

House Republican Press Release

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Rep. Hamzy: 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 William A. Hamzy and other Republican legislators today called for quick 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.

“It comes as no surprise to me that the state is now facing one of the worst deficits it has seen in many years,” said Representative Hamzy, R-78th District. “We did our homework during the recent 2008 legislative session and based on the information we put together at the time, concluded that unless we adjusted the second year of the 2007-2008 budget, the state was probably headed for a serious budget deficit before the year ended. Unfortunately for the people of Bristol, Plymouth, and the rest of the state, the majority Democrats chose to make no changes in the budget and went home.”

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 Hamzy said.

The growing deficit was confirmed by independent budget analysts during a fiscal forum convened Thursday 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 almost a decade, Representative Hamzy 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.

“With Democrat legislative leaders continuing to reject our call for quick, decisive action to eliminate the deficit, it is clear to me that they intend to continue doing nothing until after the November elections - when they will push through major tax increases rather than make prudent reductions in state spending and implement an early retirement incentive program for state employees that would save us more than \$160 million in payroll costs,” Representative Hamzy said. “With the state already in an economic

downturn and unemployment on the rise, imposing another round of tax hikes on our overburdened taxpayers and on small businesses would result in a full-blown recession that could take years to end.”

“If we move quickly to schedule a special legislative session to pass the measures we proposed in April, we can begin lowering the projected deficit before it gets out of hand and becomes a major fiscal crisis,” Representative Hamzy said. “Connecticut taxpayers need answers now. They want us to act responsibly and be accountable for the actions we take to lower the deficit.”

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, said House Republican Leader Lawrence F. Cafero Jr., R-142nd District. He noted the budget numbers do not reflect any portion of the recent Wall Street meltdown that began September 15th and is expected to ripple through Connecticut’s economy as well

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.