

House Republican Press Release

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Rep. Miller: Middle Class Hit Hardest By Majority Democrats' 'Do Nothing' Budget



Dems' Refusal to Consider Republican Proposals Means Higher Gasoline Prices; Budget Deficits; Hard Times

With gasoline prices continuing to spike, the state legislature's majority Democrats failed to take decisive action during the recent Special Session that could have led to meaningful savings at the pump that would have made a difference to struggling middle class families in Connecticut, state Representative Lawrence G. Miller said today.

Although Democratic legislators, who control the state legislature, voted to postpone a half a percent increase in the gross receipts tax on gasoline from 7 to 7.5 percent that was scheduled to take effect July 1st and approved legislation allowing gasoline dealers to offer discounts to customers who pay cash rather than using their credit cards, they rejected Republican proposals that would have provided real relief to motorists who are now paying \$4.38 or more for a gallon of unleaded gas.

"Connecticut motorists already are paying more for gasoline than any other state in the country – thanks in no small part to the taxes the state extorts from us every time we fill our tanks," said Representative Miller, R-122nd District. "The gross receipts tax, because it is applied to the wholesale price of gasoline and passed on to the consumer at the pump, is a hidden tax that increases every time wholesale gasoline prices go up. That's why simply postponing the half percent increase in the tax that was scheduled to take effect July 1st will mean little or nothing to most motorists."

"Under our proposal, which the majority Democrats would not allow to come to a vote during the special session, the half percent increase would have been repealed rather than postponed for a year. We also wanted to cap the tax at the current per gallon wholesale price of gasoline. The effect of the cap would have been to prevent the gross receipts tax from automatically taking more of our hard-earned dollars as gas prices continue to climb," Representative Miller said. "We also wanted to reduce the state's excise tax on gasoline by ten cents a gallon from July 1st through Labor Day to give families planning summer vacations additional savings at the pump."

The Republican plan also allowed gasoline dealers to give discounts to customers who pay cash to fill their tanks rather than using credit cards, Representative Miller noted.

"Connecticut residents also pay the highest electrical rates in the country, and one-third of ratepayers are having serious problems paying their electricity bills. The state tax on

diesel fuel also is scheduled to go up by 8 cents per gallon, which will be reflected in higher prices for products delivered by trucks,” Representative Miller said.

“Despite the fact that home values are dropping in Connecticut’s depressed housing market, the majority Democrats voted in the Special Session to retain the ‘temporary’ increase in the municipal share of the conveyance tax for another two years and rejected our proposal to lower a portion of the conveyance tax collected by the state,” Representative Miller said. “Our proposal would have given people who sell their homes a bigger share of the sales price and provided some stimulus to housing sales at time when it is needed most.”

“Finally, even though we are facing a projected deficit of about \$150 million in the budget that will take effect July 1st, it is simply amazing to me that Democratic legislative leaders would dismiss out of hand our Early Retirement Incentive Program (ERIP) for state employees, which would have achieved significant savings for at least three years – as the state legislature’s non-partisan Office of Fiscal Analysis (OFA) and past history has shown,” Representative Miller said.

Representative Miller noted that more than 4,000 state workers retired after an early retirement incentive program was offered in 2003 in the midst of the last state fiscal crisis, reducing the state payroll by more than \$155 million.

“Had the majority Democrats allowed a vote on our proposals and passed them based on their merits, we could have given cash-strapped middle class families badly-needed tax relief, had a balanced budget for the 2008-09 fiscal year and beyond, helped revive our state’s economy and preserved jobs,” Representative Miller said.

“Given Democrat legislators’ refusal to reduce taxes and spending – even during economic hard times when families tighten their belts and make do with less – it is highly likely that their strategy is to continue ignoring pleas from middle class families for tax relief, refuse to implement our ERIP proposal, and raise taxes after the November 4th elections - assuming they retain their legislative majorities,” Representative Miller said.

“If we have learned anything from their performances during the 2008 regular session and the June 11th Special Session, it is that they are completely out of touch with the plight of middle class families in Connecticut and neither understand nor care about the financial crisis squeezing them - and threatening the economic future of our state,” Representative Miller said.

“For a glimpse into what the future holds if we continue on the path they have laid out, we need look no further than the recession that lasted from the late 1980’s into the early 1990’s, and at the economic downturn that took place at the beginning of this decade. Both lasted longer for us than it did in the low tax states in the south and southwest – and those hard times were not aggravated by record-high gasoline prices,” Representative Miller said.