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SENATOR FLEMING:

Yes, thank you Madam President. At this time I would like to move to Calendar Page 25, Calendar 511, and without objection I would ask the Clerk to call that item.

THE CHAIR:

Without objection, would the Clerk please call Calendar 511.

THE CLERK:

Page 25, Calendar 511, House Bill No. 7030, AN ACT CONCERNING HUMAN SERVICES BUDGET IMPLEMENTATION AND MODIFYING CERTAIN TAXES AFFECTING BUSINESSES AND INDIVIDUALS. As amended by House Amendment "A", "B" and "C".

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Thank you Madam President. I move acceptance of Emergency Certification bill 7030, in concurrence with the House, including House Amendments "A", "B" and "C".

THE CHAIR:

Question is on passage. Will you remark?

SENATOR NICKERSON:

Yes, if I may Madam President.

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Please proceed.

SENATOR NICKERSON:

Madam President, before we move to the consideration of the content of this item, I'd like to put the Chamber in mind of how we got here and with who's help we got here.

Let's start with the very personal, with who's help we got here. I'd like to begin by thanking four, many people, but four in particular whose assistance was invaluable at bringing us to where we are.

First, my co-chairman, Representative Carl Schiessl. A man of unfailing reasonableness, of calm, of intelligence, with whom I never exchanged a cross word, and with whom it was a delight to work in crafting the policies, some of which you have before you tonight, others of which you've seen in finance bills before you.

Certainly the predictions that jointly chaired committees of different parties would end up in a tug of war, was most certainly not true in our committee, and I thank him for his cooperation and his courtesies. Secondly.

(Senator Eads in the Chair)

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THE CHAIR:

Out in the hall, there is a Senator trying to explain a bill, and it's a very important one, so I would appreciate it if you take your business or social conversations out in the hall, or into your individual caucus rooms. Many thanks, I appreciate that. Sorry, Senator, proceed.

SENATOR NICKERSON:

Thank you Madam President. I thank my co-chairman Representative Carl Schiessl. I want to thank three other staff leaders. And they truly are leaders. First our chief of staff of the Finance Committee, Mary Finnegan. Her long service in the Finance Committee provides an institutional memory that guides us.

Her unfailing good humor sustains us. Her ability to organize the staff, provides the wheels which turn underneath and out of sight, but are crucial. And most of all, when we run out of ideas either at a hearing or a meeting, we turn to Mary and she has the right one. And I commend her and her staff.

Secondly, Dan Schnobricht, the head of the Revenue Section of the Office of Fiscal Analysis, up all kinds of day and night. Sometimes I drive by the legislative office building, and I see a light on the fifth floor, and I know it's Dan's and I appreciate it. I want you

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to know that every number that came out of the Finance Committee came through his hands. Anne Gnozzo, our legislative Commissioner's office attorney was new to the Committee, but provided a fresh outlook, a willing cooperativeness, and it was a pleasure to work with all three of them.

With that, let me turn to a single fact, which I think perhaps I think is the most relevant as we turn to this bill -- the vote. The vote in the House was 126 in favor, and 21 against, in final passage.

An extraordinary vote on a bill, long, complicated, full of many difficult policy decisions. But when such a bill is passed by a margin of six to one, six to one. There's got to be something right about it.

The first thing that's right about is, it reflects in the House vote, the same cooperative, bipartisan spirit that was animated, the activities of the Finance Committee and brought us here.

Again, contrary to the predictions that the china would be thrown around the kitchen, and we'd end up with broken pieces, we have a six to one vote in favor of the bill that is before us. I think that's a wonderful start for our two-year voyage on a budget to achieve that extraordinary vote. Quite unprecedented

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in my eight years. Perhaps those who've been here longer than I would remember a better and more effective endorsement of a budget, but I doubt it.

With that, if I may Madam President, I'd like to move through some of the salient provisions of the bill as it pertains to the sphere of competence, or at least the sphere of allocated competence to the Finance Committee, and then I'll yield to other members who will deal with other sections.

THE CHAIR:

You proceed.

SENATOR NICKERSON:

Thank you Madam President. First and foremost, I'll move through the tax reductions. They begin, of course, with the personal income tax. And as we're all aware, there are three features to this. The personal income tax rate is reduced from 4-1/2% to 3%, effective July 1, 1996, for the first dollar of taxable income for -- joint filers \$9,000, heads-of-households \$7,000, single fathers \$4,500.

This will begin its course of channeling dollars into the hands of Connecticut taxpayers as they receive new withholding tables on July 1, 1996. Secondly, there is a hundred dollar across the board tax credit available for all filers. Again, effective for the

1996 tax year. With respect to property tax payments that they may incur with regard to their principle residence and ownership of an automobile.

I would suggest to you that most taxpayers who are in the income category where they do pay a tax, that is to say for example \$24,000 of a joint family, will own either a car or some, or a personal residence, or both, and thus this \$100 tax credit will be widely spread in the hands of Connecticut taxpayers.

And thirdly, we have the reinstatement of the automobile property tax credit, which was enacted in Public Act 94-4. Members will recall that this provides over a five-year period, a phased-in ability to deduct against your income tax, personal property tax paid on a privately owned vehicle.

The phase beginning in 1997 at 20%, moving up to 100% in 2001. To ensure that this does not provide a windfall for those who have the fortunate position to own an expensive automobile, there is a limit of 100% of the tax for automobiles assessed at \$15,000, 50% of the tax for the assessment value between 15 and \$25,000, and no additional credit for the value of an automobile above \$25,000.

Those three together constitute important initiatives in putting money back in the hands of

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Connecticut taxpayers. The first initiative that I mentioned involves the first rate change since the tax was enacted four years ago.

So this is the first of an important series of tax initiatives we have before us. Secondly is the corporate tax reduction. We are, previous to tonight, on a path to reducing the corporate tax rate. No one in the Circle could disagree with me, I hope, when we point to the clear fact that we have the highest corporate tax rate in the country.

Certainly this is a grave disincentive to providing the pro-growth, pro-investment economy that we need. Not giveaways, not throwing open the vault, but simply some modest increases to bring us, not even in line with our neighboring forty-nine states, but somewhere within the hailing distance of where the medium tax rate is.

And so it is, that we have a series of accelerations of that corporate tax rate. Specifically, the 1995 year remains the same at 11.25, the 1996 rate accelerates the downward path by moving from 11% to 10.75. The 1997 rate remains at 10.5, the 1998 rate moves from 10 to 9.5. The 1999 rate from 10 to 8.5, and the 2000 rate from 10 to 7.5.

A path, albeit a path which we're not at, but

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certainly the analogy was used of the super tanker. The super tanker that is the Connecticut economy, that is the Connecticut budget. It charts a new course. We stand in the wheel house and move the ship in a new direction.

A direction in which we won't arrive at in this portion of it, until the year 2000. But certainly the passengers on board know we're headed in a new, a brighter, and a better direction.

So those are the, that is the corporate tax cut, and one which is much needed. Turning to the sales tax, there are a series of deferrals of previously enacted sales tax reductions. No one of them is of magnitude anything comparable to the significance of the corporate tax cut, and the income tax cut, so I won't refer to them in detail, but I'll be happy to answer members' questions.

All of those, those are the three major tax initiatives, and I would hope that it would certainly be something that would commend itself to this Circle as the reorienting of our super tanker course.

Moving on, at the recommendation of the Commissioner of Revenue Services, we embark on a tax amnesty. This has the twin merit of being both fair to taxpayers, because it allows them an opportunity to pay

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their back taxes without penalties. But it's also fair to all of the other taxpayers of the State of Connecticut who have paid their taxes, because it's estimated this will inject about \$31 million of additional revenue into our tax coffers.

Our experiences, our experience in this field comes from the very successful 1990 tax amnesty. Other states have conducted the equivalent programs, and I appreciate the foresightedness of the Commissioner of Revenue Services for suggesting it to us.

The economic recovery note stretch out is one that we're all familiar with. The original note schedule was back-waited, if you will, so that the installment previously due this year was the most expensive, and today we level that out by stretching out that final payment over the next three years.

Those I would suggest in brief compass are the major changes. And before I yield to my colleagues, I will simply comment. Two features, the main feature is the helm of the ship that's been turned in a new direction.

A new direction which is only possible because of the fiscal discipline and the spending achievements that were outlined in the two hours that precede this presentation. Because I'd be the first to acknowledge,

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as Chairman of the Finance Committee, we can only act after the Appropriations Committee, and ultimately this body leads.

The two committees are very important. But I make no apologies for the fact to my co-members of the Finance Committee, our accomplishments are possible only to the extent that this Chamber accepts the recommendations of the Appropriations Committee, set spending priorities, they have done that.

Plus, it's most appropriate that we move on this bill following passage of the previous bill. With that, there are other sections of the bill now before us which do not pertain specifically to the sphere of competence of the Finance Committee, and thus I'd like to yield to my colleague, Senator Genuario, who may have comments, and he may wish to direct further comments to other members. If I may now yield at this time, Madam President. Thank you.

THE CHAIR:

Senator Genuario, will you accept the yield?

SENATOR GENUARIO:

Yes I do, Madam President.

THE CHAIR:

Thank you, proceed.

SENATOR GENUARIO:

Thank you Madam President. Madam President, I will discuss briefly, Sections 1 through 30 of the bill that is before us. Though much of those Sections have been discussed already in the discussion of the budget that we just adopted, because Sections 1 through 30 contain some of the implementation language that in fact puts into place the necessary machinery to accomplish the spending goals that we set out in the budget.

Specifically, Section 1, deals with the \$25 fee for registration for CONPACE. I might add that we have not adopted, I want to be clear about this, we have not adopted any of the benefit reductions that had previously been recommended with regard to CONPACE, but we have kept an annual registration fee, which is modest in terms of the, or in proportion to the hundreds and thousands of dollars that a recipient can, can obtain by way of benefits here.

A number of the other benefits deal with our health care programs, and particularly our nursing home programs. There is a task force to study long term care. There is a Department of Social Services study of nursing home rates. There is a section which allows for allocation of bed facilities between, bed between nursing home, between nursing homes. There is a

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section which adjust the criteria for certificates of needs for nursing homes. There are sections which deal with the rate of reimbursement for nursing homes.

And I might digress for a moment here. In fact what we have adopted for fiscal year 1996 is a 7.5% inflationary rate off a base year of 1992, meaning that we will reimburse nursing homes, considering a 7.5% inflation rate from 1992.

And in fiscal year 1997, we have adopted a 6.5% inflationary rate. Something that I think is in keeping with, in keeping with a measure of reality. Additionally, we have revised our rate setting provisions for chronic disease hospitals.

We previously had been using a 1994 base year rate, or that has been what is recommended, and we have upped that to a 1995 base year rate in consideration of, in consideration of the fact that the one hospital in the state this is geared towards, has had significant construction and capital costs during the interim year.

We have allowed for a study to explore methods of reducing destruction of medication in nursing homes. We have established access agencies to respect, to replace our existing coordination assessment and monitoring agencies for elderly home care. And I

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believe that that adequately summarizes the integral positions, or provisions of this budget, or of this implementation bill. I would now like to yield to Senator Aniskovich who is going to deal with the remaining sections of the bill.

THE CHAIR:

Will you accept the yield, Senator Aniskovich?

SENATOR ANISKOVICH:

Thank you Madam President. Yes I do. I'd like to thank Senator Genuario, and Senator Nickerson for their hard work on preparing the various Amendments that they, the various provisions of this bill that they have summarized. And Senator Nickerson in particular for the hard work that he has done over the last, especially the last two weeks, forging a compromise that will permit a very substantial and significant change in tax policy for the state, and it will put us on the road to, we hope, an economic rejuvenation in Connecticut.

For the purposes of my discussion, I will be focusing my remarks on Sections 53 through 64 of the bill which deal with the uncompensated care program. And in addition to that, Section 65 which deals with the sale of the lottery provisions.

With respect to the uncompensated care pool, or

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the uncompensated care program, which is a more accurate description of what we're turning back on here, let me say by way of summary, that what the bill contains is a continuation of the uncompensated care program.

Let me be very clear that there is nothing in this bill that is requiring any member of this Circle to support a new tax. There is no new tax in this proposal before you. There is no new program before you, with respect to uncompensated care. And there is no new policy being set for the State of Connecticut with respect to the implementation and the administration of the uncompensated care program.

As Senator Nickerson has pointed out on other occasions, this is merely a turning on of both the expenditure and the revenue sides of a program that was put in jeopardy by a series of federal court orders and subsequent to that, an injunction which enjoin collection of the taxes, and which jeopardized our implementation of the uncompensated care program, until its resolution by the United States Supreme Court, very recently.

We do, in effect, continue to tax, both the 11% gross earnings tax, and the 6% sales tax, which revenues are deposited into the General Fund to

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continue making the DISH, and the emergency assistance payments pursuant to which hospitals are reimbursed for a percentage of their uncompensated and under-compensated care in the State of Connecticut.

The one change that this bill does include is a very important change which addresses an issue that was brought to our attention by hospitals who consider themselves to be adversely impacted by this and a number of other variables that are affecting the financial viability of hospitals across our state.

And I might point out that it is not only the effects of the uncompensated care pool, but other variables that are affecting that viability. This bill will provide for up to \$25 million in money to be carved out of the General Fund for the purposes of assisting hospitals who are in financial distress, and who can demonstrate that their viability is jeopardized, and that will permit us to use those revenues to assist those hospitals.

There are other provisions in this bill that will prevent the double billing by hospitals of patients where a hospital has already collected a six and an 11% tax, monies for that tax. There are provisions in this bill that will provide incentives for hospitals, very strong incentives, not to double bill. With respect

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also to reporting requirements and financial requirements, this bill contains provisions that will prevent such activity.

In particular, with respect to the double billing argument that had received a lot of attention in this Chamber and down stairs, any hospital who wants to claim an increase in rate for the collection of a tax that is owed for a previous period of time will have the burden of proof of demonstrating that they did not previously bill that patient for that amount, and the failure to show evidentially and to sustain that burden of proof, will result in the hospital being subject to the Connecticut Unfair Trade Practices Act, which as you know, provides for a treble damage provision for violation of its terms.

There are a series of, also accounting changes that will permit the accrual of certain monies received after a fiscal year to that fiscal year. And some changes that will allow the Comptroller to issue a report forty-five days later than under current law, to adjust for those accruals.

Madam President, I think that that adequately summarizes the provisions of the bill. There are issues that have been raised, and I'm sure we'll be addressing questions that I can answer specifically

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with respect to concerns that members have on the floor during, after we have moved this entire bill.

Finally, with respect to Section 65, which is the provision dealing, or establishing the mechanism by which the state might enter into an agreement to realize certain value through a sale of a partial or full interest in the lottery.

The Section is relatively simple. It is a two-section provision which authorizes the Secretary of OPM to prepare with the assistance of the Division of Special Revenue, an implementation plan, for the privatization of the Connecticut State Lottery.

The provisions will include, but are not limited to, recommendations with respect to the mechanism by which we could accomplish such a partial, or full sale of the state interest in the lottery, and would include recommendations with respect to the protection of the revenue stream, and the realization of capital value that might accrue during the biennium which will allow us to implement various portions of the budget document that we just passed.

The second section gives the Secretary the power to enter into certain consulting agreements that will be necessary for the implementation plan recommendation. And it also requires that on October

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1st, the OPM Secretary submit a preliminary report to the legislature so that this Chamber and our brother chamber, or sister chamber down stairs, can review the plan at that point, and allow legislative input to the extent that any is required, leading up to a final implementation plan report, on or before January 15th of 1996, which will permit this legislature the time to review very carefully the provisions of the lottery sale recommended with respect to that implementation plan, and to take whatever action is necessary and/or appropriate with respect to the actual implementation of those programs.

Madam President, that completes my summary of those two sections of the bill. And I would at this time yield to Senator Nickerson for the purposes of beginning any questions or other comments that members might have.

THE CHAIR:

Will you accept the yield, Senator Nickerson?

SENATOR NICKERSON:

Yes I do, Madam President. I thank my colleagues, Senator Genuario, and Senator Aniskovich, for their eloquent summary of the portions of the bills which they just discussed. That concludes my presentation of this bill. I commend it to the body, and urge its

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adoption.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. If I can, through you to Senator Genuario. Senator Genuario it is my hearing, I suspect, that is at fault. In the bill that we are now on as amended by the House, did I hear you say that the nursing home study is included or excluded?

SENATOR GENUARIO:

Madam President, through you.

THE CHAIR:

Proceed.

SENATOR GENUARIO:

I believe that the nursing home study is included.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. My recollection, and I'm really reaching for whether this might have been in "B" or "C" of the House action. It would appear that House "A" struck the requirement of DSS to do the nursing home study. Was it restored in another House Amendment?

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THE CHAIR:

Senator Genuario.

SENATOR GENUARIO:

If you'll excuse me one second, let me confer for a moment.

THE CHAIR:

We will just stand at ease for a moment.

Senator Genuario.

SENATOR GENUARIO:

I stand corrected. House "A", you are correct Senator Sullivan. House "A" did strike the nursing home study, and it is not, it does not reappear as a result of a further amendment.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. Thank you Senator Genuario. Senator Genuario, or whomever it might be more appropriate to, is there an intent as we go forward, and I know there continue to be, how shall we say, poignant conversations, with respect to the fate of long term care. Is there an intention to continue to pursue this issue of looking at an examination of the way in which nursing homes are funded and rates are set in the State of Connecticut, notwithstanding the

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fact that the House apparently chose to strike out the study?

THE CHAIR:

Senator Genuario.

SENATOR GENUARIO:

Madam President, through you. I might comment that I had one of those poignant conversations only about four hours ago, and it's vivid in my memory. In the short term, and by the short term I mean the time we have left in this session, we will have continued discussions which should not be taken in any way, shape or form, as any type of commitment or guarantee.

But we will have continued discussions in an effort to perhaps offer some additional proposals in this regard. In the long term, it would be my intent, though apparently, and I fault myself for not picking up on House Amendment "A", though apparently not adopted in this legislation, to support a more formalized study of this process.

I think it would be worthwhile. I think it would be appropriate. As you know, and we should not minimize the significance of the issue. The nursing home industry accounts for about ten percent of our General Fund expenditures.

It is, with the exception of debt service, and

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grants to municipalities, perhaps the single largest item in our state budget. We need to know, and to understand, and to be comfortable, and to be responsible in determining how we reimburse the nursing home industry for its services.

Because if we are not rigorous in that review, let me assure you that no one else will do that job for us. On the other hand, the nursing home industry, providing an extremely vital service to this state, and a growing service, and a service with growing needs, needs to be comfortable, and needs to be assured of some consistency in the method by which it will be reimbursed.

Because, it as an industry, like any other industry, needs to make long term plans, and needs to have assurances when it makes capital investments. And, of course, our seniors who are, who utilize these services, and for whom these services are so important, need to be assured that that industry will continue to grow, and will continue to thrive in Connecticut.

So I would certainly support a, a more formal and public discussion of the manner in which we arrived at those rates.

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Senator Sullivan.

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SENATOR SULLIVAN:

One last question of my friend, Senator Genuario, and thank you for the response. I hope that we will have that opportunity. Irrespective of whether we're able collectively to do something to mitigate the impact of the budget itself, at the very least as Democrats, and now Republicans in their majority have, I think, as I thought before, gone too far in this particular area.

I think it is really time to stop, step back, and look what we're doing to long term care in Connecticut. The last question, however, is, based on the various changes which I don't even pretend to be able to decipher that would impact the calculation and receipt, the calculation of rates, and the receipt of reimbursement from varying sources, more particularly Medicaid, how much of a total reduction in each of the two fiscal years for long term care, more particularly, what we sort of collectively call nursing homes, is the results from these changes in this particular piece of legislation.

THE CHAIR:

Senator Genuario.

SENATOR GENUARIO:

Madam President, through you, in fact, in fiscal

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year 1996 there was a slight increase in funding. Our expenditure in fiscal year 1995 was \$805 million. In fiscal year 1996, this budget calls for an \$809.8 million expenditure.

So we have an increase, an increase of about \$4.8 million. In fiscal year 1997, it does dip to \$803.7 million. So that would be about \$1.3 million below the 1995 level. That would be as a result of going to the 6.5% inflationary rate as opposed to the 7.5% inflationary rate adopted for 1996.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. As compared to what long term care would receive if these changes were not made in this budget. If we were to operate at fiscal 1996 and 1997 under current law, how much more would nursing homes be entitled to in the State of Connecticut, absent these changes, through you Madam President.

THE CHAIR:

Senator Genuario.

SENATOR GENUARIO:

It is somewhat difficult to say. But I think the answer is \$838 million. Let me explain the answer to

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some extent. Their, the component that makes up the amount of money that we put into the budget is derived from two factions, one is the rate, and the other is the amount debt days that we estimate we are going to pay for.

If we were to take what OFA has, what OFA has estimate as the rate, using some of the nursing home industries and adjusting them as a result of their analysis, and applied the current rate, which would assume an 8% inflationary increase from 1992, which is what is called for under current law, there would be an \$838 million line item in this budget.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. Thank you Senator Genuario for the explanation. I do believe that that does point out quite accurately, and fairly, as one would expect Senator Genuario to do. The dilemma that we pose for the frail elderly in the State of Connecticut in approving these changes that are proposed in this bill.

I have one last question, through you Madam President, to Senator Nickerson.

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Senator Nickerson.

SENATOR SULLIVAN:

The bit of transcript that I had an opportunity to sort of begin quoting from before, wherein we were engaged a year or so ago in a debate about the rather unsavory idea of putting off our commitment to repay the deficit reduction notes.

And I read one line, Senator, in which you said -- I am utterly wedded to sticking with the economic recovery fund schedule that is on the books. The second sentence is -- there is no reason to depart from it.

I'm just curious what, what is the reason to depart from it in this legislation, and in this budget.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, thank you Madam President. I did allude to it, but I'll be glad to repeat it. As I indicated earlier, when the annual payments were structured prior to this year, the final payment due this year was heavily weighted.

That is, it is an amount greater than its preceding payments, and thus it is appropriate, as any appropriately financed business would do to unweight

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itself of the disproportionate burden that falls in any one year, and spread that over succeeding years. Thank you Madam President.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Madam President. A second question of Senator Nickerson. I wasn't sure I heard this in the earlier explanation, by unencumbering ourselves of this weight that we would otherwise face, were we to pay down the deficit reduction notes on schedule, as committed and planned. What additional debt service and cost will the state encumber by pushing out the repayment schedule?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, thank you Madam President. There will, to answer that I would allude to two features. In terms of the principal amount due under the notes, there will be no additional payment, because the principal now due, will be deferred over a succeeding period of years.

There will be some additional interest, I believe it will be in the range of six, \$7 million. I don't

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have that more exactly, but I can get that if you need it.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Senator Nickerson, I may have looked at the wrong information originally from the Office of Fiscal Analysis when the Governor's budget was presented. At that time, it looked to be about \$28 million. Has something change in the meantime to bring it down to six or seven?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

I believe I said six or seven annually, it may be slightly more than that. So if it were twenty-eight over a three year period, it would be roughly seven per year.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President, and thank you Senator Nickerson. Then the cost, at least of this first push back of the repayment, is \$28 million to the taxpayers of the State of Connecticut.

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THE CHAIR:

Senator Nickerson, do you want to reply? Any further comments? Senator Looney.

SENATOR LOONEY:

Yes, thank you Madam President. If I might, Madam President, through you, a couple of questions to Senator Nickerson.

THE CHAIR:

Proceed.

SENATOR LOONEY:

Thank you Madam President. Senator Nickerson, I'd like to ask a couple of questions on the amnesty program to which you referred in bringing out your summary, and about the assumptions on which that was based.

I believe you said that to some extent it was going to be modeled on the 1990 program, and the expectations that might be reasonable in light of that, is that correct?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, the brief answer to your question is yes, exactly so.

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Senator Looney.

SENATOR LOONEY:

Yes, thank you Madam President. The 1990 amnesty program was, of course, prior to our adoption of the state personal income tax, and I was wondering if Senator Nickerson had a breakdown about how much of the funds to be recovered through the, this proposed amnesty program, would be realized through payment of back personal income taxes.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, I can answer that, indeed so. The estimate is \$11 million, the estimate of the portion of the amnesty receipts that are expected, attributable to the personal income tax is \$11 million in fiscal 1996, which is, of course, the year in which this takes place.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you Madam President. And thank you Senator Nickerson. Just to ask in connection with that, Senator Nickerson, since people would be coming forward to pay back taxes under that, what are the

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assumptions regarding what they might be willing to undertake in federal tax liability, since there is presumably no federal amnesty program.

Why are we making the assumption that people would be coming forward to make these payments, when conceivably they might be exposed to federal tax liability by admitting these state income tax payments, to be due.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes indeed, perfectly good question. To answer it, one has to step back and allude to your earlier point that both the structural concept of the amnesty, and the expected receipts are modeled on the 1950 experience.

So, with your permission I'll go back to, I'm sorry did I say 1950? I meant of course 1990, okay. If I may, I'll describe the 1990 experience and then move forward to answer your question.

In 1990, as you correctly observed, the state did not have a personal income tax, and ran an amnesty program at that time, under which the receipts were \$51 million. A sum considerably in excess of that which is projected for this item. Second observation is that,

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as you say, there was no income tax at that time. We come to today and made an initial judgment, or rather we accepted the staff's initial judgment that the total receipts from an amnesty at this time would most probably be less than they were last time, for the obvious reason that prior to 1990, there had not been an amnesty in a number of years, thus the net could be cast, if you will, back in time a considerable extent.

Whereas, now we stand in 1995, the net cannot logically expect to extend prior to 1990. So we have a five-year period. The staff thus recommended that we reduce the estimate from \$51 million to thirty one.

Now we come to your question. How is it possible to ascertain with certainty that exactly \$11 million will be the portion of the tax that is obtained from the, a portion of amnesty receipts which are obtained from the income tax, as opposed to \$20 million being obtained elsewhere? It isn't possible.

It is only possible to accept the staff's estimate that roughly \$31 million will be received. Roughly one-third of that will be in the income tax item. It may be that the income tax will yield more. It may be that it will yield less, and it is certainly not possible to peg with certainty whether that \$11 million will be the exact number.

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It is quite appropriate, however, to estimate that as an aggregate for our total tax system, a number 40% less than was achieved five years ago, is an appropriate round number to be expectable this time.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Yes, thank you Madam President. Thank you Senator Nickerson for that explanation. I think that Senator Nickerson certainly gives an articulate defense of the item. However, I still believe that it does render suspect a portion of a program that might depend on people willing to come forward, and being looking over their shoulder at the federal government at the same time they are expecting an amnesty from the state government, but might put themselves into some jeopardy with another taxing authority.

So I think that that portion of it, I think, might be subject to further review, as to what realistic expectations might be. But, thank you Madam President. Thank you Senator Nickerson.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

A final note with the estimates. I certainly

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would agree with my good friend, Senator Looney, in that as we roll through this session, or indeed the beginning of next session, it may enter, it may be appropriate for us to exercise, not only the statutory ability, but indeed the statutory obligation of the Finance Committee, which has the sole province of producing revenue estimates, to meet again, and perhaps revise them.

Your comment is well taken. Be assured that in consultation with yourself and the staff, if there is an indication that the revenue estimates should be changed, we will change them. And I appreciate the thought.

THE CHAIR:

Will you remark further? Senator Harp.

SENATOR HARP:

Thank you Madam President. I just wanted to ask a few questions about the first part of this bill which has to do with the transfers in nursing homes. I, so through you to the proponent of the bill, can you explain to me the difference between the procedure that has been set up, in the Amendment, and the current procedure.

I notice that we've added the number of people that had to be contacted, but has the notification

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process changed in any way? It seems to me as if people are being notified after the decision to transfer, rather than being notified up front that there may be a possibility of transfer?

THE CHAIR:

Senator Genuario.

SENATOR GENUARIO:

I regret to say that I don't think I can answer that question. Don't claim to be an expert in this area, and other than the plain meaning of the language, I cannot tell you specifically the change, but if you will, I will try to find out the answer to that question, and before we finish the discussion on this bill, I will take the floor and give you the answer.

SENATOR HARP:

Thank you.

THE CHAIR:

Will you remark further? Senator Daily.

SENATOR DAILY:

Thank you Madam President. I have one other question about the amnesty program, Senator Nickerson. In the amnesty program as proposed, is there forgiveness only of the penalty, or is there any reduction or forgiveness of the interest that's due on these delinquent accounts?

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THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

The forgiveness is of the penalty. There also is the exemption from criminal prosecution.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you Madam President. And will the accounts receivable be included in that which is eligible for amnesty?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

I'm sorry, I didn't, I'm not sure what you meant by the accounts receivable. I didn't follow that.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Those items that the audit department is already working on?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, I'm sorry. It's a very good question, and I

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should have outlined, the amnesty program does not apply to taxpayers who are already under audit. That is to say if you're in conversation with Revenue Services, you can't suddenly leap up from the table and say, well I claim tax amnesty.

So the answer to your question is "no." Parties and taxpayers who are already under audit, do not have the availability to them of this program.

THE CHAIR:

Will you remark further? Senator Sullivan.

Senator DiBella.

SENATOR DIBELLA:

Thank you Madam President. I'd like to call Amendment LCO-7433.

THE CLERK:

Senate Amendment Schedule "A" LCO-7433, introduced by Senator DiBella, et al.

SENATOR DIBELLA:

Thank you Madam President. I move adoption of the Amendment, and request opportunity to summarize.

THE CHAIR:

Proceed.

SENATOR DIBELLA:

Thank you Madam President. Before I discuss the Amendment, I would also like to commend the Finance

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Chairman, and ranking members in both houses for the difficult job of putting together a finance package. And the Appropriations people in putting together the appropriations side of the budget.

Whether you agree or disagree with the budget, it's a very cumbersome, difficult, and complicated process, and I commend those people responsible, the Chairman, Senator Nickerson. For I know the difficulties that exist in the creation of a document of this size, especially the biennial document, which is a two-year budget, that is new on the scene, and I never had the opportunity to, to deal with.

And I commend you for your hard work, for your commitment, and your dedication to that process. The issue before us at hand is a question of the hospital tax, or better known as the uncompensated care pool. And in order to understand the intent of the Amendment, we must look historically at what we have before us.

In its original intent, the uncompensated care pool was to allocate a tax upon the gross earnings tax of 11%, and a sales tax of 6%, to generate a pool of funds for the purpose of providing uncompensated care for indigent people, where hospitals that have large numbers of indigent people in large amounts of indigent care, could cut this up and take this pool, and divide

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the amount up to offset the cost of the uncompensated care. In its original intent, it was that all the income raised in the uncompensated care pool went back to a subsidy for those patients that were not financially capable of meeting the same criteria that other patients were.

So, that what we had was a situation that provided balance and kept the fiscal integrity of those institutions and hospitals where that care was given, so that we didn't have failures in that process.

A very admirable, and obviously a very practical solution to a health care problem in the State of Connecticut that had lingered for several years, and had been approached with several different ways, and several different means of solution.

This budget, however, takes this a step further. And instead of having the uncompensated care pool that talks about allocating resources back to people, sick people, in hospitals where indigent care is given, we do that. Except for one little snag.

The amount of money that is raised by both the gross earnings tax, and the sales tax, do not go back to the people in the hospitals in terms of the total amount of indigent care necessary in that process. Instead, we allocate off, a sum of about \$206 million

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in the biennial budget year, which is broken down to approximately \$102 million in the first year, and \$104 million in the second year.

That would be the sum of money, the projected disparity, between the amount of money that goes back for the uncompensated care costs, within the hospital uncompensated care pool, and the amount of money that is funneled off of that, and taken out for another source, or out-source into the General Fund budget.

That is a diversion from what the original intent of the legislation was. What the Amendment does, is eliminates, eliminates the sales tax of 6%, and increases the gross earnings tax to 11.5%, which gives you an 11.5% tax instead of the 17% tax that exists under the existing program today.

That would mean that in the second as this would take place, it would not take effect in the first year, but the second year there would be \$104 million of savings to the sick people of the State of Connecticut and the allocation would not be taken out of the system, but it would be given back by virtue of not assessing a 16% tax on this, on the hospital bills.

This Amendment creates, in my assessment, some equity where we have a situation that sick people are not paying taxes that are diverted into General Fund

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expenditures. I think that this is an issue that no one intends that because of circumstances that are beyond most people's capability or control, and become sick, should be subjected to paying a tax that is thereby funnelled off into another General Fund purpose or some other purpose other than the cost of uncompensated care within that hospital process.

And I think this is a representation of what is going to happen under this budget proposal we have before us. I think the Amendment speaks to, and addresses the issue so that those dollars remain within the confines of the hospital system, the funds are being taxed off of sick people's bills and goes back to subsidize those people that are less fortunate and have less financial resource. I would ask for a roll call vote.

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Thank you Madam President. Madam President, first of, through you a question to the proponent of the Amendment. For the purposes of our understanding the intent and the effect of the Amendment, is it the intent of the Amendment to repeal the sales tax and increase the gross earnings tax, because the revenue

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generated by the increased GET tax would be sufficient for the purposes of paying the estimated payments under DISH and EAF for the purposes of uncompensated care.

THE CHAIR:

Senator DiBella.

SENATOR DIBELLA:

Yes, yes Madam President.

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Thank you Madam President. Madam President, I would therefore, since this entire Amendment, and the advisability of the Amendment rides in part upon an estimation of what is required, and an estimation of what would be derived, I would ask whether or not the proponent of the Amendment is in possession of a fiscal note which might give us some idea of whether or not this has any basis in a reasonable estimation of those two figures.

THE CHAIR:

Senator DiBella.

SENATOR DIBELLA:

Madam President, through you, I believe so. I believe the fiscal note, I think you have a copy of it, says the Office of Fiscal Analysis has no fiscal

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impact. What this would do is, the shortfall would be picked up in the, and offset by the privatization of a lottery operation in terms of the second fiscal year. It's a stamp on the Amendment. It's on the green, through you Madam President to Senator Aniskovich. It's on the green copy of the document.

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Madam President, through you, am I to understand that the "no fiscal impact" statement is premised upon the view that the revenue stream created by the sale of the lottery, which I know is going to merit some opposition in this Chamber, is going to be the basis for adjusting any shortfalls that might accrue by reason of the implementation of this tax change?

SENATOR DIBELLA:

I believe that's what the fiscal note states.

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Okay, thank you. Thank you Madam President. Madam President, I rise, in what I hope appears now to be obvious opposition for several reasons. Number one, for the reasons related to the estimated provided in

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the fiscal note. I don't believe that there's any reasonable basis for this legislature to believe that the gross earnings tax at 11.5% would be sufficient to provide for the costs of uncompensated care that might need to be paid out through the DISH and EAF program.

Secondly, and perhaps more importantly, the subject of the spread between what the taxes generate and what the state pays out through DISH and EAF to hospitals, which is somewhere in the area of \$85 million. It's been the subject of some controversy in this building.

The fact of the matter is that the spread between what we take in, and what we pay out has always been an ordinary part of the uncompensated care program. As a matter of fact, in the current fiscal year, fiscal year 1995, there is a \$50 million gap between what the state will generate in revenue, and what the state will pay out through DISH and EAF in payments to hospitals, \$30 million on the appropriations side and \$20 million on the revenue side.

In addition, there have been historically in this program, spreads between those two numbers related to two very real parts of this program. Number one, the DISH rules change from time to time, and create by virtue of their change, changes made at the federal

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level, spreads between what the taxes generate and what we are allowed to pay out in DISH payments. As you will recall, for a period of time, charity cases and bad debt were treated in one manner under the federal rules, and subsequent to the changes in the rules, were treated in a different manner.

And those in federal rules, and the fact that the EAF program is itself dependent upon a case load figure that could change depending upon the number of people who qualify under the indigency requirements, for payments, and other payment rules that affect how many people are eligible for payments, will affect the difference between what we take in and what we take out.

And never before, when this program was implemented and administered, up until the time that the court rules came in, did we hear objections lodged by the previous majorities in this building about the spread between taxes generated and amounts paid.

The fact of the matter is, they will always be a very real part of a program that is itself dependent upon a fluctuating and variable case load, and subject to rule changes, which are clearly beyond the control of the state and.... I know you don't like listening to me. Regardless of one's opinion...

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THE CHAIR:

I'm not cutting you off.

SENATOR ANISKOVICH:

...about these issues, it is that spread, in fact, that will make it possible for us to alleviate some of the distress felt by hospitals, because of the operation of these rules, and others, and I would urge rejection of the Amendment.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you very much Madam President. Senator Aniskovich has said that never before have we heard concern or opposition on this issue. Members of the Senate, never before have we used the uncompensated care program to generate revenue for the General Fund for the State of Connecticut.

That's why this Amendment is here this evening. Some years ago Connecticut started down this path. I mean for years hospitals did indeed provide care for the indigent and those without insurance.

Some years ago, Connecticut began down the path of beginning to use that to maximize federal money, and we sort of had a little difficult time explaining that to our constituents. And a little while ago this became

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very obvious to them in a couple of court cases when somebody clearly made it obvious that 17% of their hospital bill was attributed to taxes of the State of Connecticut for uncompensated care.

And we went home and we said, well you understand this is used to help the poor. This is used to help those who can't afford hospital care. And they didn't like the answer, but they at least understood the answer.

What we're saying in this budget, and Senator Nickerson has in fact done, and Senator Genuario and others, a good job with a difficult, difficult revenue side of this budget, with this one exception. Few things stand out, I think, as sorely in this budget as what's being done with the so-called, now so-called uncompensated care program.

It is precisely because we are using this as a revenue cow, wholly divorced now, at least to the tune of \$160 million. Wholly divorced from the original purposes of helping with uncompensated health, hospital care.

Senator DiBella's Amendment says to the people of the State of Connecticut, we've taken in and we have the capacity to take in more money than we need to fund uncompensated care, indeed even in cognizance of the

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small hospitals that may need a break. And our proposal is -- give the people of the State of Connecticut a true tax break. And that's what this Amendment does. Don't take the cash and put it in your pocket to balance the budget this year.

THE CHAIR:

Senator Peters.

SENATOR PETERS:

Thank you Madam President. I rise in support of this Amendment as well. Clearly this was one of the issues that I heard about more frequently than any other issue as we went about debating the budget, and the revenue side.

And the people became more and more aware of the issues at risk. Over the course of that time I've gotten many phone calls and many letters from my constituents saying -- I can't believe, I just went to the hospital, had a procedure that was \$2,000. And I'm paying \$500 or whatever, figures aren't exact, in taxes, what can you do about this?

And time and time again I said to my constituents, the General Assembly realizes this is a huge problem that we're trying to work out. We understand the inequity, the unfairness. We're trying to work it out.

It's one thing, as Senator Sullivan so

articulately about, to go back and say that, the revenues will be applied to the disadvantaged or less advantaged in our society. And try to sell that. Try to be supportive of that.

But it's another thing all together to go back and say, we're taking part of your money and what could be appeared, appear to be in some respects, a double taxation on these folks to help balance our budget in the General Fund.

I find that, quite frankly, very difficult to deal with. I find it, in some respects, an embarrassment. And I would urge my colleagues to support this Amendment, which will at least alleviate some of those concerns, and make the process more equitable for the sick.

THE CHAIR:

Senator Jepsen.

SENATOR JEPSEN:

Thank you Madam President. I too, rise in support of the Amendment. I admire Senator Aniskovich's spirited defense of the hospital tax, but in the end I'm afraid it fails to pass the duck test, you know, it has feathers like a duck, and quacks like a duck, and waddles like a duck, it's a duck.

And we are using hospital tax money as we never

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have before, in a deliberate effort to subsidize our General Fund. We're trading one form of tax relief so that we can tax sick people in hospitals. I think it's the wrong way to do government. Wrong way to do public policy. And I support the Amendment.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

I was just going to urge that the Amendment be rejected for the previous reasons, and ask that the vote be taken by roll.

THE CHAIR:

That was already requested. It's alright.

Senator Crisco.

SENATOR CRISCO:

Thank you Madam President. Madam President, I'd just like to echo the remarks of my Democratic colleagues in regards to this onerous tax. It's something I believe that needs to be addressed. And I believe that the Amendment proposed by Senator DiBella is the right approach to down, relieving some of the tax burden upon the sick.

THE CHAIR:

Will you remark further? Senator Prague.

SENATOR PRAGUE:

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Thank you Madam President. I too would like to stand in support of this Amendment. I can't tell you how many letters and phone calls I too have received about this tax.

People are literally angry. Besides having their insurance pay what it will pay, they are then taxed 17% and want to know why. Really, I urge this body to support this tax. It's really one of those things that must, must be dealt with. The public cannot understand why we're taxing them 17% on their hospital bills.

THE CHAIR:

Will you remark further? A roll call has been requested. Mr. Clerk would you please announce this roll call.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

The question is on the Adoption of Amendment "A", two bills, could we have a little quiet please? You can whisper, but don't shout. The machine is open. Has everyone voted? Well then, let's proceed and get

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on with it. The machine is now closed. Would you announce the tally, Mr. Clerk.

THE CLERK:

Total Number Voting	35
Necessary for Passage	18
Those voting Yea	17
Those voting Nay	18

THE CHAIR:

The Amendment fails. Will you remark further?

Senator Genuario.

SENATOR GENUARIO:

Thank you Madam President. Senator Harp had asked a question before, but I was not ready to answer, and I, as best I could tried to get the information. It's probably not as good an answer as she's entitled to. But the reason for those provisions concerning transfers of patients within nursing homes, is accounted for, for two reasons.

One, there are several provisions that deal with inter-facility transfers, and by and large those provisions were necessary to comply with federal OBRA requirements, and we've been informed that they are necessary in order to be in compliance with federal law and therefore to receive reimbursement.

The second set of provisions deals with intra-

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facility transfers. And I am told are the result of an agreement between industry and the patient advocates, as well as the Office of OPM. They try to address a variety of situations, including the situation where a patient would leave a nursing home temporarily, to go spend time with the family, leaving the room vacant, and the nursing home rightfully needing to be continued to be compensated for that room, because they're holding the room available for the patient's return.

And there are other situations similar to that, that had been worked out, and find themselves into this bill. And that accounts for the provisions in Sections 3 through 60.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you Madam President.

THE CHAIR:

Will you remark further? Senator Jepsen.

SENATOR JEPSEN:

If the Clerk would please call an Amendment, LCO-8441.

THE CHAIR:

Mr. Clerk.

THE CLERK:

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Senate Amendment Schedule "B" LCO-8441, introduced
by Senator DiBella, et al.

THE CHAIR:

Senator Jepsen.

SENATOR JEPSEN:

Request permission to summarize please.

THE CHAIR:

Proceed.

SENATOR JEPSEN:

Thank you. I move adoption of the Amendment and request permission to summarize.

THE CHAIR:

Proceed.

SENATOR JEPSEN:

This Amendment gives the opportunity to this Chamber to rectify one of the clear errors of the bill, which is that the tax cut envision, the \$200 million tax cut, is not made contingent on the proposed sale of the lottery.

I would like to think this is an oversight. But since it's clear based on previous discussion, that it was done deliberately, we've gone ahead with this Amendment. And I'm sure it's not viewed as a friendly Amendment as a result.

I call it one of the great mistakes of the current

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budget tax plan because, not in my recollection is a, the tax and budget document so completely out of balance contingent on a possible change in law to which the state is in no way committed.

And a change in law that would not take place the night that the budget and tax plan, or within a day or so when the budget and tax plan is moved between House and House, but on a speculative event that may or may not take place next year.

If I could ask a question please of, through you Madam President, of Senator Aniskovich, whom I believe was the Senator who brought out the lotto portion, unless Senator Nickerson wishes to respond, or both could respond to this question.

THE CHAIR:

You want to toss a coin, or are they both going to speak at once? Senator Aniskovich.

SENATOR JEPSEN:

Senator Nickerson we could ask too. We ask a lot of questions in this Chamber, but I don't recall kind of a multiple choice. How would you characterize...

THE CHAIR:

Always something new.

SENATOR JEPSEN:

...your own view of how you personally, as a

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Senator, looking next year to sale of the lotto, would you characterize yourself as committed to its sale, highly likely to vote for its sale, somewhat likely to for its sale, undecided, unlikely to vote for a sale, or not committed at all. Which of these most accurately describe you.

SENATOR ANISKOVICH:

Madam President, through you to Senator Gallop.

THE CHAIR:

Proceed, Senator Aniskovich.

SENATOR ANISKOVICH:

I, for myself, Madam President through you, to the extent that that is a relevant measure of what we are doing tonight, am firmly committed to the implementation of a mechanism developed by the Office of Policy and Management, subject to the periodic review of the legislature, with respect to the realization of some capital value for the sale of a partial or full interest in the lottery, which does not jeopardize the future revenue stream the State of Connecticut derives from that operation.

SENATOR JEPSEN:

I'm glad to hear you say that.

THE CHAIR:

Senator Jepsen.

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SENATOR JEPSEN:

Thank you.

THE CHAIR:

You're welcome.

SENATOR JEPSEN:

I'm glad to hear you say that, because I was worried, because a great many of the people who I have talked to in the House and Senate, who have voted in favor of a study that could result possibly in the sale of the lottery, have told me privately that they are highly skeptical that they would in any event pass such a vote.

And are highly skeptical that any sale is likely. And this just underscores the problem that we face. This sets an extraordinary precedent. An extraordinary precedent whereby we feel at liberty in year one of the biennium, and why limit it to a biennium, we feel at liberty in year one to vote for a tax cut, and why \$200 million, why not \$400 million, cause I'm sure some people think we'll realize a lot more money from the sale of the lotto, than we need to cover a mere 200 million.

The first year of the biennium we commit ourselves in a direction, but leave completely open, uncommitted, the funding mechanism to make it possible. This stands

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all proper budgeting that we fought for with a biennium budget right squarely on its head. And I think everybody knows it. There's no commitment whatsoever to the revenue source to make this possible.

People will feel free, just as Senator Nickerson, who spoke so eloquently a year ago about not deferring the payment of refinancing our bonds, on the ERF payment. Just as he felt free this year to go 180 degrees to the opposite, and go in a different direction.

Certainly no one will feel obligated, except I guess Mr., Senator Aniskovich, to cast a vote in favor of the sale. I remember when everybody supported the generally accepted accounting principles, and whether the holy grail of sound budgeting, yet everybody felt free, or at least twenty of us felt free, to vote once again to defer.

There's absolutely nothing in here that commits us to putting up the money. Putting up or shutting up to fund a tax. Unless we pass this Amendment, we will have created this extraordinarily dangerous precedent that we really should not do.

So, I urge your support for the Amendment, for the sake of fiscal integrity. Madam President.

THE CHAIR:

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Senator Nickerson.

SENATOR NICKERSON:

How short is our memory. Not even five minutes of memory. We're now voting on Senate "B" LCO-8441. Our fingers have just been removed from the button, from voting on Senate Amendment "A" LCO-7433.

Let's read Senate Amendment "A" that the proponent of "B" just voted for, just voted for in a matter of seconds. I'll read to you if I may, Senate Amendment "A", Line 60 and 61, and 62. "Any shortfall resulting from the repeal of the sales tax on patient care services by hospitals shall be paid for from the proceeds of the sale of the lottery."

I'm stunned. In an instant, we had the proponent voting for the Amendment, with that crucial sentence, and hardly had his hand been removed from the green button, when he dares to suggest to us that the lottery may not be sold, or that he may not vote for it.

Is you is, or is you ain't? I suggest that you can't have it both ways. You can't offer an Amendment which says that the shortfall anticipated from the prior Amendment shall be paid, not may be, will be paid for. But shall be paid for by the sale of the lottery. And then in an instant turn around and challenge whether that will take place.

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I would suggest that the matter has logically been taken off the table, merely by action of that further, that prior Amendment, and I won't, that's not necessary to elaborate on the substantive aspects as previously indicated by Senator Aniskovich.

I would only hope that Amendment "C" is not equally consistent, which I'm sure we're just about to have, is not equally consistent with "B", inconsistent with "B" as "B" is inconsistent with "A". Thank you Madam President.

THE CHAIR:

You're very welcome. Senator Jepsen.

SENATOR JEPSEN:

Thank you Madam President, briefly in response. Clever words, but they misread the Amendment. Senate "A" was contingent on the lotto. It was consistent with exactly what I was talking about, that you shouldn't do the tax cut unless you're going to do a sale, this is what this ought to be. Thank you.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Shoulda, woulda, coulda, but what we should do is vote by roll, if I may ask that.

THE CHAIR:

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Certainly. Will you remark further? Any further comments? If not, Mr. Clerk, would you announce there will be a roll call.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

The machine is open. Senator McDermott, Senator Gunther, and Senator Upson when he gets here. Senator Gaffey. Has everyone voted? The machine will be closed. And Mr. Clerk will you announce the tally?

THE CLERK:

Total Number Voting	35
Necessary for Passage	18
Those voting Yea	17
Those voting Nay	18

THE CHAIR:

The Amendment fails. Senator Penn.

SENATOR PENN:

Thank you Madam President. I'd like to ask a question if I may?

THE CHAIR:

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Proceed.

SENATOR PENN:

I want to do that before Senator Nickerson start a rendition of Porky and Bess on me.

THE CHAIR:

Senator Nickerson.

SENATOR PENN:

Question due to the Indian gaming payments, 95-95 estimated revenue is \$150,000, \$150 million, 96-97 \$230 million. You know, I understand that the revenue estimates are growing and the amount of monies come in, and distribution to the cities and towns are even lower.

But based upon that fact of \$150 million, I guess that's time between \$130 million in 96-97. Is that based upon the fact that the Mohegans coming on line at that particular time?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Gee, I was going to get mad at you, but with that kind of a comment of a Porgy and Bess, I just can't get mad at you. But the answer to your question is "yes" that is correct.

THE CHAIR:

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Senator Penn.

SENATOR PENN:

Even with the problems that are occurring right now with the land and stuff, but if that was to happen, if "A" was true and "B" was true, and there was, the Mohegans came on line in 96, in 97 the projected revenues were around \$230 million.

If we're to accept that, then even with our own analysis of Massachusetts going on line, and Rhode Island going on line, would affect the distribution of dollars, because the pot would grow smaller, by 50 to 70%. How are we getting that projection revenue of \$230 million?

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, Madam President, thank you. First I should note for the Senator's benefit, that the projection does include a decrease in the Foxwood casino revenues, attributable to the opening of the Mohegan facility.

Secondly, the data for this estimate, came of course not from me, but came from three, three sources, I think I can say sources. So let me try, sources. The tribal representatives provided some information which in turn was sent to the Special Revenue

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Department operated by the state, to regulate aspects of gaming. And finally our own Office of Fiscal Analysis made its recommendation. So the fiscal note adopted by the Finance Committee, in which we have before us today, is wholly and exclusively one which comes from the executive source of the Department of Special Revenue, and the legislative source of the Office of Fiscal Analysis.

Now, to be sure, as I think I mentioned with earlier revenue estimates, there is, of course, no guarantee that the decimal points will be exactly as indicated. But I do think you would agree with me when I would ask you to accept the principle that by and large the Finance Committee should adopt revenue estimates on which the executive branch or the legislative branch agree, and that's what we did in this case.

THE CHAIR:

Senator Penn.

SENATOR PENN:

Through you again, Madam President. You know, in Bridgeport we have a, what you know as a financial review board imposed upon us by the state because of monies that we incurred.

If we were to follow this analysis that you have

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based upon here, the City of Bridgeport, the financial review board would remove the Mayor, throw out the common council, and take out the whole city government. This would never, ever sustain any budget in the City of Bridgeport, based upon the financial review board imposed by the state.

Common sense will dictate, if we would accept the \$230 million figure, even the Governor spoke about this, based upon the fact that the Mohegans are on line, and I'll grant you that, if that was to happen. But also you would have to note the fact the two of the states are going on line, and seventy to 80% of their business comes from the neighboring states of Massachusetts and Rhode Island.

There's no way we can project a figure of \$230 million, with two states going on line that we derive seventy or 80% of our business on, and put that in the budget, and say that's acceptable as a revenue source in the grants of speculation.

So, again I submit to you Madam President, if we do this in the City of Bridgeport, with the financial review board, they would depose of our government. So I don't know how we can practice that principle here, and say that's not good for the cities and towns, municipalities to do.

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I don't know how you can project this revenue, based upon those facts and say that's acceptable, and then we build all the appropriations around. I just don't understand that.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Well again, all I can say is that the members of the Finance Committee had no hand in preparing this number. I do not ask the Circle tonight to put their hands on this number in the sense of coming up with the data the Senator's referred to.

I do ask the Circle to accept the recommendation made by the executive branch of this government and the Office of Fiscal Analysis of the legislative branch. And beyond that I just can't provide him any further data.

SENATOR PENN:

Again, through you Madam President.

THE CHAIR:

Yes, Senator Penn.

SENATOR PENN:

And I'm not being critical to Senator Nickerson on this issue, but he is asking us to accept this. We're asking to vote and accept these revenue projections

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based upon what we're doing. The amount of revenue will also supposed to dictate amount that we spend. And we're talking about a balanced budget, and this \$230 million is in this budget, it's right there, unless I'm blind.

So he is asking us to accept that. And he's also accept bad accounting principles then. Because if this money is not tangible and we're spending "X" amount of dollars that are not there, we're in another hole.

So, I submit to you Madam President, if we're going to subject our budget to the process that we ask municipalities to do, particularly a city like mine, that you would be true to our word. Practice what we preach.

So, if we can't do it here, I don't know how we can tell all the towns to do it. Thank you Madam President.

THE CHAIR:

Will you remark further? Senator Jepsen.

SENATOR JEPSEN:

Yes, an Amendment, if the Clerk would please call LCO-7653.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Senate Amendment Schedule "C" LCO-7653, introduced
by Senator Jepsen, et al.

THE CHAIR:

I apologize, Senator Jepsen.

SENATOR JEPSEN:

Madam President, I move it's adoption and request your leave to summarize.

THE CHAIR:

Proceed.

SENATOR JEPSEN:

Yes, Madam President, what this simply does is to delete deferral of data processing property tax credits for certain small businesses. One of the things we find when you take a hard look at the budget and tax packages here, is that the tax cut is partially funded by eliminating tax cuts for other groups of people, including, in addition to the hospital tax increase, the, in this instance it occurs with the loss of a property tax credit.

This credit would do something that drew wide support last year, was intended to allow certain businesses to compete better with neighboring states by taking a property tax credit on data processing equipment.

Different companies have made investments,

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invested in Connecticut's future and reliance on this tax, and here we are yanking it away. Just another example, for those who are looking next year to the proposed lottery and the sale of a lottery, that what we do one year could easily be reversed, depending on the wisdom of the next year.

So, this is a, not a big item, but it does send a very signal to the business community, especially the growing area of data processing that we're committed to them. I urge your support.

THE CHAIR:

Senator Nickerson, oh, I'm sorry.

SENATOR NICKERSON:

I can't believe my ears. I just said as we voted on "B" that I hope "C" is only partially inconsistent with it rather than being wholly inconsistent, but I'm wrong. "C" is, that we now have before us, is wholly inconsistent with "B", because "C" would ask us to spend a million dollars in the fiscal 96, \$21.3 million in fiscal 97, not contingent on the sale of the lottery.

It seems like the lottery is a kind of basketball, dribbled around the court depending on which way you're headed. Amendment "A" was pegged on the certainty that we would sell it.

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Amendment "B" said no, no, no, you can't have a tax cut unless it's contingent. And "C" is back to "A" that says we're going to spend twenty more million dollars, and we're not expending that based on the possibility of the sale of the lottery, but presumably to certainty.

There's another odd feature to it. The first part of this debate on an earlier vote, I grant you that was half an hour ago, perhaps too long to remember, but I remember what was said at half an hour ago.

What was said by the proponent of this Amendment, a half an hour ago, was the entire structure of expenditure and tax cut, but particularly tax cut was funny money, bailing wire, it wouldn't work.

This Amendment reminds me of the man who was on a dock, and his friends were preparing for a sea voyage and they put food into the boat, they put fuel, water, life preserver, they prepared for the voyage, and the man on the dock said -- boat's leaky, won't work, you don't know where you're headed, you don't know how to navigate, and you'll never get there, and by the way can I get on the boat and join you for the trip?

This Amendment would say, we don't need to worry about the lottery because this very large tax cut is not contingent on it. It would say all the comments we

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had about funny money, and inadequacies of the total financial plan. We don't need to worry about them, because everything's fine. It's so fine that we can spend the first shiny new \$1 million, plus \$21.3 million.

That's not just joining the boat, it's bringing \$21 million of baggage on it. And I suggest it would sink it. I secondly suggest we vote by roll. And I thirdly suggest we reject it. Thank you Madam President

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you very much Madam President. My friend, Senator Nickerson, is probably quite correct with respect to the underlying proposal to sell the lottery in terms of dribbling.

And in terms of dribbling that particular ball around the court, I'm sorry he objects when we take a turn at the game that has been placed before us to play this evening.

In his comments, though, what we miss is why Senator Jepsen has offered this Amendment, and it is also something that in the magic word "deferral" one of those words that is locked well in the political

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lexicon, see cut, see not give you a tax break that you were promised, is not something that has come out so far very well in the debate tonight. Senator Nickerson, a little more than a year or so ago was one of those who got out the long telescope and speculated about the distant future of a tax cut that was promised to the State of Connecticut.

Now, granted the other side is the one tonight looking through that long telescope at a tax cut somewhere out there in the future. But never did I realize that he would be so correct a year ago in predicting the like, the fate of that planned tax cut, when he said it wouldn't happen when we came back here, and you know, Senator Nickerson was right.

It's not happening now that we're back here. Because the tax cut that was to go into effect, one that was critically important, particularly to the insurance and financial industry of the State of Connecticut, with respect to the taxation of data processing, which underlies the capacity of that industry to compete, and it is not doing well, and we know that, far more significant by the way to them, than the eighteen cents we're going to allow their employees, or some of their employees with respect to the income tax.

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That break is gone. Call it a deferral. Call it whatever you want. Senator Jepsen's Amendment simply said a promise made, is a promise kept. And there is no reason, given the other things being done in this tax package, to tell those businesses that we can't afford to keep our word this year.

We can. We've demonstrated that. That dribbling ball demonstrates as well in so many other areas, we might as well keep our word in this particular case.

THE CHAIR:

Senator Jepsen.

SENATOR JEPSEN:

Thank you Madam President. In response, I enjoy parables too. This one just doesn't hold water, like your boat. The, Senator Sullivan is exactly correct. A promise has been made, we ought to be willing to keep it.

There's no question that this doesn't have a funding source to it. I'll remind Senator Nickerson that what was viewed as a very teeney, weeney, \$200 million problem in the revenue estimates, which is now a massive \$200 million tax cut for the State of Connecticut.

This is \$20 million, one-tenth of the teeney, weeney \$200 million in revenue estimates, and somehow

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now this has been loomed into a major fiscal event, is, there's no question that if this Amendment were to pass it would make the budget out of balance by \$20 million, and we would have to stop the process.

And maybe that's what we want to do, because that might bring a little sanity, so that our revenue estimates and our budgeting would not be made on the basis of a contingent possibility, maybe possibly somewhere somehow down the road that we will sell the lottery.

So it has been deliberately put forward without the, the resources to put a \$20 million hole in the budget so maybe we could restore a little fiscal sanity. As for his repeated comments about the consistency of "A" and "B" little find is they are actually consistent, and he simply misrepresented the, what "B" says.

"A" was contingent on the lotto passing. If you want another tax break, you ought to make, if you want another tax break, the \$200 million tax break, you ought to make it contingent as well. So consistency was complete on "A" and "B", his comments notwithstanding.

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Senator Peters.

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SENATOR PETERS:

Thank you Madam President. I rise in support of this Amendment as well. Not only for the reasons that we've made promises and we ought to keep those promises. But recalling over my experience up here over the last three years, we've done an awful lot in terms of tax reductions, tax incentives, and incentives of various kinds for larger businesses.

And there's probably a good number of us on both sides of the aisle that campaigned a year or so ago on -- we need to do more for small business. After all, we recognize that 90% of the business in the State of Connecticut is made up of small to medium-sized businesses.

And we have done virtually very little to encourage that growth. And statistics show that your job growth does come out of small and medium-sized businesses. We've done a number of things up here in this General Assembly this session that relies on, on the growth potential of jobs.

And yet this particular initiative takes away some of that ability for those small and medium-sized businesses, to be able to grow. It stunts it to a certain degree. And therefore, stunts that job growth capability.

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I would ask my colleagues to consider this Amendment. It's very serious, and support, support it. Thank you.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you Madam President. Madam President, I rise in support of the Amendment. I have the utmost respect for Senator Nickerson and the challenging job he and Representative Schiessl had to do.

But in regard to the investment tax credit for small businesses, I am the proud author of that Amendment, and worked very diligently last session to put into a tax credit that was not siphoned off by very large firms.

As we will recall, this was a tax credit where those under 250 employees received a 10% tax credit, and those from 251 to 800 was changed, a 5% tax credit. The fiscal impact over two years was \$4 million, \$1 million the first year, and \$3 million the second year.

And in the Commerce Committee, which originally gave approval to this, there was bipartisan support. And it's just disappointing to me that out of the hundreds of millions of dollars, that this particular tax credit that means so much to small manufacturers

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had to be deferred, particularly since it was the only investment tax credit that we have.

THE CHAIR:

Will you remark further? Senator Nickerson.

SENATOR NICKERSON:

Yes, Madam President, I won't say more than but to remind the Chamber that you heard the proponent of this Amendment that it is financially unworkable. I recommend rejection.

THE CHAIR:

Will you remark further? Roll call has been requested. Mr. Clerk, would please announce the pendency of one.

THE CLERK:

An immediate roll call has been called for in the Senate. Will all Senators return to their Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

The machine is open. Senator Penn, Senator Gunther. Senator Nielsen, Senator Smith, Aniskovich. Has everyone voted? The machine will be closed. Mr. Clerk would you give us the tally please?

THE CLERK:

Total Number Voting 35

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Necessary for Passage 18

Those voting Yea 17

Those voting Nay 18

THE CHAIR:

Thank you. The Amendment fails. Would you comment further? Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. I would ask that the Clerk please call LCO-6976.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Senate Amendment Schedule "D" LCO-6976, introduced by Senator Sullivan, et al.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. I move adoption of the Amendment, and I would request permission to summarize.

THE CHAIR:

Would you proceed.

SENATOR SULLIVAN:

Thank you very much. In this enabling bill, there are several sections which to go, and here we go in acronym land, the conversion of CAMS, the assessment

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agencies which have dealt with the needs of the elderly, prior to issues of nursing home or alternative home care, and the new definition of certain other agencies which will take their place. The problem is, that whereas in the past, we have had a very clear line of delineation between those who make and do the assessment.

Those may, who establish the needs of the elderly, and those then may serve those needs. This change, while perhaps merited, does not provide that same protection against potential conflicts of interest. The language of this Amendment simply does that.

It says that the new agencies may indeed engage in the assessment, however, they may not be the same one that ends up providing the services as the consequence of that assessment. So that we eliminate the potentiality of my saying as a provider -- here's what you need, and now let me provide it.

I would urge that we adopt this, so that we can have a workable system to take the place of our current CANAM agencies.

THE CHAIR:

Will you remark further? Senator Nickerson.

SENATOR NICKERSON:

Yes, certainly this Amendment has the benefit that

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it is not inconsistent with the prior Amendment. But more than that, the Amendment has the benefit of allowing me to yield to Senator Aniskovich, while we, while we undertake the answers that are needed to be provided to this question, in order to be sure that the Chamber is correctly informed, as to its content, its meaning, and its direction, and its direction. So I yield to Senator Aniskovich.

THE CHAIR:

Thank you. Will you accept the yield Senator?

SENATOR ANISKOVICH:

Madam President, rather than prolong this painful delay any further. Through you, if I would beg the indulgence to Senator Sullivan for just a brief restatement of his question, so that I might answer it.

SENATOR SULLIVAN:

Madam President.

THE CHAIR:

Yes, Senator Sullivan.

SENATOR SULLIVAN:

I suspect that I am gaining a reputation around the Circle. I did not ask a question.

THE CHAIR:

No, he didn't.

SENATOR SULLIVAN:

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Though, in deference to my friend, Senator Aniskovich, I can certainly endeavor to create one that he may answer for us.

THE CHAIR:

Are you remarking, Senator Aniskovich, are you going to answer a question that's not made up.

SENATOR ANISKOVICH:

Madam President, while I understand the intent of the, and I do have the Amendment in front of me, while I understand the intent of the Amendment, to prohibit an agency from providing services that such an agency approves. And although I understand it with respect to this particular area of the services being provided, it is not completely uncommon for an agency which approves services to actually be the provider of such services.

And I think that the, the purpose of the Amendment, and the underlying principle of the Amendment, could ultimately jeopardize in principle, the future provision of state services with respect to those agencies that actually are in the direct care business, that also have responsibility for approving such services.

And so I do not think that the bill, in the words of the great Senator Lovegrove, "enhances" the bill.

THE CHAIR:

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Are you thoroughly answered or unanswered, Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. It now occurs to me, I guess, to ask a question.

THE CHAIR:

Proceed Senator.

SENATOR SULLIVAN:

I want to understand Senator Aniskovich's comments on the Amendment. Senator is it your representation that this move to wide open competition among access agencies would be impossible or seriously jeopardized if we were to prohibit conflicts of interest between those doing assessments and those providing services?

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Madam President, through you. No, it is not my intention to suggest that the principle underlying the Amendment would be an obstacle to eliminating what might or might not be, or materialize into conflicts of interest.

The point of my remarks, was that it is not an uncommon aspect of policy, that an agency which approves services, is actually also in the business of

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directly providing those services. And so I do not think that there is anything unusual about the situation that the proponents of the Amendment are attempting to rectify with respect to the Amendment.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Senator Aniskovich, under the existing system for providing CAM services, does the entity providing those services also, the assessment services, also then provide direct services on the basis of that assessment.

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Madam President, through you. Yes, there are professional services that carry with them certain requirements that are within the purview of agencies which actually do both the approval and the screening of individuals who may need services, and a direct provision of those services.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Would Senator Aniskovich help me with this, and

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give me an example, since there is at this point in time, one agency which has been providing the CAM services. What kind of direct patient, direct elderly home care service that CAM agency would be allowed, under current law, to provide?

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Madam President, through you again. I was not attempting to suggest that the CAM agencies, that that particular area was what I was directing my comments to, only the principle of conflicts of interests raised with respect to agencies that actually approve services and provide them.

And I would suggest that a perfect example of such a situation, not in the area of CAM, because we only have one agency that we're talking about. But the visiting nurse association clearly as an agency has responsibility for screening, and approving services, and also then has the ability to actually directly provide the services to the individuals that they screen, and services that they approve.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

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Thank you. Senator Aniskovich, I don't know if it's going to get much clearer. I'm going to try myself in offering one more argument on behalf of this in hopes that at least, and perhaps in another form, at another time, we may revisit this issue.

I have relatively little, though some concern about this move that's being made from the bright line, with respect to the care of the elderly, between those who assess, and those who provide.

I have great concern when we sort of say, well we've had a system that doesn't cross that line but other people do it, let's take a chance with the care of the elderly, and let's let people cross back and forth across that line.

Let's let folks sit down and say, you know what I think you need, I think you need a program as follows, and by the way, I just happen to be the person to provides that program.

I think this Amendment would go a long way to assuring what we all hope will be the integrity of the new assessment agency that's going to take the place of CAM agencies.

If we don't do it tonight, as I suspect we won't on this bill, I would like the chance, Senator Aniskovich, to have a chance to talk to you about,

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perhaps crafting a similar, but certainly not identical Amendment that might be considered on a later bill.

THE CHAIR:

Senator Aniskovich.

SENATOR ANISKOVICH:

Madam President, through you. I would be happy, and I know other members of both the Human Services and the Health and Hospitals Subcommittee, and Appropriations, would be happy to sit down, Senator Sullivan, and any other member of the Chamber who is interested in preventing the kinds of conflicts of interests that may be presented when one moves to a more competitive atmosphere, in an attempt to provide consumers of services with a wide variety of options that might have the affect of improving those services through competition. And I have no objection to pursuing that issue with Senator Sullivan or any other member of the Chamber.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

To say that I join with and concur Senator Aniskovich's remarks, and hope that we would reject this and do ask that it be done by roll call.

THE CHAIR:

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Will you comment further? Senator Prague.

SENATOR PRAGUE:

Thank you Madam President. Home care for the elderly has always been very much a part of my involvement with the elderly. I worked as a medical social worker for a Medicaid certified home care agency, and have always been very interested in the home care services that we provide through our Medicaid waiver, and through our state funding.

The purpose of developing new access agencies would, I really support wholeheartedly, is to be able to have additional agencies in our state that coordinate, assess, and monitor services, home care services for the elderly.

Currently, the CAM agency that we do have, just does that, coordination, assessment and monitoring. And if you were to ask them, they would tell you that's a service. And it is a service, but it's not a hands-on direct care service.

And this Amendment addresses that issue. It says, I think, that the new access agencies will offer the service of CAM, but they will not offer the direct hands-on, home care, home health aide, nursing, physical therapy, occupational therapy services.

These new access agencies will coordinate these

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services through the agencies that they contract with. I don't see anything wrong with this Amendment. I think it's very clear that they will be able to get assessments from these home care agencies, which by the way, will be paid for by Medicare.

They will then take a look at those plans and contract for those services with home care agencies. That's the purpose of this Amendment. I support it, I think it makes sense.

THE CHAIR:

Will you comment further? A roll call vote has been requested. Mr. Clerk, would you please announce the pendency of same.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

The machine is open. Senator DiBella. Senator Fleming. Senator Smith, Upson. Has everyone voted? Senator Upson, please. The machine is closed. Mr. Clerk, would you tell us the tally?

THE CLERK:

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Total Number Voting	35
Necessary for Passage	18
Those voting Yea	17
Those voting Nay	18

THE CHAIR:

The Amendment fails. Senator Jepsen.

SENATOR JEPSEN:

Yes, Madam President, if the Clerk would please call LCO-8051.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Senate Amendment Schedule "E" LCO-8051, introduced by Senator Jepsen.

THE CHAIR:

Senator Jepsen.

SENATOR JEPSEN:

Thank you Madam President. I move adoption and request leave to summarize.

THE CHAIR:

Proceed.

SENATOR JEPSEN:

Thank you Madam President. This bill would substantially revamp our existing income tax structure in a revenue neutral manner. Very briefly, what it

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does is to shift from our current structure of 4.5% of adjusted gross income to a piggyback of federal liability. The rate would be set at 29%.

This would free up about \$300 million that would be off our back, in circuit-breaker property tax relief, under a formula whereby taxpayers, both homeowners and renters would receive a property tax credit against their income taxes to the tune of fifty cents on the dollar, as property has exceeded 4% of personal income.

Middle income and poor and working class families would be protected by any shift, shock, by the virtue of threshold set at \$96,000 for families, \$74,000 for heads of household, \$48,000 for singles, whereby individuals below those thresholds or families or heads of households, would calculate their tax liability under the pre, the old tax structure, and under the new, pick the lesser of the two.

This is revenue neutral and it promises effective, significant tax relief to middle income families through adoption of federal home mortgage interest deductions, dependency allowances, medical deductions, child care credits, and the like.

A more progressive federal rate structure would bring additional middle income tax relief, and the

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property tax credit to the tune of \$300 million would bring much needed property tax relief to the 40% of American household, or Connecticut households that pay more than 4% of their income in property taxes. I urge your support.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

Yes, Madam President. Madam President, this is a wholesale gutting and reworking of the income tax, and so I regret I won't be able to give the proposal the due consideration that it deserves.

Suffice it to say a couple of things. First it posits the concept that a piggyback on a federal income tax liability is itself a worthwhile goal. And let me suggest that it isn't, for a whole host of reasons, but I'll dwell on two.

Anyone, we've all filled out a federal income tax form. Many of them actually have read the income, federal income tax code. The federal income tax code is an enormously weighty thing, with together with its regulations, requires a truck to carry around.

The reason that is so, is that over the decades it has proliferated into a swamp of cuts, amendments, repeals, deletions, special deals, loopholes of

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anthills. So that an enormous profession in the United States, led by H.R. Block, and some members of the legal profession, has been grown up simply to lead taxpayers through this mad maze.

The mood I hear in Washington is to go just to the reverse direction, that we tried time and time again to simplify the federal tax code, recognizing its gross inadequacies, and its near impenetrable thicket of meanings.

This provision before us tonight, in terms of Senate Amendment "E" would in effect ratify the federal tax code and would position ourselves as taking the proposition that Connecticut's tax code would be better and fairer if it took as its departure point everything that the federal code has brought us to.

By gosh, what a proposal. Breathtaking in its sleeping nature. And while I suggest that I don't think we should ever adopt, but certainly we should not adopt in the brief time available to us between now and dawn, that would require a length, to say that it would require a lengthy public hearing to consider all its ramifications, would be an understatement.

So, while I welcome the suggestion that we should make fairer the income tax, I can't, I think we would all agree that this sweeping, and radical proposal to

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impose on the Connecticut taxpayers two federal codes. One labeled federal code, and one labeled federal code-Connecticut piggyback, is really too much for us to take on at this late hour of the night. And I'll simply stop there and recommend its rejection.

THE CHAIR:

Senator Williams.

SENATOR WILLIAMS:

Madam President, now it is I who just can't resist in saying that I can't believe my ears. Here we're being told that income tax repair and reform, which has really been debated over the last two sessions by committees on the floor here, placed on the Governor's desk, rejected and debated again, is somehow a new and radical idea that we can't take up at this late hour.

And yet at the very same time, we're being told that we ought to bank on \$200 million worth of the sale of the state lottery. And as well to continue to count on the same amount of revenue that we're getting, and try imagine how that hokus pokus will work. That we sell it on the one hand, continue to get the same amount of revenue on the other hand, and that this idea untested, untried anywhere in the United States of America.

All thirty-six lotteries, in effect now, all run

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by the states, none by the private sector. This has not been through the committee process. To my knowledge this has never been discussed before, and never really publicly considered until about four or five days ago.

Now it's here before us at the end of the session. If there is a radical idea, untested, untried, and not discussed by this body before, that's the issue. And unfortunately, when it comes to the income tax repair, this is a good idea.

It may not carry just because of the numbers that we have here this evening. But it certainly is the case, that this has been debated before, has been discussed, and considered by this body and other committees. Thank you Madam President.

THE CHAIR:

Senator Colapietro.

SENATOR COLAPIETRO:

Thank you Madam President. A while ago I was talking about the people that we've forgotten. This bill, this Amendment would address those people that we have forgotten. We have given everyone under the sun that needs a break, a break, except those people that this Amendment takes care of.

I know they can't discuss with us the

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ramifications of it. And I know it hasn't gone through a public hearing, but I think Senator, Senator, what's your name, getting silly over here. Senator Don Williams said it well, that we do things, we've been doing things ever since the session started that hadn't gone through committee.

We were doing bills, we were doing Amendments on bills that were in the process of committee hearings at the time. This is nothing new. This is definitely something that the people themselves want. And I think that we can get a good reception, a better reception on this one, it's more realistic because it doesn't cost any more.

And it doesn't base itself on a possible sale of the lotto, or any other voodoo economics, if you want to call it that, Madam President. So, I think that this would be a good people's bill, Amendment, and I urge its support.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

Thank you Madam President. Speaking in support of the Amendment. Madam President, this is exactly the income tax bill that we should have passed four years ago. And it is in fact, four years over due. The

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current income tax that we have has been workman like, and its done its job, but it, I don't think has been effective or as fair as one modeled along the lines of this proposal, which was one of the competing proposals, as you recall, in 1991, would have been.

The important piece of this, which I think needs to be stressed, is that it does create a fund for property tax relief. And that is the kind of tax relief for which people in this state are crying out. That there would be relief under this Amendment for all of those people in the state who pay more than 4% of their income on property tax.

That there would be a fifty-cent on the dollar reduction on their state income tax, for those payments. That is what I think many of us hear from our constituents is the tax that they find most burdensome, and least fair, is their local property tax.

It is that tax, more than the income tax, more than any other tax, for which they are crying out for assistance and relief, and which needs to be reformed, and in which there is a tremendous lack of equity around the state.

When you look at the effective rates of property tax from one community to another, both as a measure of

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the value of property, and as a percentage of personal income. There are tremendously significant disparities and lack of fairness. This Amendment will be one which will begin to rectify that, and would put us on the right track for the kind of reform and to be responsive to what people have been calling out for.

And at the same time meeting the financial needs of the next biennium. So I would strongly urge adoption of the Amendment. Thank you Madam President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you Madam President. I too rise in support of the Amendment. People in municipalities of all types throughout this state, in each of the 169 cities and towns, are crying out for tax reform.

This is tax reform. The package in the underlying bill is only tax shifting, and of course the hope of an expanded gambling sale. I think this is long over due. I think Senator Looney is very correct, it's probably what should have been enacted in the first place. And I urge its passage.

THE CHAIR:

Senator Nickerson.

SENATOR NICKERSON:

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Well, I would, thank you Madam President. I would certainly concur with my colleagues who have observed, and quite correctly, that our current property tax system is broken, antiquated, lacks public confidence, and shortly on the bill to follow this, we will have a chance to directly address that through a cohesive proposal that has been through the public hearing process and has had the benefit of the acquiescence and comments of the many parties who have a stake in the municipal revaluation, that property tax concept.

So, with that prospect in view, I would ask that we proceed to vote this, I would ask that we proceed to reject it, and finally I would ask we do so by roll call.

THE CHAIR:

Will you remark further? Yes, Senator Bozek.

SENATOR BOZEK:

Thank you Madam President. Madam President, I stand up to support this particular bill. In brief, this bill is necessary, and in fact, in taxing people, and with all sense of fairness, in all our measures of taxation in our country, what we try to do is try to spread the tax in the areas where the people who have the greatest ability to pay can pay.

And in those instances where the people, residents

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and citizens do not have the ability to pay, in most instances, there's some income level which precludes their payment until they're above that level. And in many other areas necessary for our income and how we measure our income levels in the state and qualify us for different programs.

We set different levels of income. I think it's fair to say that for those people who cannot afford to make payments in taxes, we have set our goals, we have set our limits.

I think with regard to the state income tax at this time, it's most appropriate that we draw these new lines where the people who have the greater ability to pay would therefore be taxed appropriately.

And those people who are paying and are stretched in the middle, who are paying a disproportionate, in a sense, where a sense of fairness is applied, they're paying a disproportionate amount of their income to support all those programs that are necessary for all of us to share, especially for those who are less advantaged.

Cause I think it's important for those who have the greater ability to pay, to recognize that, and stand up and support this particular measure, and not to turn their back on selfishly or greedily. Thank

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you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you Madam President. I rise as well to support this Amendment. And I do it because I think more than anything that has come before us or that will come before us, it responds to what I think we've all been trying to respond to.

I believe what the Governor has been trying to respond to. What those of you have been trying to respond to through your spending package. What you've been trying to respond to through the tax package that is before us.

And that is the anxiety, the fear, of the middle America. The fear that drives people to saying to you that we should reduce the support to those who are in most need.

The fear that causes us to restrict some of the progressive moves that we've made in the past. And that is the fear that the middle class finds itself diminishing. It finds itself unsupported. It sees supports going to those who are poor. It sees supports going, natural supports going to those who are very wealthy, and yet, the middle class, the people who

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support this great country, are seeing their progress diminished. And I believe that this Amendment speaks to that in more clarity than anything else before us. And when we go back after what we've done, both in the House and in the Senate, and they see exactly what we've done, they'll wonder why.

Because the price, in terms of those people who need, is very great given the absolute lack of result that will come from the tax cuts that we will probably pass on the House.

So I would say why don't we take a step out of the thicket of meaning, which is very interesting. I've been trying to see what that is. But I'm sure, I sense what you mean by that. Into coming up with policy that gets closer to the heart of the matter.

Closer to what really is creating the anxiety among our constituents in the state. I think we do that by supporting this Amendment.

THE CHAIR:

Will you comment further? Comment further? If not, Mr. Clerk, would you announce the pendency of a roll call vote. Machine is open.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the

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Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

SENATOR GUNTHER:

Madam President, Madam President. In error, I pushed the 22nd instead of the 21st.

THE CHAIR:

We'll start all over again then. Thank you.

THE CLERK:

An immediate roll call is being taken in the Senate. Will all Senators please return to the Chamber. An immediate roll call is being taken in the Senate. Will Senators please return to the Chamber.

THE CHAIR:

The machine is now open. Senator Coleman. Senator Smith. Senator Cook. Senator Coleman. Everyone voted? The machine will now, don't run Eric, take your time. Right, thank you. The machine will now be closed. Will you give me the tally, Mr. Clerk?

THE CLERK:

Total Number Voting	35
Necessary for Passage	18
Those voting Yea	15
Those voting Nay	20

THE CHAIR:

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The Amendment fails.

(Lieutenant Governor Rell in the Chair)

THE CHAIR:

Will you remark further on the bill? Will you remark further on the bill? Senator Crisco.

SENATOR CRISCO:

Yes, Madam President, I request the Clerk call LCO-8431.

THE CLERK:

Senate Amendment Schedule "F" LCO-8431, introduced by Senator Crisco, et al.

THE CHAIR:

Senator Crisco, the Amendment is in your possession.

SENATOR CRISCO:

Thank you Madam President. Madam President, I move adoption of the Amendment, and request permission to summarize.

THE CHAIR:

Question is on adoption. Will you remark?

SENATOR CRISCO:

Yes, Madam President. Madam President, in 1992 the voters of the State of Connecticut stated something

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like 80% that we should address our spending patterns. At the time, and when I looked into the situation, and respecting all the good work that was done, I found in regard to the spending cap, where we used two indexes, the consumer price index, and the personal income index, that the former was to use the higher of the two.

Madam President, this Amendment changes that to the lesser of the two, and in addition it is not applicable until the next biennium. I realize that this has an interesting challenge upon many people, particularly in regards to our budget policy.

We have been trying for several years to come up with various definitions for a spending cap, and have been unable to do so. I respect the opinion of many members of the Circle who may trouble with this in particular to their districts.

But I content that if we are serious about spending control, that we would adopt this Amendment.

THE CHAIR:

Thank you Senator.

SENATOR CRISCO:

I'd ask for a roll call vote, Madam President.

THE CHAIR:

Roll call vote will be ordered. Will you remark

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further? Senator Nickerson.

SENATOR NICKERSON:

Yes, Madam President. Thank you, Madam President. Again, it's important to put this in context of where we are this session, where we are tonight. We heard a couple of hours ago Senator Genuario lead the debate on the budget bill, which we voted a few hours ago.

You will recall what he brought to us as the information with regard to the spending increase in that budget. The spending increase for the first year of the biennium, as reported by Senator Genuario, was 2.68%. The spending increase in the second year of the biennium, 3.7%.

He further indicated that these were the lowest spending increases, at least in the last ten years, and maybe more. Thus isn't it curious that the proponents of this Amendment voted for all of the budgets preceding this one, whose rate of growth in increase in spending was greater than this budget.

In other words, it's just at the moment when we had before us, not a mere formula for how to save money, but we had before us a bill that does it. It's at this moment, at that same night when it's urged that we should change the formula.

I would suggest that this is hardly the time or

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the place to do that. I would certainly observe that the fiscal note reads, and I'll simply read it as follows: To the degree that budget growth is restricted there could potentially be lower amounts of state aid to towns, than would otherwise be the case. Without a careful examination of this Amendment, the staff has thus told us that any vote for this Amendment is a vote to put state aid to municipalities in jeopardy.

Again, if we want to reduce spending, the way to do it is to vote for a budget which reduces spending. If we want to rework the formula, which is placed before us in the constitution, the time and the place to do that is in the Appropriations hearings process.

Let's get all the data out. Let's get economic projections out, and ask if we have the two-thirds, because that's what's required to adopt this. But certainly the night of adopting the most cautious, most fiscally conservative, least profligate budget in many years, is hardly the night to spring on us the concept that we will delve into the spending cap, which is on the books. Thus I urge its rejection by a roll call vote.

THE CHAIR:

Thank you Senator. Senator Nielsen.

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SENATOR NIELSEN:

Thank you Madam President. Madam President, because I have been criticized for being unduly caustic in my discussion of Democratic positions on this particular issue, I will start by pointing out two good things about the Amendment that Senator Crisco has urged upon the Chamber.

The first one is that it recognizes that this General Assembly operates under a constitutional obligation to implement the spending cap that was approved by 81% of the electorate on election day 1992, but since then has remained in legal limbo.

That, that recognition, while it might seem somewhat elementary given the clear language of the spending cap amendment approved by the electorate, it's nonetheless a point that is not universally acknowledged in this building.

In fact, in our discussion of this matter in the Appropriations Committee, the general tenor of the leadership from the Democratic House was, look we've got this statutory spending cap, and we've grown to live with it and we don't really like it, but, nonetheless it's good enough. Let's not hear any more of this talk about constitutional caps.

So at least they acknowledge is that important

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thing. The second thing that it does that I like is that it pushes us in the direction of a tighter cap than what we've got. I think it's very clear that the cap that we have got, the temporary cap that was enacted by the legislature prior to the placement of the constitutional language on the ballot, has accommodated spending increases that exceed the rate of growth in the state's private economy.

The benchmark that was supposed to be the maximum for increases in general budget expenditures. So I would applaud Senator Crisco's effort on those two grounds. I think that it, it has some merit. Having said that, I will urge the Chamber to reject the Amendment for the following reason.

The fundamental flaw as I see it in the statutory, in the temporary statutory spending cap that we have now, is that it has categorical exclusions from its reach. It says that all state spending shall be capped, and growth in general budget expenditures shall be limited to the rate of growth in the private economy, as measured by two different benchmarks.

But that cap shall not apply to three categories of spending. One, debt service, that's baked into the cake by virtue of the constitutional language. But secondly, mandate compliance expenditures.

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And thirdly, and I would argue most egregiously, expenditures on distressed municipalities. And I have argued before, and would argue again tonight, that it really doesn't make any sense to have a spending cap which reaches the entire state budget, except a couple of categories of favorite spending, like spending on grants to distressed municipalities.

It really doesn't ultimately make any sense to say we will cap state expenditures except those categories of state expenditures that we regard as most important. Under an all encompassing spending cap, we could certainly spend as much money as we please on items like grants to distressed municipalities.

But we would have to do it in the context of a spending cap. And I think that would be the sort of honest approach that would be faithful to the electorate, that by an overwhelming majority adopted this provision on election day 1992.

Before leaving the topic, I'll just say two more things about the issue of categorical exclusions from the reach of the spending cap. The whole idea of the spending cap is that the General Assembly, by virtue of its enactment, should relinquish some authority.

Should relinquish the ability to tinker with the reach of the, tinker with the reach of the spending cap

by a simple majority vote. The existence of these categorical exclusions allows precisely that. If we have a spending cap that reaches almost all of the budget, but not quite all of the budget.

By virtue of playing with the definition of what is not reached, we can defeat the purpose and intent of the spending cap. And I take it a step further. Not only can the legislature continue to tinker with the reach of the spending cap, by a simple majority, in violation and in contradiction of the spirit of it, if these categorical exclusions remain, but it can even happen by administrative interpretation.

Just last year the Commissioner of the Department of Economic Development took a look at the definition of distressed municipalities and decided that we didn't have eleven of them in Connecticut, but we rather had twenty-five of them in Connecticut.

So that grants to twenty-five municipalities, rather than eleven municipalities, would fall within this category that the spending cap does not reach. And so we have some un-elected functionary deciding how far and how forceful the spending cap adopted by 81% of the state's electorate should be.

Obviously, my point, Madam President, is that just cannot be. It doesn't make any sense. I think that

while these categorical exclusions from the reach of the spending cap were based on sincere legitimate ideas about what's important in the budget, that ultimately when you examine it, it just doesn't make any sense to implement a spending cap that categorically excludes the major part of the state budget.

Distressed municipality aid being this year on the order of \$1 billion out of \$9.5 billion. And so, Madam President, I would have to, despite my positive thoughts about it, urge rejection of this Amendment. The constitutional spending cap is far too important to be implemented in a flawed and defective way.

I would once again applaud Senator Crisco for bringing this important matter to the attention of the Chamber. But I would urge the Chamber to reject the Amendment. Thank you.

THE CHAIR:

Thank you Senator Nielsen. Will you remark further? Senator Crisco.

SENATOR CRISCO:

Thank you Madam, for the second time. I think I'm going to know or very shortly, how Charlie Grant feels. But let me state that in regards to some of the comments that were made. This proposal was submitted to the Appropriations Committee this year. It was

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submitted the previous year. It was not something that was just drawn at the last moment. There was reference made to the spending increase of 2.2, but I believe if someone is interested in checking with the Office of Fiscal Analysis, depending upon how you treat or figure a particular computation, the increase can be most likely be more than 4.4%.

Basically, Madam President, I believe this the right step in regards to its impact upon town, towns. It does not take effect to the next biennium. And by that time, with all the money we're receiving from the lottery, we'll have more than enough money.

THE CHAIR:

Thank you Senator Crisco. Will you remark further? Will you remark further on Senate Amendment "F"? If not, will the Clerk please announce a roll call vote. The machine will be open.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? If all members have

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voted, if all members have voted, the machine will be locked. Clerk please take a tally.

THE CLERK:

Total Number Voting	35
Necessary for Passage	19
Those voting Yea	6
Those voting Nay	29

THE CHAIR:

The Amendment fails. Will you remark further on the bill? Will you remark further on the bill?

Senator Nickerson.

SENATOR NICKERSON:

Thank you Madam President. And thank you, the members of this Circle for an informed, useful debate, which has eliminated what is certainly a complex proposal, many different aspects to it.

I think we know more about it, whether we all support it or not. And I appreciate the ability to have that dialog with you my friends on both sides of the aisle. Having said that, I think it's now time to vote this bill.

It's very clear to me that the principles I enunciated at the outset in terms of spending restraint, tax reduction, and a balanced budget, are the driving forces behind this as they were of the

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spending side of the budget. We have before us an income tax cut, a corporate tax cut. We have before us a tax amnesty. We have before us a logical, sound, well-thought out financial plan for the State of Connecticut.

I can't say more than to urge it's adoption. And I thank you all for the opportunity to debate it with you this evening.

THE CHAIR:

Thank you Senator. Will you remark further?
Senator Jepsen.

SENATOR JEPSEN:

Thank you Madam President. The hour is late, I will be brief. We now have it in total. A tax and spending package that borrows \$220 million that has \$65 million in a new tax, a hospital tax on the sick. We have a, we're eliminating tax cuts for business investment for \$18.

We have hundreds of millions of dollars in deferred spending. We've got revenue estimates that were juiced the last minute. And we have the mother of all one-shot revenue sources, the sale of the lotto, which may or may not take place, depending upon the capricious whim of this General Assembly.

Over \$800 million money of one form or another to

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balance the budget. It's a budget that will not last. We will be back here a year from now, filling in what promises to be a substantial hole. I would look forward to a return of the dialog. I hope that the loss of a year, and the loss of the revenues that result from that will not impose too extraordinary a burden on the people of Connecticut, but I'm afraid it will.

THE CHAIR:

Will you remark further? Senator Williams.

SENATOR WILLIAMS:

Thank you Madam President. Earlier it was stated that we are setting the ship of state on a new course this evening. And while I don't think that's the case on the budget side, because as I remarked earlier, what we're taking a look at is a modest increase in spending within the cap, within the spending cap, which is what we did the year before, and the year before that.

We are, however, setting a new course for the ship of state on the revenue side. However, I'm reminded of the Americas Cup recently, where apparently the country of New Zealand had an entry that did set a new course. That particular ship did wind up going to the bottom. I'm afraid that we may be in a race to the bottom in terms of the new course we're setting.

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Because, I'm unaware of anything with the magnitude of the sale of the lottery on a speculative basis as providing the amount of both revenue, from its continued operation, and sale, in terms of plugging what will be a 200 or \$300 million hole in our budget.

This has been done without a public hearing, without the committee process. But the little that we do know about it at this point, Madam President, is that it may very well not occur, because any such buyer would have to pay a federal tax, which is not the case now.

A state tax, which is not the case now. Would have to produce a one-time sale price of a billion dollars or more. And yet at the same time, provide the same amount of revenue that the lottery provides currently to the State of Connecticut.

It's been stated that we're not the experts in running this lottery, and that the private sector could do better. But in point of fact, no one in the private sector runs a state lottery, anywhere in the United States of America.

We are the experts. And of the thirty-six states that have lotteries, the Connecticut lottery has almost always, as far as I know, been in the top 25% as we are now, in terms of generating revenue.

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And the President of Auto Tote, a private sector gambling firm, has stated that it's very well run, and would be difficult to be run more efficiently, unless we were to add additional gaming.

Which brings me to a second reason, which we haven't discussed for opposing the sale of the lottery. And I'll just take another minute on this, and I feel I must, Madam President, because we haven't had a public hearing on this. We haven't had a chance to get the information, or debate the merits of this issue.

And yet we are depending on this for over \$200 million. We add in the revenue even more than that in terms of hundreds of more millions. And we may very well pay dearly with the consequences of cuts that we'll have to make next year.

But on the merits of a sale of the lottery, I think we have to take a look at the history involved here. Back in 1971 when this was proposed, it was stated at that time that a lottery would be the equivalent of participating in a government fund raising project, no more or no less. That's what was stated by the lottery bill sponsor in 1971.

Now we would be saying that we'd be moving well beyond that. And the state lottery would become a vehicle for private sector benefit at the expense of

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Connecticut taxpayers. It was also stated in 1971 that the history of state lotteries was a long history. As a matter of fact, in colonial times, there were many lotteries in many of the states in the United States, and that many of those lotteries became private sector, if you will, lotteries, and that they were eliminated and made illegal in the early 1800s.

Because as one legislator put it in 1971, it was taken over largely by unscrupulous promoters who were frauds and cheats of the most unsavory character. And that as such lotteries sprang up, they further bled the poor people for whom they were principally designed.

Now no one can say, and I'm sure would not be the case, that if we were to privatize it, that it would be done by sham promoters. And yet another statement by the proponent of the lottery in 1971 gave comfort to those who had questions at that time.

Representative Misakowski from Torrington stated that the lottery would be under strict government control, and this would eliminate entirely any possibility of abuse, fraud, and mismanagement. That was the pledge given by that Representative at the time.

Now, without any debate on the merits before committees, without any public hearings, we are simply

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saying that we're going to depend on the sale of the lottery for \$200 million. And most likely in order for that to happen, we'll have to have the expansion of gambling, more outlets, more pervasive and strident advertising.

More ads such as we had in 1989, where a gentleman in a fishing boat stated to the people of Connecticut on television, as you may recall, that he didn't save for his son's college education, he didn't put aside any money for his retirement, he just played the lottery and won and got rich.

That was the ad in 1989, and that was pulled because of outrage that ensued. And because the State of Connecticut controlled the lottery, not the private sector. We haven't talked about these issues, and yet we're staking over \$200 million on this.

Madam President, I think this is a race to the bottom. It is a new course that we're setting, but a very dangerous one, and one that will be very painful next year when we come back if these dreams are not realized, and we have to make very substantial cuts in the budget that we passed tonight.

THE CHAIR:

Thank you Senator. Will you remark further?
Senator Gaffey.

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SENATOR GAFFEY:

Thank you Madam President. Madam President, I rise to associate myself with my colleague Senator Williams. I do think that the proposal before us is not very intellectually honest, especially when you consider the fact that the hospital tax will now have a \$100 million in the next two consecutive years going to the General Fund.

And that we're paying for this supposed tax cut, based upon this tax on people that require services in hospitals. I'd also like to say that it's often cliché to say in the midst of a campaign that government ought to be run like a business.

Now, I submit to you that there aren't too many businesses that would extend debt payments out for a couple of years at the cost of almost \$30 million. And there certainly aren't too many businesses that would dispose of a producing asset such as the lottery, that produces about \$225 million a year, on a pure speculative notion that we may be able to recoup that money in the future.

I don't think this is an honest budget. There has been several theatrical referrals here tonight in the midst of this debate. And I'm only reminded of that theme song of the Broadway show Annie. Tomorrow,

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tomorrow, there's always tomorrow. And I do say that I concur with Senator Williams that tomorrow the chickens are going to come home to roost, possibly, when the revenue estimates don't meet this budget, and it goes out of balance, and we have to look for significant cuts in programs that Senator Genuario worked so hard, and other members of the Appropriations Committee, to restore.

And for those reasons, Madam President, I will oppose this bill. Thank you.

THE CHAIR:

Thank you Senator Gaffey. Will you remark further? Senator Daily.

SENATOR DAILY:

Thank you Madam President. I rise to associate myself with Senator Williams and Senator Gaffey in their remarks. It is a sad day for Connecticut when we promise people a tax cut, and we give it to them on speculation. Speculation that's going to have to increase gambling in the state.

I also can't vote for the bill because of the hospital tax. The one thing that we have heard repeatedly and overwhelmingly from our constituents, and to tax sick people in the hospital and put that into the General Fund really is disgraceful.

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I also feel embarrassed for the repeal of the tax cut on data processing. We can't continue to make promises to people, to municipalities, and to businesses, and then to renege on them. And I too, worry about what will happen next year and in the out years.

Senator Genuario has worked so hard on the budget package, but I wasn't able to support that because of the revenue that's not consistent with what's in there. Thank you very much Madam President.

THE CHAIR:

Thank you Senator. Will you remark further?
Senator Sullivan.

SENATOR SULLIVAN:

Thank you Madam President. In wrapping up the debate on this particular bill, from my standpoint anyway, let me acknowledge as I did at the outset of the discussion on the appropriations act, and I have not had a chance to do so for Senator Nickerson's work on this as well as Representative Schiessl.

As we said of that act, and that package, our concerns do not diminish in any way, the effort that has been put into this by the Finance Committee, and indeed by the co-chairs of the Finance Committee, and members who are the ranking members of that committee.

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Indeed, I would suggest that given the political challenge, not the fiscal challenge, but the political challenge presented to the Finance Committee at the outset of this session. The Finance Committee has been creative, thoughtful, ingenious, and has come up with a number of "rabbits out of the hat" that we might not have seen at the beginning of this process.

And in that sense, I think has done the best that it can to get to a bottom line, that it was given to get to when this session began. Senator Jepsen, from time to time has described the income tax, somewhere out there, as the cheeseburger a day, tax cut.

At eighteen cents, and let me correct my earlier remarks this evening, not nine cents a day, the munificent sum of eighteen cents a day. It is hardly a cheeseburger, it is not even the meat, and it may not even be the bun, with that kind of relief that we are offering in this bill.

Never has eighteen cents cost so much in terms of public policy. Eighteen cents to be repaid by taxpayers through the hospital tax, and then some. Eighteen cents to be repaid by business taxpayers in the form of tax cuts lost.

Eighteen cents to be repaid by all of us, many times over in deferred debt, and additional debt

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service. Eighteen cents to be paid for primarily by, what if successful in the sale of the state lottery, will of necessity be the most significant expansion of gaming in the history of the state.

Because that is the only way that that sale can be profitable and productive for any buyer. That is a high price to pay in terms of decent fiscal policy.

THE CHAIR:

Thank you Senator. Will you remark further?

Senator Nickerson.

SENATOR NICKERSON:

Thank you Madam President. The lottery, Senate Amendment "A" said, and I quote: The shortfall attributable to this Amendment shall be paid for by the sale of the lottery. You can't have it both ways. You can't use the lottery to pay for an Amendment, which has a different spending pattern than this, and then criticize this spending pattern because it incorporates a part of the lottery. Can't have it both ways.

You can have it this way. Reason you can, is we have a bill before us, not originating in this Chamber, but originating in, with our brothers and sisters of the second floor, by a vote of 126 to 21. That's how we had this vote before us.

We have it because the Finance Committee used

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revenue estimates from the Office of Fiscal Analysis. We have it before us because most of the provisions of this substantively come from the Finance Committee. We have it before us because of a six to one vote on approval.

Why did it obtain that vote of approval? It did so because it provides the first cut in the income tax since it was enacted. It did so because it provides a reasonable and responsible plan to reorient the ship of state on the path, not wholly at the goal, but on the path of tax reduction, fiscal restraint, tax relief, smaller government.

All as a companion piece to the budget so eloquently described and offered by Senator Genuario. I believe it's time Madam President, to vote on this bill, and I urge it's adoption.

THE CHAIR:

Thank you Senator. Will you remark further?

Senator Fleming..

SENATOR FLEMING:

Yes, thank you Madam President. Madam President, I stand to support this tax cut and the budget that was previously adopted. And to reflect on, I think a great American, Sam Rayburn. And I think certainly the members of the other side of the aisle, given that he

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was a Democrat, ought to listen to his words. And he said, I'll clean them up a little bit, because he really had a way with words. But he said any mule can kick down a barn, it takes a carpenter to build one.

And what we are trying to do here is to build a future, secure budget, and tax cut for the people of Connecticut. And we didn't get to the position that we're in right now overnight. We got here because of years of what I would consider irresponsible budgets. And that's why we're here tonight. And we are beginning the process by which we will try to correct that, and to rebuild a strong state economy.

And let's face it, I think that there are things in the budget that will enable this tax cut to occur, are things that members of the other side of the aisle are opposed to, welfare reform, certainly in the form that we've tried to adopt here.

Some of the spending cuts, bargaining reform, reorganization. Those things are necessary for this tax cut. I listened to a few comments around the Circle tonight. Some said it was the lottery, some said it was welfare reform, the savings there that enabled this tax cut to occur, did it on the backs of welfare recipients.

Some said it, we did it because of the ERF notes,

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collective bargaining changes. If you added all of those things up we would probably be somewhere in the six, \$700 million range. The point is, the reason we have a tax cut here tonight is because of all of the things we did in the budget. Not one particular thing, which for political reasons you may want to focus in on.

The reason we have a tax cut is because we had the ability and the votes in this Chamber and downstairs to make tough decisions on many issues. Some of which I mentioned, welfare reform, and collective bargaining issues.

That's why we have a tax cut. That's why this tax cut will be sustained in future years. This is the first time in nearly two decades that we have a budget that cuts spending and provides a real tax cut.

Something that no other majority party has been able to accomplish until the Senate Republicans came here and took control of this Chamber, and insisted, insisted on a tax cut back in February when people said it was impossible.

Well, we are here tonight ladies and gentlemen, and I am very proud of the members of my party, and anybody else who is willing to vote for this tax cut. Because everyone said it couldn't be done. And we have

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done it. We have balanced a budget. We have provided a \$200 million tax cut, and we have done what the people asked us to do last November, balance that budget, cut taxes, and go home. I urge you to support this bill.

THE CHAIR:

Thank you Senator. Will you remark further? If not, would the Clerk please announce a roll call vote. The machine will be open.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Have all members voted? If all members have voted, the machine will be locked. Clerk please take a tally.

THE CLERK:

Total Number Voting	35
Necessary for Passage	18
Those voting Yea	20
Those voting Nay	15

THE CHAIR:

The bill is passed. Senator Fleming.

SENATOR FLEMING:

Yes, thank you Madam President. I believe the Clerk has Senate Agenda #3.

THE CLERK:

Senate Agenda #3 dated Wednesday, May 31st 1995.

THE CHAIR:

Senator Fleming.

SENATOR FLEMING:

Yes, thank you Madam President. I would move that all items on Senate Agenda #3, dated Wednesday May 31st 1995 be acted upon as indicated, that the Agenda be incorporated by reference into the Senate Journal and the Senate Transcript.

THE CHAIR:

Without objection, so ordered.

SENATE AGENDA #3

1. BUSINESS FROM THE HOUSE:

- (A) HOUSE BILL(S) FAVORABLY REPORTED - to be tabled for the calendar.

APPROPRIATIONS

HB5086 An Act Concerning Correctional Facilities

H-730

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
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PART 11
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Without objection, so ordered. Clerk, please call
Calendar 514.

CLERK:

On page 34, Calendar 514, Substitute for House
Bill Number 6969, AN ACT CONCERNING THE DISPOSITION OF
SURPLUS STATE REAL PROPERTY AND IMPROVEMENTS TO STATE
REAL PROPERTY. Favorable Report of the Committee on
Planning and Development.

SPEAKER RITTER:

Representative Godfrey.

REP. GODFREY: (110th)

Thank you, Mr. Speaker. I move that Substitute
for House Bill Number 6969 be referred to the Education
Committee.

SPEAKER RITTER:

Without objection, so ordered. Clerk, please call
Emergency Certified Bill Number 7030.

CLERK:

Emergency Certified Bill Number 7030, AN ACT
CONCERNING HUMAN SERVICES BUDGET IMPLEMENTATION AND
MODIFYING CERTAIN TAXES AFFECTING BUSINESSES AND
INDIVIDUALS.

SPEAKER RITTER:

The Honorable Representative from New Haven,
Representative Dyson.

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REP. DYSON: (94th)

Thank you, Mr. Speaker. Mr. Speaker, I move acceptance and passage of the Emergency Certified bill.

SPEAKER RITTER:

The motion is on acceptance and passage. Please proceed, sir.

REP. DYSON: (94th)

Thank you, Mr. Speaker. Mr. Speaker, we have before us a bill that includes a number of things. We have endeavored in the process of trying to expedite matters, we have put some enabling legislation together and as a result, we have a bill before us that includes a number of things. One that I know is a major interest to many people is the issue of ConnPACE and what we are doing with that and the ConnPACE registration fee is being raised from \$12 to \$25. That is in section one.

And in section two through four, section 2 through four includes language that deals with revised statutes related to bed reservations and transfers.

Section five deals with the task force to study long term care.

Section six is a Department of Social Services study of nursing home rates.

Seven through fifteen, those sections, establishes

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access agencies to replace existing CAM agencies for elderly home care services.

Section 16 allows for bed relocation between nursing home facilities. Seventeen creates exceptions for facilities which wish to become continuing care operators and have medicaid beds. Section 18 adjusts criteria for nursing home certificates of need.

Section 19 through 24 eliminates DSS state and regional ombudsmen. The agency retains responsibility for their functions.

Section 25 changes DRI inflation adjustments for nursing home rates. Two, the DRI 2.5% in fiscal year 95-96 and DRI 3.5% in fiscal year 96-97.

Section 26 revises rate setting provisions for chronic disease hospitals.

Section 27 extends the Commissioner's authority to allow a facility to receive a higher rate of out of state patients. Twenty-eight postpones June, 1997 medicaid capitation payment to July of 1997.

Section 29 allows for a non-written authorization for a five day prescription for an individual in nursing homes.

Section 30 allows a one year demonstration project to explore methods of reducing the destruction of medication in nursing homes.

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And beginning in Section 31, it begins a number of issues that are better described by Representative Schiessl. So I would yield to Representative Schiessl to undertake the following sections in whatever manner he so chooses. Thank you.

DEPUTY SPEAKER PUDLIN:

Representative Schiessl, do you accept the yield, sir?

REP. SCHIESSL: (60th)

Thank you, Mr. Speaker. Continuing on in the explanation of this bill, these changes relate to tax law and they are meant to implement the budget that we have just adopted.

Section 31 of the bill is an amnesty program to be administered by the Commissioner of Revenue Services.

Section 32 is a change in the income tax statute relating to the rate of tax involving the introduction of a 3% rate into the statute.

Section 33 is the introduction of a property tax credit against the income tax. It is a pure credit with a maximum allowable credit of \$100. It applies to real land, personal property taxpayers who have income tax liability.

Section 34 alters and extends the scheduled reduction in the corporate income tax rate.

Section 35 represents a deferral until fiscal year 98 of a corporate tax credit on small and medium capital goods.

Section 36 of the bill is a deferral of the Clean Air Traffic Management credit.

Section 37 of the bill is a deferral of the Property Tax Credit on data processing equipment under the Public Corps Tax statute and the Insurance Tax statute.

Section 38 represents that refinancing or alterations in the scheduled repayment of the Economic Recovery Fund notes. In essence, transferring a balloon payment schedule to be made in the next fiscal year and extending those payments out.

Section 39 relates to the issuance of the Earth bonds in connection with that proposal.

Section 40 is the introduction of a new lottery program, commonly known as Powerball Lotto.

Sections 41 through 49 relate to the Sales and Use Tax statute. Section 41 is a referral of the data processing phase out. Section 42 is the enactment of a Sales and Use Tax exemption under the category of repair to health aides. This will have an impact beginning in fiscal year 95-96. Section 43 is a Sales and Use Tax exemption on library book sales. It has a

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revenue impact in fiscal year 98 as do many of these proposals. They are being deferred to the next biennium. Section 44 Sales and Use Tax Exemption for food products sold in vending machines. Also put off to be effective in the next biennium. Section 45 represents the introduction of a new exemption on sales of motion picture and video equipment. Also scheduled to have its revenue impact beginning in fiscal year 98. Section 46 is the introduction of a Sales and Use Tax Exemption on rare coins, rare and antique coins. Section 47 is a new exemption, in reality, an extension of a data processing exemption. It applies to computer and data processing services under certain circumstances with a fiscal impact in FY 96, the first year of the biennium. Section 48 relates to the sale of marine vessel fuel. Section 49 relates to sales to CRA.

Section 50 is a fairly lengthy section, but it does address the issue of deferring the Sales and Use Tax Exemption for auctioneers in tax preparation services until the next biennium.

Section 51 deals with an array of Sales and Use Tax law changes to which we are extending or deferring the effective date until FY 98. They apply to services of off duty patrolmen, municipal railroad parking,

hypertercologists and the auctioneers are addressed in there, as well.

Section 52 of the bill addresses the issue of depositing into the Conservation Fund established under Section 22a-27(h) of the General Statutes, the amount of \$250,000 of the amount of funds received by the State from the tax imposed on marine vessel fuel. It is in essence, an example of directing revenue for a particular purpose.

Sections 53 through 64 address the uncompensated care issue, an issue that I am sure can be addressed in greater detail by other members of the Chamber.

Section 65, which brings us pretty close to the end, ladies and gentlemen. Page 90, lines 3103 is the introduction of language that will explore the issue of the privatization of the Connecticut State Lotteries. The provisions of this plan shall include the exploration of certain issues relating to the privatization and there is a requirement that October 1, 1995 a preliminary progress report shall be submitted to the Governor and the Finance, Revenue and Bonding Committee and by January 15, 1996 the Secretary must submit an implementation plan to the Governor and the General Assembly for approval, disapproval or modification.

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Sections 66 and 67 relate to the effective dates. There are additional deferrals of scheduled sales and use tax exemptions occurring here. In particular, those relating to safety apparel, private water companies, which is not sales and use. Oh, I am sorry. Please excuse me. In fact, that is the Public Service Companies tax.

And in essence, that is a section-by-section summary of the Emergency Certified bill that is before the Chamber.

Mr. Speaker, I am prepared at this time to surrender the microphone back to Representative Dyson who was gracious enough to yield to me for purposes of further elaboration.

Thank you, Mr. Speaker.

SPEAKER RITTER:

Thank you, sir. Representative Dyson, do you accept the yield, sir?

REP. DYSON: (94th)

Yes, Mr. Speaker. Thank you very much. Representative Schiessl has concluded the presentation of the item that is before us and I think it probably self explanatory especially to a layman and that is what I am in terms of dealing with the issues that are described here that directly affect nursing homes.

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So without any further adieu, Mr. Speaker, I think this should conclude the Emergency Certified bill that is presented to us here and later, I would like to offer an amendment, if I may, Mr. Speaker.

SPEAKER RITTER:

Will you remark further? Representative Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. Just very briefly. The portion of this bill that deals with taxes deviate slightly from the bill, does not show the fact that this legislature has in passed legislation enacted tax cuts for our business community which are ongoing in being implemented and in very broad numbers in the first year of the biennium, there will be an additional -- round numbers -- \$50 million tax decrease to our business community and in the second biennium, approximately \$150 million in additional tax decreases for our business community, which do not exactly show in this particular document, but in the whole budget process will be enacted in the next two years. That also is a very important part of our ongoing tax policy in order to encourage business to remain in Connecticut and to encourage new business to locate here.

SPEAKER RITTER:

Will you remark further? If not, we will continue

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with the amendment.

Representative Dyson.

REP. DYSON: (94th)

I assume that we were going to vote, but will the Clerk please call LCO 6145 and I be allowed to summarize?

SPEAKER RITTER:

The Clerk has amendment LCO 6145. If he may call and Representative Dyson would like to summarize.

CLERK:

LCO Number 6145, House "A" offered by
Representative Ritter.

SPEAKER RITTER:

Representative Dyson.

REP. DYSON: (94th)

Mr. Speaker, this amendment has first of all, a change relative to the first item presented, the Emergency Certified bill. The Emergency Certified bill had an error because it spoke of ConnPACE as \$25 for co-pay and that was a mistake and this amendment cleans that up and there are few other technical changes in this amendment, Mr. Speaker that deal with a number of technical matters especially as it relates to -- I have to see what section this is -- can I just have the Chamber stand at ease for a moment until I find out

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where I am, Mr. Speaker?

SPEAKER RITTER:

The Chamber will stand at ease.

REP. DYSON: (94th)

Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Dyson.

REP. DYSON: (94th)

The first section in the amendment that I am offering here deals with chronic disease, chronic and convalescent nursing homes, the rates. The next section is technical, Mr. Speaker. Section three.

Mr. Speaker, I would like to yield to Representative Schiessl.

SPEAKER RITTER:

Representative Schiessl, do you accept the yield, sir?

REP. SCHIESSL: (60th)

Thank you, Mr. Speaker. I do. I am addressing language in this amendment which is of a technical nature clarifying on page 17, line 581 and there is a clarification regarding the tax rate for trusts in estates, purely intended in the way of a clarification. That clarification does continue through the amendment. There are some other technical changes throughout set

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forth on pages 20 and 21 and I believe that those are the changes that effect the tax portions of this amendment.

And at this time, I would like to yield the microphone back to Representative Dyson for further discussion..

SPEAKER RITTER:

Representative Dyson, do you accept the yield, sir?

REP. DYSON: (94th)

Thank you, Mr. Speaker. And in addition to the comments made by Representative Schiessl, I would like to have members refer to section 70 which deals with the monies to be paid to private providers. Section 71 deals with the computation of taxes related to and how they should be computed and Mr. Speaker, being the hodge podge that it is, I think that we have probably covered most of the items in this amendment. I move its adoption, Mr. Speaker.

SPEAKER RITTER:

The question is on adoption. Will you remark further?

REP. DYSON: (94th)

Mr. Speaker, there is not a lot that I would like to say about this so unless there are some questions to

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come, that hopefully I am able to answer, I would just as well conclude my remarks. Thank you.

SPEAKER RITTER:

Thank you, sir. Representative Prelli.

REP. PRELLI: (63rd)

Thank you, Mr. Speaker. Really not to hold up the passage of this amendment, but I think some questions, at least from the explanation. Through you, a question to Representative Dyson.

SPEAKER RITTER:

Please proceed.

REP. PRELLI: (63rd)

Representative Dyson, when you talked about section 70, you said that this had to do with funds for private providers. Isn't this really a transfer of funds for private providers to the payment of bargaining agreements for unionized employees? Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Dyson.

REP. DYSON: (94th)

Through you, Mr. Speaker. Yes. And we have, just so it would help this exchange, we have an amendment coming to remove this section because a similar language is in an amendment that is upstairs in the

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Senate. And I think the language that is upstairs in the Senate is probably better than the language here, but in response to your question, yes.

SPEAKER RITTER:

Representative Prelli.

REP. PRELLI: (63rd)

Thank you, Mr. Speaker. Thank you, Representative Dyson, but I think I will wait for the next amendment to ask my next question.

Mr. Speaker, one other question, through you, and I guess it would probably go to Representative Schiessl. Through you, Mr. Speaker.

SPEAKER RITTER:

Please proceed.

REP. PRELLI: (63rd)

Representative Schiessl, in line 831 of the amendment we are striking line 3160 of the bill. Could you please explain what that does? Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Yes. Through you, Mr. Speaker. I am happy to answer that question. Line 3160 of the Emergency Certified bill will repeal section 12-704a of the

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General Statutes which is the language that addresses the beginning of the phase out of the tax on motor vehicles in the State of Connecticut and language in the amendment at lines 831 and 832 removes that repealer, which would, in effect, keep that tax law change on the books. It is a tax law change that will have a revenue impact beginning in the first year of the next biennium. Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Prelli.

REP. PRELLI: (63rd)

Thank you, Mr. Speaker. And through you, two questions to Representative Schiessl. First of all, Representative Schiessl, was this tax decrease in the revenue estimates we adopted and could you please tell us how much the decrease will be in the next fiscal year? Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Schiessl.

REP. SCHIESSL: (60th)

Through you, Mr. Speaker. This language was not reflected in the revenue estimates adopted by the Finance Committee. This scheduled tax law change applies to the fiscal year that is in the first year of the next biennium. The revenue estimates adopted by

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the Finance Committee address the next two fiscal years, namely fiscal 95-96 and 96-97. So there is no correlation between the revenue estimates adopted by the Finance Committee and the effect of not only the language in the original e-cert, but also the language in the amendment that is before you. Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Prelli.

REP. PRELLI: (63rd)

Thank you, Mr. Speaker and thank you, Representative Schiessl. I misunderstood your first statement, so I thank you for the correction.

And through you, Mr. Speaker, just one more question to Representative Dyson.

SPEAKER RITTER:

Please proceed.

REP. PRELLI: (63rd)

Representative Dyson, on the very first page, I think there is still another technical change that needs to be made and it can probably be made in the tech-revisor bill, but we didn't take out the effective July 1, 1993. For legislative intent, we are planning on going back to the last two years to get that additional \$10 from individuals, aren't we? It is in

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the amendment. Yes, \$10 for an individual. I am sorry. It is September 15, 1991. It is on line 30. Just for legislative intent. We weren't really planning on going back four years to get \$10 a year, were we? Through you, Mr. Speaker.

REP. DYSON: (94th)

Through you, Mr. Speaker. We had no intentions of doing that. You are absolutely correct.

REP. PRELLI: (63rd)

Thank you, Mr. Speaker. That is all my questions.

SPEAKER RITTER:

Thank you. Anybody else? Representative Cleary.

REP. CLEARY: (80th)

Mr. Speaker, through you, a question to Representative Dyson.

SPEAKER RITTER:

Please proceed.

REP. CLEARY: (80th)

Representative Dyson, you kind of went through the amendment a little quick. It sounded kind of technical.

REP. DYSON: (94th)

That was deliberate.

REP. CLEARY: (80th)

I understand that. It appears in Section 25 that

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there are some technical amendments to the nursing home reimbursement statute. Could you tell us what that all means?

REP. DYSON: (94th)

Through you, Mr. Speaker. What lines, sir?

REP. CLEARY: (80th)

Line 46 of the amendment through, I believe, about the next five pages.

REP. DYSON: (94th)

Through you, Mr. Speaker. I have led to believe to the rates, but Representative -- (PAUSE)

SPEAKER RITTER:

Representative Dyson. (PAUSE) Do you have the answer?

REP. DYSON: (94th)

Well, no Mr. Speaker. I thought there was something going on that would require me to cease.

SPEAKER RITTER:

That is irrelevant from you, sir.

REP. DYSON: (94th)

Okay. Thank you very much, Mr. Speaker. Then I shall proceed then. In response to the question from Representative Cleary, I have the fiscal note before me and I have been led to believe that this is the language that is included in the Governor's nursing

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home bill. The description that is given to me by the fiscal note says that it would also make adjustments to various provisions related to nursing home rate setting to include one, decreasing cost category maximum allowable cost; two, eliminating rate increases to a 3% maximum; three, reducing the fair rental allowances to 11%; four, adjusting cost efficiency allowances; five, reducing the DRI inflation update factor; six, eliminating ICF/MR rates; seven, restriction rate increases for homes for the aged; and eight, establishing a fee schedule for chronic disease hospitals associated with nursing homes.

Those would implement the provisions of Substitute House Bill 6696.

Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Cleary, you still have the floor.

REP. CLEARY: (80th)

Through you, Mr. Speaker. Representative Dyson, would that be a little more than a technical adjustment?

SPEAKER RITTER:

Representative Dyson.

REP. DYSON: (94th)

Through you, Mr. Speaker. I would assume that it

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would be to some, but yes.

REP. CLEARY: (80th)

Through you, Mr. Speaker to Representative Dyson. In my reading of the fiscal note, the language in this amendment that you are offering reduces nursing home rates by \$116 million over the biennium. Is that correct?

REP. DYSON: (94th)

Through you, Mr. Speaker. I am not sure how much that reduces the nursing homes, but if I think in terms of what we did in the budget, forty and seventy-five -- yes, it sounds correct.

SPEAKER RITTER:

Representative Cleary.

REP. CLEARY: (80th)

Through you, Mr. Speaker. What is left in the budget in both year one and in year two to fund nursing home rates in the medicaid line item?

REP. DYSON: (94th)

Through you, Mr. Speaker. The Appropriations document for fiscal year 95-96 has \$809 million. In fiscal year 96-97, \$803 million. Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Cleary.

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REP. CLEARY: (80th)

Through you, Mr. Speaker. Was the original Governor's proposal to be somewhere in the area of \$838 in the first year and \$845 in the second year? Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Dyson.

REP. DYSON: (94th)

Through you, Mr. Speaker. That's correct.

SPEAKER RITTER:

You have the floor.

REP. CLEARY: (80th)

Through you, Mr. Speaker. What happened?

REP. DYSON: (94th)

Through you, Mr. Speaker. I think the common term to use is we took it.

SPEAKER RITTER:

Representative Cleary.

REP. CLEARY: (80th)

Through you, Mr. Speaker. Specifically, who took it?

REP. DYSON: (94th)

Through you, Mr. Speaker. The assumption would be that in the process of putting together the budget document, that if we projected our cost to be, based

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upon the considerations that we make, that we can provide the service for the amount of monies that have been appropriated. Indeed, we would have to look upon that as left as being excess and as a result, is used within the context of the budget document for other purposes.

SPEAKER RITTER:

Representative Cleary.

REP. CLEARY: (80th)

Through you, Mr. Speaker. Did it go somewhere specific?

REP. DYSON: (94th)

Through you, Mr. Speaker. Not really. It is all over the place.

SPEAKER RITTER:

You have the floor.

REP. CLEARY: (80th)

Through you, Mr. Speaker. Some week ago, Representative Dyson, we did a deficit bill for last year's budget of which, if I understand the numbers correctly, there was \$15 million left in the medicaid long term care line item from last year's appropriation which in the middle of the biennium, was caught by \$13 million. Still had \$15 million left and we spent that elsewhere within the last two weeks in the deficit

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bill?

REP. DYSON: (94th)

Through you, Mr. Speaker. Vaguely, I can remember that if you are making reference to the deficiency bill, I think you might be right. I don't know the exact number, but I think you might be right.

Through you, Mr. Speaker.

REP. CLEARY: (80th)

Through you, Mr. Speaker. Has anyone from Appropriations sent a thank you to the long term care medicaid budget for both making our deficit for last year and cutting this year, based on the numbers I can see, some \$80 million from current services to get from about 880 and change down to 809? Through you, Mr. Speaker.

REP. DYSON: (94th)

Through you, Mr. Speaker. We can appreciate Representative Cleary's concern as to whether or not the Appropriations Committee has an appreciation for what is provided by monies we extract from long term care. No, we did not send a note to anyone, but we are quite appreciative.

Through you, Mr. Speaker.

REP. CLEARY: (80th)

Through you, Mr. Speaker. I would presume and

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maybe this would be better addressed to Representative Schiessl, but the reduction of \$80 million in that line item would cause a \$40 million reduction in federal revenues, which I would imagine, is representing the revenue portion of the budget? Would you possibly be able to answer that, Representative Dyson? Through you, Mr. Speaker.

REP. DYSON: (94th)

Through you, Mr. Speaker. I think in the process of the budget document being put together, the Office of Fiscal Analysis do the analyzing of the budget document in considerations that have to be made for what our revenue sources are to be and where revenues are to come from is considered by them and is accounted for. So, my guess would be is that any adjustments that we made in the budget document that the Finance Committee and the staff at the Office of Fiscal Analysis would have taken that into consideration.

Through you, Mr. Speaker.

REP. CLEARY: (80th)

Thank you, Representative Dyson. Mr. Speaker, I appreciate all the work that Representative Dyson, Senator Genuario, Representative Farr and others have done to try to bring before us both budget and implementation that works for the State of Connecticut.

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I happen to personally think that this amendment has pushed things a bit beyond the limit of what we have done over the last couple of years. I personally plan to vote against it and I think the members of the Chamber in voting for it, need to really look at what the numbers say. This amendment on its own is \$116 million in reductions as part of the implementation of the budget. It is way beyond what the Governor proposed for a bottom line in those appropriations and I think people should really think about that before they all cast a vote on it.

Thank you, Mr. Speaker.

SPEAKER RITTER:

Thank you, sir. Will you remark further? If not, I will try your minds. All in favor, signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed, no. The ayes have it. Will you remark further on this bill, as amended? Representative Dyson.

REP. DYSON: (94th)

The Clerk has an amendment, LCO Number 9005. Will he please call and I be allowed to summarize?

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SPEAKER RITTER:

The Clerk has amendment LCO 9005. He may call it and Representative Dyson would like to summarize.

CLERK:

LCO Number 9005, designated House "B" offered by Representative Ritter.

SPEAKER RITTER:

Representative Dyson.

REP. DYSON: (94th)

Thank you, Mr. Speaker. Mr. Speaker, this amendment removes, in its entirety, section 70, which I mentioned previously to Representative Prelli. I move adoption of the amendment.

SPEAKER RITTER:

The question is on adoption. Will you remark further? On the amendment? Representative Ward.

REP. WARD: (86th)

On the amendment, yes Mr. Speaker. Through you, a question to Representative Dyson.

SPEAKER RITTER:

Absolutely.

REP. WARD: (86th)

Representative Dyson, I am not sure. I know you indicated you said something to Representative Prelli before. We don't quite understand this amendment.

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Could you just explain again for the edification of the Chamber why we are striking section 70 in its entirety?

REP. DYSON: (94th)

Through you, Mr. Speaker. For those who have the amendment before them, LCO Number 6145, section 70, the language make reference to monies in the office of OPM for private providers account. And that would be distributed by the Secretary of Policy and Management to private providers of Mental Health, Mental Retardation and Children and Families and the Department of Social Services for intermediate care facilities.

This money is money that the Governor's office along with the Speaker and the President Pro Tem of the Senate, the Minority Leader, Representative Ward who participated in -- for members of the Chamber in a discussion with people who are interested in making sure that private providers were treated fairly in terms of wages being paid to them and their providing a service to the State.

An agreement was struck. That agreement required monies to be placed in the budget document. I think it is \$6.9 for the first year of the biennial and I think \$13 for second year of the biennial. So this is just establishing an account in the Office of Policy and

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Management to live up that agreement.

Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. I understand the explanation and I remember the discussions about setting up the account. What puzzles me is why are we then striking that section? Doesn't that undo the account and what it would be spent for? Maybe I am reading something backwards.

REP. DYSON: (94th)

Through you, Mr. Speaker. There is a bill in the Senate that has this language in it. This was inadvertently included in this. So rather than create a conflict by passing language in two different bills, that were not identical, would cause a problem so we thought it would be best to extract this language.

Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Ward.

REP. WARD: (86TH)

Thank you, Mr. Speaker. I now understand and I appreciate the gentleman's answers. The amendment makes sense to me. Thank you, Mr. Speaker.

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SPEAKER RITTER:

Thank you. Will you remark further? If not, I will try your minds. All in favor, signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed, no. The ayes have it. Will you remark further on this bill, as amended? Representative Schiessl from the 60th District, Windsor Locks. I bet you will be happy to return there today, I am sure.

REP. SCHIESSL: (60th)

Yes, Mr. Speaker. I wish I was there right now. The Clerk has an amendment, LCO Number 8025. I would ask that the amendment be called, the reading waived and I be given permission to summarize.

SPEAKER RITTER:

The Clerk has amendment LCO 8025. If he may call it and Representative Schiessl would like to summarize. Oh, I am sorry. Do you have copies?

REP. WARD: (86th)

No, Mr. Speaker. We do not. We have actually been looking for it for awhile.

SPEAKER RITTER:

I apologize. It was not any secret mission not to

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let you have it. It just -- since you knew the amendment was coming anyway -- it is on its way now.

Representative Schiessl. The question is on adoption. I think you moved adoption already. The question before you is on adoption. Please proceed.

REP. SCHIESSL: (60th)

Thank you, Mr. Speaker. This amendment is geared to modify the income tax rate -- I guess the phase in of or phase down in the income tax rate. The proposal in the E-certed bill has an affect that takes out, through the biennium, and what we are doing in this amendment, is basically striking the out year effects of the phase down and essentially making one adjustment downward in the rate at certain levels or degrees of taxable income and then just simply -- in fact, it just does that one time.

In fiscal year 97 which is the second year of the biennium, this amendment, as the original proposal would, will amount to a reduction in the revenues generated by the State Income Tax of \$100 million. If this amendment is adopted, then the bill, as amended will do only that.

The reason this amendment is before you this morning, in my opinion, is that it relates to a concern about incorporating into our statutes tax reductions

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that we may have difficulty finding the revenue for. There are an array of deferred tax law changes, some enacted as early as 1993 in this package. There are new tax exemptions included in this package that have been deferred to the next biennium and this proposal, as included in the original e-cert, has an escalating revenue loss that is really the crux of the issue of concern to those who are supporting the amendment and I am speaking in favor of the amendment here. And I think it is appropriate at this time that we adopt this amendment in that it puts the change on the books. Its revenue impact being felt in the second year of the biennium, cracks the door open and of course, as is our right and our pattern of behavior, we will in every year, take fresh looks at available revenue, review our expenditures and make the necessary and appropriate tax law changes that will work to the benefit of not only those who pay the taxes and fines and fees that generate the revenue by which we operate our government, but also takes in account those who receive the benefits of expenditures of those tax dollars and those programs that may become the subject of cuts and reductions in order to meet our constitutional obligation to balance the budget.

Mr. Speaker, I urge adoption of the amendment.

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SPEAKER RITTER:

Thank you. Will you remark further?

Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, members of the Chamber, I rise to oppose the amendment. Frankly, I guess this amendment, which we had in part, many hours of discussion and many hours of wait today.

I am not going to talk about the amendment in terms of what agreement there was or was not. I would rather talk about the amendment on the merits. Talk about that we ought to be setting forward the policy that we will adopt a greater reduction in the State Income Tax than that reduction that is in fiscal year 96-97. We ought to move forward with a more significant reduction in the State Income Tax. That is what the e-cert that is on your desk, that we adopted a short time ago, that we are working on now, provides.

This deletes that public policy. This says that over the next three years we will deny the \$500 million in tax reductions to the people of the State of Connecticut. So that everyone is certain that they understand what this amendment does, the plan before you without this amendment says, in 1998 for a married couple filing jointly, \$20,000 of your taxable income

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will be taxed in the 3% rate. The following year, \$30,000 of your taxable income will be taxed at the 3% rate instead of a 1.5% tax rate.

It is the middle class taxpayers that is very substantial tax relief. Although it has been argued that we shouldn't look into the future, I think that is exactly what we should do. We should be setting a policy that we must control the spending at those levels and make a commitment to the reduction in the income tax. If we are going to send a message to the State of Connecticut, a message to other businesses that may want to come here, we should be telling them we are setting a revenue structure in place that will require fiscal restraint and will say to taxpayers that we will leave some money in your pocket.

There is an argument that we shouldn't look ahead, yet the earlier amendment that was just adopted said that some property tax credits on automobiles, which everybody thought was pretty controversial, we are leaving that in place. The e-cert said we won't do it and then you did another amendment just a few minutes later saying we changed our mind again. We will leave those out years in place on that. So it can't be a question of not wanting to deal with out years. It must, perhaps, be a question of not wanting to deal

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with the reduction of the Income Tax.

Frankly, this is an important piece to the members on this side of the aisle, to the entire budget process that we are doing today. It was something we talked a great deal about in caucus. Something that we feel sets the State in the right direction. Judging from the discussions, I suspect we may not have the votes in this Chamber at this time on it. I hope that is wrong because frankly, if this amendment were to fail, I believe the Senate tonight would adopt our spending plan because they have already adopted a version that is identical, would adopt this tax plan in this form and to be signed by the Governor and the entire budget and tax package for the State of Connecticut would be finished -- I was going to say tonight, but I guess this morning.

If not, we will have more work to do. Members of this side of the aisle are certainly prepared to work with you as we have worked on all of the other matters here. I ask you to seriously consider judging it on its merits, saying that we are prepared to substantially reduce the income tax in the second two years following the end of this biennium budget, that you make a commitment to bring the spending under control in those two years and to work together on

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spending as we did in the spending package earlier today, but send a message out to everyone in Connecticut that we can afford an Income Tax cut, that we will work to do the steps that are necessary, that it is the right policy for the State of Connecticut, that the taxpayers need this break, and join us in doing that.

Mr. Speaker, I would request a roll call on this amendment when the vote is taken.

SPEAKER RITTER:

I will order a roll call, sir. Will you remark further? If you want to speak - - let me put it this way. The distinguished Majority Leader wants to speak, so if anyone else would like to speak, why don't you do it now or forever hold your peace?

Representative Moira Lyons, the Majority Leader.

REP. LYONS: (146th)

Thank you, sir. Sir, I would rise in support of this amendment and I would like to be very clear as to what is occurring here.

I have said this often and I believe it is true. I think there is probably no one in this Chamber who would not choose to give a tax reduction when revenues are available. I think that is important. I believe that is our responsibility.

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As I look at the bill to which this amendment is attached, I believe in taking into consideration the revenue estimates that there is in that bill, a piece that goes to the privatization of our lottery. In that, it is an assumption that we will realize approximately \$200 million from that sale. Tied to that is also a revenue estimate of \$200 million and yes, we have indeed made revenue estimates on the assumption of realizing a profit from the sale of a certain entity.

But the two pieces are identical. And the two pieces, I believe, are indeed tied together since absent this piece of the lottery, our revenues are balanced and our budget is balanced. Thus, it would be my assumption and I believe the assumption of most people in this state, that indeed the ability to have the revenues for this tax cut is indeed based on the sale of that particular entity, which currently, the State controls.

I believe what this amendment does is simply state because of the timeframe that we are doing this in a timely manner, but we should not extend it into the future if we do not have the revenues that are realized. That is the first piece. I think the second piece of this goes to, I believe, an assumption that

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probably certain individuals in leadership had and I believe I was at that particular meeting where it was deemed that if indeed we were to go forth with the division of \$100 million for property tax and \$100 million for an income tax, it would be done on an equity basis. I was in conversations with the administration in which they believed that this was a fair manner to handle this particular issue. I think as we looked at this bill and as you look at the out years, that particular equity is not evidenced since one is static and remains at a certain amount of revenues and one continues to increase.

I believe the reason for the equity was an assumption, based upon the sale of the lottery, that we would indeed have the revenues for that equity of \$200 million each year as it went into the out years. But as you look at the bill, the monies increase for the Income Tax piece.

I believe, as I said, that while it is important to give a tax reduction, we also have to be careful and responsible as what we commit to for the citizens of our State that if we do this, we are being candid and we will be able to realize that promise which was discussed earlier in the day. I think this amendment simply states that with the knowledge that we have and

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with a smaller timeframe, we hope that we can keep that promise. We do not know if we can if we extend it into the out years. This is responsible. This is conservative and I believe this amendment should be passed.

Thank you, sir.

SPEAKER RITTER:

Thank you, Madam. I know we are in the debate. If we could just stand at ease for one moment. We are just checking, believe it or not, to make sure that this amendment is drafted properly. Why don't we stand at ease for a one moment and then we will vote.

(CHAMBER AT EASE)

That having been said, it is drafted properly. Everyone, staff and guests please come to the well of the House. The machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting by roll call. Members to the Chamber, please.

SPEAKER RITTER:

Why don't we have everybody stay in the Chamber. My suspicion is that we will do an immediate roll call after this. This is my suspicion, so why don't we try to have people stay in here.

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Have all the members voted? Have all members voted? Please check the roll call machine to make sure your vote is properly cast. If it has, the machine will be locked. The Clerk will please take the tally.

Clerk, please announce the tally.

CLERK:

Voting House Amendment Schedule "C" to House Bill
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Total Number Voting	147
Necessary for Passage	74
Those voting Yea	87
Those voting Nay	60
Those absent and not voting	4

SPEAKER RITTER:

House "C" passes. Will you remark further on this bill, as amended? I take that back. If anyone wants to go back to the other room -- I thought we were going to vote on it. So my suspicion was faulty.

Representative Prelli, you have the floor sir.

REP. PRELLI: (63rd)

Thank you, Mr. Speaker. Mr. Speaker, it is time to move forward. We have a bill before us that many of us support. We have had a long day and a long night.

We have decided to move forward. We have decided to move forward how? Leaving a poorly written property

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tax credit on the books. Not only that, but in 1998 we are actually going to give a double credit on cars, on property tax on cars in the State of Connecticut. Up to \$100 credit in the new bill and another credit that was written before rather than laying the future, rather than laying the pack that the people in the State of Connecticut and the businesses in the State of Connecticut can plan on.

I think we took the wrong road. But once again, we are at least taking it a step forward for the people in the State of Connecticut. A step forward with the tax cut, step forward to show the people in the State of Connecticut we are willing to make Connecticut a better place to live. It is a step forward. Too bad it was a baby step forward rather than a giant step forward for the future of the State of Connecticut. I will support the bill, Mr. Speaker.

SPEAKER RITTER:

Representative Norton.

REP. NORTON: (48th)

Thank you, Mr. Speaker. I rise in support of the bill. I do want to say with apologizes perhaps slipping into the discussion of the last bill because I joined them in my mind. That is is quite impressive how many people voted for a budget. I haven't been

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here that long, but it has been few terms and nothing like that has ever happened. Not even close. It was stunning in a way and I know I happen to think that the best way to have -- I think that liberals and moderates and conservatives Republicans alike should all get together to govern the State. That's not, unfortunately, the way it works. Democrats and Republicans get together on a lot of different bills, not usually the budget and it is not to everyone's satisfaction. I think it would have been better if it had been run by my party and I know you think that. And in fact, there are a lot of people out there who wished we did -- there are a lot of people out there who are glad that we are doing some things joined and are glad that we all walk away a little bit disappointed. But is frustrating for each one of us to go through that and to make those sacrifices and compromises.

But nonetheless, this includes tax cuts and I think everyone likes those and I just want to say, that in particular, these are quite progressive tax cuts. I am, as it were sort of low income -- I don't make -- it is how much we all make as legislators -- and I will get about the same amount of tax cut as someone who makes a million dollars and usually tax cuts are done on some sort of percentage that someone makes a million

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dollars a year would get a lot more taxes cut than me, but in fact, in this situation, he isn't really.

The \$100 property tax cut is just about what I pay on my 85 Buick so I am going to get that and I will go down in rates to 3% on \$4,500 about \$12,000 and the fact I clear over \$16,500. So I am going to get back from the State as much as a very rich man and that's progressive.

My taxes are being cut as a percentage vastly more significantly than a wealthy woman or man and that's the nature.

SPEAKER RITTER:

The Chamber will please come to order. You are acting so much like a Democrat that they wanted to make you feel at home. The Chamber will please come to order.

REP. NORTON: (48th)

I have never been in one of your caucuses. Maybe this is a little bit -- and thank God. That wasn't personal. I am appreciative.

But I just want to say that I think everyone here should go home soon and --

APPLAUSE

SPEAKER RITTER:

You asked for that one, sir.

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REP. NORTON: (48th)

And feel very good about what they have accomplished. Everyone here should feel very good about what we have done and I just want to say thank you to everyone. It has worked out quite well in some ways.

SPEAKER RITTER:

Will you remark further? If not, -- Representative Ward. I apologize.

REP. WARD: (86th)

Mr. Speaker, may I yield to Representative Cleary?

SPEAKER RITTER:

You certainly can, sir. Representative Cleary, do you accept the yield, sir?

REP. CLEARY: (80th)

Yes, I do. Thank you, Mr. Speaker. Just a couple of questions before we hopefully wrap up shortly on this bill.

SPEAKER RITTER:

Come on. Seriously. Come on. The members are entitled to do this.

REP. CLEARY: (80th)

Through you, Mr. Speaker, a question to Representative Dyson, if he is still with us.

SPEAKER RITTER:

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Hopefully, for a long time. After today.
Representative Cleary, please proceed.

REP. CLEARY: (80th)

Through you, Mr. Speaker. I am reading the fiscal note on the Emergency Certified bill which we are about to vote on. In section 28, it postpones a medicaid capitation payment from June, 1997 to July of 1997. It appears to be saving us \$36 million in the second year of the budget. Could you explain what that is all about?

REP. DYSON: (94th)

Through you, Mr. Speaker. My understanding is that by the shift we were able to allow for money to be recorded, I think, in the second year of the biennial, I think. I am not sure, but one thing for sure, it was to our advantage to do it. And we did it.

Through you, Mr. Speaker.

REP. CLEARY: (80th)

Through you, Mr. Speaker. Have we already started year three of the budget with a \$36 million appropriation in July of 97?

REP. DYSON: (94th)

Through you, Mr. Speaker. That's probably the case.

REP. CLEARY: (80th)

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Through you, Mr. Speaker. There is something that seems to be missing to this bill. I know we are doing a lot of things with some changes in the CON statutes to take care of a few hardship cases with some retirement communities. I don't see here -- I am not sure if it got missed or if we are going to do it another bill next week, is the extension of the moratorium on new beds which, under the Governor's proposal is going to be extended for at least a couple of years beyond current statute. I am just surprised it isn't in here. Is it your expectation that we will do that on another bill or do we just forget it in all the language we have here?

Through you, Mr. Speaker.

REP. DYSON: (94th)

Through you, Mr. Speaker. It might have been both. We may have forgotten it and it could be in another one, but we will check on it and see whether or not that is the case, but right now, I can't give an answer as to what really is.

Thank you, Mr. Speaker. I have been advised by Representative Thompson that the moratorium will continue. Whether that would require legislation or not, I don't know. Then there are exceptions.

REP. CLEARY: (80th)

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Through you, Mr. Speaker. Would that be additional exceptions to the CON's?

REP. DYSON: (94th)

Through you, Mr. Speaker. I am not sure of that. I certainly would like to yield to Representative Thompson if he would like to respond to that.

SPEAKER RITTER:

Representative Cleary, is that acceptable to you?

REP. CLEARY: (80th)

Yes, it is, Mr. Speaker.

SPEAKER RITTER:

Why don't we just call on Representative Thompson? You have the floor, sir.

REP. THOMPSON: (13th)

Thank you, Mr. Speaker. My understanding, through you, Mr. Speaker, that there are exceptions being made to the moratorium, but it is also my further understanding that there will be exceptions.

For example, the testimony we heard concerning the Seabury Center in Bloomfield, Connecticut, for example, I think there is language in that to permit an exception to the moratorium.

But I think -- I will bow to the wisdom, Mr. Cleary, Representative Cleary. I think he is probably better versed than I am on that whole situation. But

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as I understand it, Representative, I believe the moratorium continues except for those exceptions we are making through this legislation.

SPEAKER RITTER:

Representative Cleary.

REP. CLEARY: (80th)

Through you, Mr. Speaker to Representative Thompson. Do we expect in the next week to extend that, I believe, under the Governor's proposal for an additional two years beyond current statute, which I believe the moratorium --

REP. THOMPSON: (13th)

Through you, Mr. Speaker. I am not sure that this is necessary, but if it is, I am sure it will be.

REP. CLEARY: (80th)

Thank you. Thank you, Representative Thompson and thank you, Representative Dyson for your insight into who got it and who took it.

Mr. Speaker, it is getting early in the day and I would just like to say that I think there is an awful lot in this e-certification, as it has been amended besides tax cuts and I think people really need to look at the bill as a whole before they make an educated vote.

Thank you.

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SPEAKER RITTER:

Thank you, sir. Will you remark further?
Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. It is with mixed feelings that I rise to support the bill in this form. It has some good things. It is good that we are putting in place, over the next biennium, \$200 million in cuts to the income tax, structured in two different ways, a rate reduction and a credit for people's personal or real property taxes to the tune of \$100 per taxpayer or joint taxpayer.

But I am very disappointed that we are not getting the job done tonight because frankly, without the prior amendment, I think we could have gotten the job done in a much better way than we are sending the bill to the Senate. I think we have more work to do. I think that the budget is not done well until we are able to further expand tax relief in the next few years, in particular, on the income tax, whether we structure it as a property tax credit or not, but an income tax reduction. I frankly believe it is not deep enough and we have more work to do. I regret that we were not able to get that job done today. Certainly, I thought earlier, with our caucus, when we reviewed this that we

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would be able to get it done. I am disappointed that we haven't. But I will indicate that it is my desire and the desire of the members of our caucus to work this out and to put this budget -- I was going to say to bed, but I won't say that at this hour, but to get the budget done and done promptly and soon and we will work to do that, but we will think the fundamental principles that underlie reductions in taxes are necessary to get that job done and we have a lot of work left to do.

Thank you, Mr. Speaker.

SPEAKER RITTER:

Thank you, sir. Will you remark further? We started it together and we will finish it together. Representative Moira Lyons from the 146th.

REP. LYONS: (146th)

Thank you, sir. I appreciate what Representative Ward has said and indeed I believe that reasonable people to have the right to see things in a different manner and frame things in a different way. As I stated before, I believe that people on both sides of our aisle want to give tax reductions and believe that is important.

I think perhaps the difference in looking at it is the reality of doing this. The reality of

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understanding and knowing that indeed we do have the monies necessary to keep our commitment to the people of Connecticut for a tax reduction. This amendment does not eliminate the tax reduction. It simply puts it in a timeframe by which we can recognize that the monies from the Lottery are indeed real, that we have them and thus, we can send back to the citizens of Connecticut, the money that can be tied into both the property tax relief and income tax.

And it is for that reason alone that questions have been raised about that particular piece. Not because people would not choose to give to our citizens, a tax reduction.

Thank you, sir.

SPEAKER RITTER:

Thank you, Madam. That being said, will staff and guests please come to the well of the House? The machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting by roll call. Members to the Chamber, please.

SPEAKER RITTER:

We cleaned up the Calendar. I am sorry, sir.

Have all members voted? Please check the roll

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call machine to make sure your vote is properly cast. If it has, the machine will be locked. The Clerk will please announce the tally. Clerk, please announce the tally.

CLERK:

Emergency Certified Bill 7030, as amended by House Schedules "A", "B", and "C"

Total Number Voting	147
Necessary for Passage	74
Those voting Yea	126
Those voting Nay	21
Those absent and not voting	4

SPEAKER RITTER:

The bill, as amended passes. Before we leave, we will have Points of Personal Privilege. Representative Dyson.

REP. DYSON: (94th)

Thank you, Mr. Speaker. Mr. Speaker, a Point of Personal Privilege, please.

SPEAKER RITTER:

Please proceed.

REP. DYSON: (94th)

Before the members of the Chamber leave, I would like to do something, if I might. This session thus far, has been one in which there has been for me, many