

House Republican Press Release

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Reps Hamzy, Burns: Alternative GOP Budget Cuts Gas, Business Taxes: Offers Early State Worker Retirement



Action Needed now to Avoid Prolonged Recession, Business Closings, Job Losses

The alternative Republican budget offered today would cut state gas taxes, eliminate a business tax and balance by offering thousands of state employees an early retirement plan that will reduce spending by \$163 million next year, according to the non-partisan Office of Fiscal Analysis.

With just 10 days remaining in the legislative session House and Senate Republicans put forth a balanced tax and spending plan that will not raise taxes, streamlines government and will avoid potentially huge budget deficits in the coming years.

“We have been working on an alternative budget for some time. But based on the recent alarming revenue deficits, we felt we had to provide both fiscal restraint and relief for businesses and at the gas pump,” House Republican Leader Lawrence F. Cafero, Jr., of Norwalk said. “Now is not the time to sit back and ‘do nothing’ when we are all aware of the potential deficits that lie ahead. We realize that this is an election year, but we must make some clear, tough decisions now that will benefit all of Connecticut and not wait until after the campaign is over.”

“Our alternative budget is a positive response to the economic downturn in Connecticut that will only get worse if we do not act,” said state Representative William A. Hamzy, R-78th District, a Deputy Republican Leader. “It will allow the people of Connecticut to keep more of their hard-earned dollars. That is no small thing in an economy that has seen the prices of food, home heating oil and medicine go up significantly. In addition to those price increases, the cost of gasoline is likely to exceed \$4 per gallon over the next few months. Individuals and families in Bristol and Plymouth, and elsewhere in the state, are being hard-pressed to keep within their budgets. Controlling state spending and providing tax relief to middle class families and employers are absolutely essential for us to keep jobs and people in our state. Our alternative budget offers hope and opportunity at a time when it is needed most.”

“The people we represent have been tightening their belts and making do with less for months as economic conditions in Connecticut continue to deteriorate,” said state Representative Ron Burns, R-77th District. “With state revenues dropping and surpluses shrinking, we will be looking at deficits in 2010 and 2011 and tax increases our constituents cannot afford if we do not get state spending under control and provide long overdue tax relief. If the people we represent can live within their means, state government should do the same. Our alternative budget proposal has been vetted and verified by the legislature’s nonpartisan Office of Fiscal Analysis. It is a workable budget that does not cut essential programs and will keep the state from going into the red. We should proceed to adopt it before the session ends next week.”

Democratic leaders have said they are content to not make major changes in the 2008-09 budget because of recent drops in revenue projections. The Republican alternative would:

- Cut gas prices by 10 cents through a summer state tax moratorium and roll back the scheduled gross receipts tax increase of .5 percent on July 1. The roll backs will save consumers \$50 million.
- Eliminate the \$250 Business Entity Tax over two years that all businesses pay just for opening their doors. This will save \$35 million (\$17.5 million in the first year).
- Offer up to 11,600 eligible state workers an early retirement incentive program, or ERIP, to save a projected \$163 million in the next fiscal year.
- Allow hundreds of seniors to receive home care for a savings of \$17 million. (Money Follows the Person).

The ERIP offered in 2003, in the midst of the last state fiscal crisis, saw more than 4,000 workers retire and cut the state payroll by more than \$155 million. Republicans stressed that no state workers would lose their jobs because of the ERIP.

Cafero and McKinney said the incentive plan will be a matter of personal choice and that the enrollment period could begin immediately.