

NO Tax Increase Budget

April 2009

House and Senate Republicans

2009 Budget Drama

Feb. 4: Governor Rell Unveils Budget

- NO Tax Increases
- Outlines Consolidations
- Protects Core Services

April 2: Democrats Offer Own Budget

- Largest single tax increase in state history - \$3.3 Billion
- Makes cuts in state aid to municipalities
- No consolidations or shrinking of government bloat

Citizens are demanding:
"Cut. Cut. Cut. Government must live within its means."

Two-thirds of Connecticut residents believe in cutting government
and NO Tax Increases!
Quinnipiac Poll (Feb. 2009)

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GOVERNOR'S BUDGET PROPOSAL

A Charge to Streamline Government

Taxes

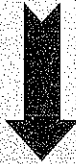
NO New Taxes

Cuts

(\$800 million) in FY10
(\$980 million) in FY11

Consolidations & Eliminations

DECD absorbs CII, CDA, CHFA
Eliminates all permanent commissions



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DEMOCRATS' BUDGET PROPOSAL

Increased Taxes:

- Across the board income tax hike
- Eliminates the Property Tax Credit
- Sales Tax on Clothing
- Raise corporate taxes by 30%
- Hike the Cigarette Tax
- Eliminates the Sales Tax Free Week
- 30% Additional Surcharge on Estate and Gift Tax
- Elimination of 53 more sales tax exemptions

NO Real Cuts

NO Consolidations and Eliminations



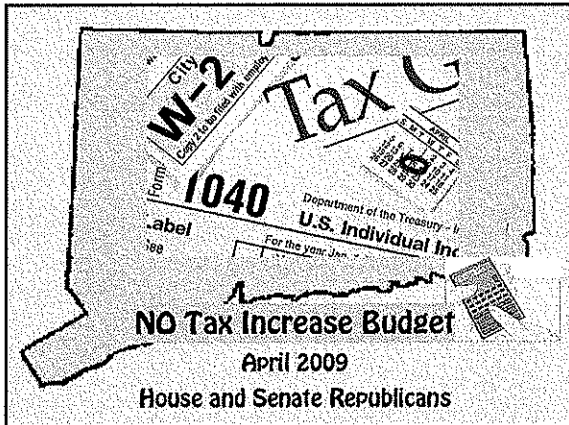
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**DEMOCRATS:
Ignoring Connecticut's
Concerns**

- Raises Taxes - Income tax, estate tax, sales tax
- Bad for Families - Taxes on textbooks, car seats, helmets
- Bad for the Environment - Kills tax Credit on 'green' energy and autos
- Hurts Homeowners - Eliminates the Property Tax Credit
- Kills Municipalities - Dramatically reduces state aid to towns
- Hurts Businesses - 30% tax hike on job-creating businesses

\$3.3 Billion in new taxes is not
what Connecticut residents are
asking for!

...we believe there's a
better way.



NO TAX INCREASE BUDGET

OUR BUDGET PRIORITIES:

- **Must NOT Raise Taxes**
- Find innovative and responsible ways to consolidate and streamline government bloom
- Make tough decisions to bring state spending back under control
 - Eliminate unnecessary and duplicative programs
 - Early Retirement Incentive Program
 - Fair union concessions
- Help Connecticut's families
 - Restore important tax credits
 - Maintain state aid to towns and cities at current levels
 - Maintain state education funding to towns and cities at current levels
- To incorporate ideas put forth by both the Democrats and the Governor

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NO TAX INCREASE BUDGET:

- ✓ Builds on the budget foundation established by our Governor
- ✓ Includes most of the cuts proposed by the Democrats...**EXCEPT** for cuts in state aid to towns
- ✓ Acknowledges the volatility of the economic situation and proposes additional measures to address a worsening economy while **NOT** raising taxes
- ✓ It is balanced

The numbers have been fully vetted by the non-partisan Office of Fiscal Analysis.

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Deficit Guessing Game

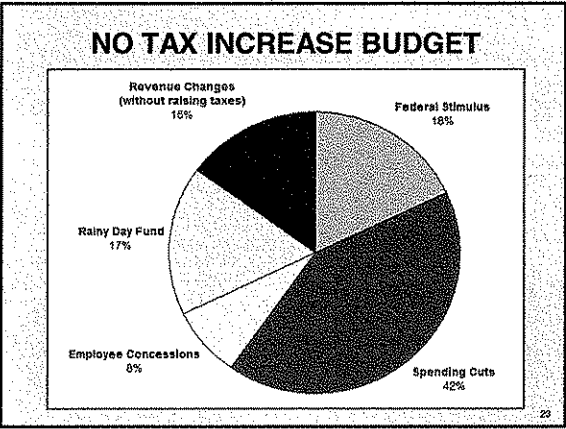
• No consensus on the deficit figure for the next biennium due to economic volatility.

• Office of Policy & Management: \$7.4 Billion

• Office of Fiscal Analysis: \$8.7 Billion

• It closes an \$8.1 Billion gap while providing additional specific solutions to close an even larger deficit, if necessary.

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NO TAX INCREASE BUDGET

Shrinking and Streamlining Government

In addition to consolidations suggested by the Governor, we propose folding 23 agencies into 6. These include:

- CI, CDA and CHFA are rolled into DECD
- DPH, DCF, DDS, DMHAS, DSS are rolled into Dept. of Human Services
- Rolling all permanent and minority-based commissions into one
- Merge Public Works into DOT and DAS
- Merge DMV into DOT
- Consolidate DOL into the DECD
- Merge the Dept. Emergency Management & Homeland Security into DPS
- Transfer Banking and Insurance Departments to the General Fund

•Hard Hiring Freeze

NO TAX INCREASE BUDGET

Greater Utilization of Community Providers

- CT is one of only four states with a dual system of providing social services (state employees and community providers)
- Most choose one path or the other to avoid costly duplication
- These include:
 - The "NO Tax Increase" Budget shifts at least 50% of state social services to community providers.
 - The "NO Tax Increase" Budget would outsource several DMV services, such as licensing and registration.
 - The "NO Tax Increase" budget would outsource the maintenance of our state parks.

NO TAX INCREASE BUDGET:

Fund Transfers

- Total of \$140 million, including:
 - Eliminate Citizens' Election Program & Fund
 - Reduce \$60 million
 - Reduce Higher Education Reserve Fund
 - Reduce by \$20 million (currently \$100 million down to \$80)

**Our budget doesn't touch the
Soldiers', Sailors' and Marines' Fund**

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NO TAX INCREASE BUDGET

Employee Contributions Toward Solving Our Problem

- 18 Month wage freeze
- Require 6 furlough days per employee, per year
- Raise state employees' medical copays

	Current	Proposed
Generic Rx Drugs:	\$3	\$10
Name Brand Rx Drugs:	\$6	\$20
Doctor Visits:	\$10	\$30

- Create new tier for future state employees

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NO TAX INCREASE BUDGET

Protecting Families and Jobs

- **RESTORE:**
 - the \$500 property tax credit that the Democrats cut.
 - the tax exemption on textbooks, car seats, and bike helmets that the Democrats cut.
 - the tax exemption on "green" energy and "green" vehicles that the Democrats cut.
 - the tax exemption on agricultural products that the Democrats cut.
 - the tax exemption for non-profits, charitable hospitals, nursing homes and residential care homes that the Democrats cut.
- **Eliminate:**
 - the 30% surcharge on job-creating businesses that the Democrats proposed.

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NO TAX INCREASE BUDGET

Thinking Locally

State Education Funding

- Every town will receive exactly the same ECS funds that they are currently receiving

Resident State Troopers

- Restores the funding for resident state troopers without shifting any further costs onto the municipalities

PILOT

- Maintains PILOT at current levels

Town Aid Road

- Increasing funding by \$16 million over current levels
 - \$6 million more than Democrats

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NO TAX INCREASE BUDGET

Long Term Cost-Cutting and Strategic Planning

- Reduce the bonding multiplier to lower our bonded debt in the future
- Mandate relief for municipalities, such as:
 - In-School Suspension
 - Mandatory online posting of meetings/agendas
- Restore funding for the N.H. Rail Maintenance Yard to provide for upkeep of new cars and improved rail service (the Democrats' budget had removed it)
- Many of the new propositions are realized in the out-year to provide for proper planning and maximized savings

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NO Tax Increase Budget

What It Doesn't Do

- **NO Tax Increases**
 - NO Cuts in Municipal Aid
 - NO College/Higher Ed Closures
 - NO Prison Closures
 - NO Indiscriminate Layoffs
 - NO Drastic Human Services Reductions

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NO TAX INCREASE BUDGET:

What If Things Get Worse?

- In the event of a larger deficit in FY11, there are further measures we can take without raising taxes. These options include:

- Eliminate Waste in Government
 - » Going paperless
- Stopping Fraud Abuse
 - » Operation Fuel
 - » Community Action Agencies
- Further Outsourcing
 - » No more state fleet purchases – go to fleet rentals
 - » Sale of Excess State Property
 - » Sale of Regional Airports
 - » Sale of CHFA mortgage assets

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