

House Republican Press Release

September 28, 2007
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Democrats Gamble with CT's Economic Future to Keep Supermajorities in State Legislature *Dem Bond Package would Mortgage Future Generations to Buy Votes in 2008 Elections*



With the 2008 election cycle just around the corner, the state legislature's Democrat leaders are more concerned about preserving their veto-proof supermajorities by buying votes for their members than they are about keeping Connecticut's economy strong.

That's why they came up with a two-year budget proposal earlier this year bursting with new spending programs. It would have hiked state spending by \$1.6 billion in the first year and \$500 million in the second year, for an overall increase of 16 percent over two years - and a massive tax increase would have been needed to pay for it. The House Republican budget proposal and widespread public outrage forced them to abandon that ill-advised plan.

Most recently, they presented us with a bloated two year, \$3.1 billion bond package stuffed with pet projects to boost their members' 2008 election prospects, which Governor Rell prudently vetoed.

If their original budget had been adopted, it would have meant Connecticut taxpayers would have had to tighten their belts once again and would have spent less on new homes, cars, home furnishings, restaurant meals and entertainment.

With consumers spending less, business profits would have dropped, plans to expand and hire new employees would have been shelved, and the job market would have shrunk or dried up entirely, setting the stage for another recession.

Now, they are trying to intimidate Governor Rell into accepting their \$3.1 billion bond package, which would mortgage the future of our children and grandchildren and threaten our state's currently favorable bond rating.

As fiscal conservatives, we could not vote for the Democrats' extravagant bond package. Instead, we supported a taxpayer-friendly alternative developed by House Republicans, which would have reduced the overall cost of the Democrat proposal by more than \$275 million.

We have been warned by the firms that rate our state's bonds that our currently favorable credit rating would likely be downgraded if we borrow more than \$1.25 billion through the sale of state bonds in each of the next two years.

If the state's credit rating is lowered, it would mean we would have to pay higher interest rates on the bonds we sell, which would further inflate the state debt and mean higher costs to taxpayers to pay off the bonds.

If every item authorized in the Democrats' bonding package were to receive final approval and be allocated by the State Bond Commission, it would mean about 18 cents of every tax dollar would have to be dedicated to servicing the state debt. As it is, we currently pay about 12 cents of every tax dollar on debt service.

After rejecting the Democrats' bond package, Governor Rell called the legislature back into session September 20th to act on bonding for school construction.

In an attempt to intimidate the governor into accepting their package or nothing, the majority Democrats refused to act on these projects, many of which are already underway in towns and cities across the state.

If they do not receive the state's promised share of funding, the affected municipalities will have to borrow more to keep the projects going or suspend work on them until the state funding finally comes through.

The majority Democrats at the state legislature are holding the school construction projects hostage in the hope that Governor Rell will back down and sign off on the ransom they are demanding – a \$3.1 billion bond package that will help ensure their re-election at the expense of generations yet unborn.

Our state already has the dubious distinction of having the third-highest bonded debt per person of the 50 states in the U.S.

If the legislature's majority Democrats win this battle, we could have the highest per capita bonded indebtedness in the country in a few short years – and more employers and more people will be leaving our state for good.