customers. This budget also eliminates the sales tax on electricity for commercial customers and on energy-saving products.

The No Tax Increase budget addresses health care; it provides \$87 million for increased Medicaid rates for hospitals and \$50 million in increased reimbursements to other medical providers. This budget also supplies \$14 million for increased enrollment in HUSKY, the state program that provides health insurance for children. The No Tax Increase plan also offers \$30 million in tax credits for individuals and small businesses for purchasing or providing health insurance coverage.

Another priority in the No Tax Increase budget is economic growth. The business entity tax would be eliminated. The income tax on seniors' pensions would be phased out so residents can afford to retire in Connecticut. The "Learn Here, Live Here" program would help keep our college graduates in state.

The No Tax Increase budget provides meaningful tax cuts. The sales tax exemption for clothing is restored and the estate tax is phased out with an immediate elimination of the \$2,000,000 cliff.

Connecticut citizens now have a real choice: tax increases or no tax increases. It will be a challenge for the governor and legislative leaders to negotiate a balanced and equitable biennial budget before June 6<sup>th</sup>.

The No Tax Increase budget is by far the best, smartest and fairest alternative. It should be enthusiastically adopted by Republicans, Democrats and everyone in between.

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