

House Republican Press Release

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Reps Williams, D'Amelio: Alternative GOP Budget Cuts Gas, Business Taxes; Offers Early State Worker Retirement



Action Needed now to Help Middle Class; 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.”

“Make no mistake about it. Connecticut has entered an economic slowdown that calls for strong leadership and decisive action to avoid a prolonged recession, business closings and painful job losses,” said state Representative Sean Williams, R-68th District. “The alternative budget we unveiled today will lower taxes for individuals, families and employers and help put us back on the road to economic recovery. Our proposals to reduce gas taxes will provide immediate relief to our overburdened taxpayers. Eliminating the business entity tax will be especially beneficial to small businesses – the ones that generate most of the jobs in our state. It is a fiscally responsible budget and it comes at a time when Connecticut needs it most.”

“The alternative budget we offered today responds to the concerns we are hearing every day from our constituents. They are being squeezed by gasoline prices that are rapidly approaching \$4 a gallon as well as higher prices for home heating oil and food,” said state Representative Anthony J. D’Amelio, R- 71st District. “With an economic downturn upon us, the higher prices we are paying for basic necessities could not have come at a worse time. Our proposed cuts in state gasoline taxes will give middle class families and individuals badly needed relief that will keep more money in their pockets and help them get through the difficult times that lie ahead.”

.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.