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SENATE

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End of Senate Agenda #2

THE CHAIR:

Mr. Majority Leader.

SEN. LOONEY:

Yes, Mr. President, on Senate Agenda No. 1 is
Emergency Certified House Bill 5845. Move that we
take up that item first as the Order of the Day.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calling from Senate Agenda No. 1, Emergency
Certified House Bill 5845, An Act Requiring A Study Of
Budgeted State Agencies With Respect To The
Expenditures And Revenues Of Such Agencies (As amended
by House Amendment Schedules "A", "B", "C", and "E").
Bill is accompanied by emergency certification.

THE CHAIR:

Senator Harp, I was wondering.

SEN. HARP:

Thank you, Mr. President. I move acceptance of
the Emergency Certified bill in concurrence with the
House.

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THE CHAIR:

On acceptance and passage in concurrence with the House, will your remark? Senator Harp.

SEN. HARP:

Thank you very much, Mr. President. Before I move forward to describe our budget, I would first like to do something that we see normally after a movie.

Because, you know, a budget is something that takes a lot of people to put together, and a lot of people working together to put a budget together, so let me recognize some of our staff who have worked with us through the hours in the evening for many, many weeks on this budget.

First of all, I'd like to recognize and acknowledge my aide, Phyllis Silverman. Then our astounding and most competent administrator, Susan Keane, our clerk, Jillian Spies, our assistant clerks, Dawn Rudd, Howard Ingram, Liz Gillette, Jeff Jeske, and our interns, Sarah Cahill, Alisa Hayette, Judy Winkler, Cookie Young, and Brian Melanowski.

Also, because the budget, as you will hear soon, is a very complicated document, we have an

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extraordinary staff that supports us with the Office of Fiscal Analysis. Their director, who I'd like to recognize, is Susan Shimelman.

And I'd like to recognize the analysts, both the senior analysts, the assistant directors, as well as the analysts who help us on every aspect of the budget.

And that is Gary Maher, Spencer Cain, Kerry Kelley, Alan Calandro, Alan Shepard, Elyse Gittleman, Neil Ayers, Joan Soulsby, Chris Ashburn, Christina Gellman, Michael Murphy, Sarah Packard, Jamilia Wang, Don Chaffee, Linda Miller, Felix Planas, Chris Perillo, Bill Lederman, and Shelly Hyman.

And Shelly's the person who is responsible after we have done all of this work of putting it together and actually printing a document that we can understand. So special thanks goes out to her.

I'd like to also thank my Co-Chair, Denise Merrill. It has been wonderful working with her. But also I'd like to thank our Ranking Member, Senator David Cappiello, who kept us in stitches, and Representative Art O'Neill.

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And because this is a negotiated budget with the Governor's Office, I'd like to thank her Secretary of the Office of Policy and Management, who is our former colleague, Robert Genuario.

So as you can see, this is a budget that took a lot of personalities and a lot of energy from various places thinking about it, and we are very excited about the proposed spending package that we present today.

We're confident that it meets Connecticut's current needs. And we're delighted that it goes a long way to prepare Connecticut for the future.

The budget spends \$16.1 billion. It represents a 6.5% growth rate over Fiscal Year 2006. The budget returns \$189.8 million to the Budget Reserve Fund, making that fund \$795.4 million, the highest it has ever been in its history.

If the surplus for '07 occurs as projected, then the fund could grow to \$956.2 million at the end of the next fiscal year.

The highlight of the budget plan is our commitment to fully fund the state's obligation to the Teacher's Retirement Fund for this year and next.

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More than \$245 million was appropriated to keep the promise made to our state's educators. Compounding this good news, the Office of Fiscal Analysis reports a rate of return for this fund fully twice what the Budget Reserve Fund is earning.

So we're doing both in this budget. This decision to fund the Teacher's Retirement Fund clearly pays a dividend in that sense. An investment of economic recovery notes is also a dual-purpose decision in our budget.

As many of you know, the state's debt has nearly doubled in just the past 12 years. Paying down the debt not only clears the way for some of the staggering, for some of the staggering loan in terms of our annual debt service, but improves the state's borrowing ability going forward.

This bill, this budget shares with our municipalities \$33 million in one-time property tax relief-revenue sharing from our surplus. I want to spend a minute describing two particular examples of smart spending that characterizes this budget.

We targeted funds to initiate some of the recommendations made by the Prison and Jail Over-

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Crowding Commission, convened by the Executive Branch. This plan brings useful programs into prisons and then helps inmates transition to effective programs on the outside, and it is projected to save the state millions of dollars in just the first year.

Furthermore, it's projected to pay for itself by safely reducing the prison bed population. And please know none of this should be considered an early release program. None of this compromises community safety.

There is nothing in this to change the total length of a sentence. It simply provides enhanced Department of Corrections programming and supervisions in settings less expensive to maintain than a prison.

We're also very proud that, for the first time, Connecticut has a comprehensive cancer control plan that was put together by many professionals throughout the state in conjunction with our Department of Public Health.

This budget funds \$6.5 million to begin funding this plan. And the plan includes a protocol for education, prevention, early detection, and treatment that we hope will dramatically reduce the long-term

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healthcare costs associated with advanced cancer care, costs that have to be absorbed ultimately by the patients, their insurers, and the state.

To give more budget detail, as you know, we are one of the few committees that is broken down by Subcommittees. And each of the Subcommittees basically helps to develop their portion of the budget.

So I'm going to yield to the various Subcommittees who will, Subcommittee chairs who will then yield. Each of them will explain to you different aspects of their budget and help you understand the thinking that went into developing them.

So, Mr. President, I would yield to Senator Handley for the General Government "A" and Elementary and Secondary Education aspects of the budget.

THE CHAIR:

Senator Handley.

SEN. HANDLEY:

Thank you, Mr. President. Thank you, Madam Chair. I will speak very briefly about the General Government "A" Committee's work, except to begin by

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thanking Don Chaffee and Linda Miller, our staff folks who did a wonderful job keeping us in order.

And Representative Joan Lewis, who was the Co-Chair, Senator Freedman, who was the Ranking Member of our Subcommittee, Senator Duff, and Senator Murphy, I thank them for their help.

Essentially, what we did in this reconsideration of General Government "A", which includes the Governor, Lieutenant Governor, Secretary of the State, Elections Enforcement Commission, State Ethics, the Child Advocates Office, Freedom of Information Commission, State Insurance and Risk Management, and State Property's Review Board, was to maintain the status quo. There are no, essentially no changes in the last year's budget.

The other Subcommittee, which I also Co-Chaired, was the Elementary and Secondary Education Subcommittee, which I Co-Chaired with Representative Andrew Fleischmann, whom I thank very much for his assistance.

Our fiscal analysis staff was Alan Shepard and Christina Gellman, and I thank them. I don't see them here. They're probably, maybe they're resting after

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some hard work. But I thank them for the work, the enormous work, because this is, of course, a very large part of our budget.

Again, Senator Freedman was the Ranking Member. Senator Hartley, Senator Harris, all assisted in this budget. The basic changes that we made in this year's budget was to increase funding for early childhood education.

We put in \$2.5 million more dollars for early childhood education slots. We added \$20 million in the hopes of fully funding, or as close as we could fully funding, the special education excess cost part of the budget, a very important cost to a lot of our local towns.

We increased school nutrition funding, funding for charter schools, and a significant increase for after school programs are also part of this, a major part of this budget.

We also increased a number of smaller programs that you may want to look at. And then increased, again, a significant increase, for priority school districts and to equalize some of the ECS grants.

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Now that I am complete with my report, I will yield to Senator Harris.

THE CHAIR:

Senator Harris.

SEN. HARRIS:

Thank you, Mr. President. I accept the yield from Senator Handley. I am the Subcommittee Chair for General Government "B". And before I start I'd like to thank our esteemed, distinguished Chair, Senator Harp, for all of her hard work, and also Ranking Member Capiello for all of his guidance and pushback that helped us get to where we are today.

General Government "B", like all the Subcommittees, and Appropriations in general, we could not do what we do if it weren't for our incredible staff.

So first and foremost, I'd like to thank and offer congratulations to the General Government "B" staff, Kerry Kelley, Christina Gellman, Chris Perillo, Felix Planas, William Lederman, Linda Miller, and Michael Murphy, for a job well done.

The Committee, Subcommittee, functioned very well together too. My Co-Chair, Representative Christel

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Truglia, our Ranking Member, Senator Cappiello, along with the House Ranking Member, Representative Stripp, and the two Senate Members of the Subcommittee also deserve praise, Senator Harp and Senator Duff.

General Government "B" is in charge of three constitutional offices, the Attorney General, the Comptroller, and the State Treasurer. And then ten other departments, agencies, or boards, including the Office of Policy and Management, Department of Administrative Services, Department of Public Works, and the Department of Information Technology, some of those.

One of the things that we really tried to emphasize this year was to help the municipalities help themselves to be able to control the local property tax growth.

And one of our major accomplishments, I believe, is \$33 million out of surplus in municipal grants for property tax relief. Additionally, we're sending back \$9 million more to the towns for pilot for private colleges and hospitals, and \$3 million additional to the towns for the state-owned pilot program.

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Another theme that we tried to emphasize, consistent with this General Assembly and the agenda this year, was the creation of jobs. And we added \$4 million in OPM grants for urban youth employment to try to encourage our young people to get out and work.

And a final theme, along the idea of fiscal responsibility, we made sure that funding is provided for settled and unsettled collective bargaining contracts, so that we have placeholders there and that we can meet our obligations once those contracts are resolved.

Thank you, again, to everyone for their help and now I will yield to Senator Slossberg.

THE CHAIR:

Senator Slossberg.

SEN. SLOSSBERG:

Thank you, Mr. President. And thank you, Senator Harris, for the yield. I, too, would like to start by thanking our distinguished Chairmen of the Appropriations Committee, Senator Harp and Senator Cappiello, for all of your help during this budget process.

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We don't get anything done without our staff, our OFA staff is Alan Calandro, Christine Ashburn, Chris Perillo, Jamilia Wang, and Sarah Packard. It always keeps things light. I have a wonderful Co-Chair, Representative Orange. And I'd like to thank Senator Cook and Representative Stone, our Ranking Members.

And also to acknowledge, again, Senator Harp and Senator Duff for participating, along with the rest of the Subcommittee. It really is a group project. We are the Regulation and Protection Subcommittee.

Our job basically is to keep our citizens in the State of Connecticut safe. So with that, we deal largely with the Department of Public Safety, with the Board of Firearm's Permit Examiners, Police Officer Standards and Training Council, the DPUC, our new Department of Emergency Management and Homeland Security, our Military Department, as well as a number of other departments in this area.

We focused our energies on trying to make sure that we take care of all of the elements of our society, starting off with making sure that we're doing something about energy. So we've provided

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additional funding within OPM for additional activities related to energy.

In the Department of Public Safety, there is funding to help with the collection of DNA samples. There is staff for the homemaker-companion agencies. That goes along with registering and checking to make sure that our homemaker-companions are safe and we've checked them out.

We also have funding for the Urban Taskforce on Violence, as well as additional funding to help make sure that the Sex Offender Registry in our state is working properly and that we're doing everything that we need to be doing.

With regard to Police Officer Standards and Training Council, we are picking up the cost of a Burn Grant, a Federal Burn Grant that is no longer going to be funded. So we've got funding for that to help with the accreditation manager to keep our post up to date.

We've also, within the Commission on Fire Prevention and Control, added funding to help with our fire training schools all across the state.

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In the Department of Consumer Protection, again, there is a homemaker-companion agency registration and the Child Protection Registry.

At CHRO, we've added, too, some funding also to help with the incredibly long backlog that we have there, to try to help with people who have issues that are brought to the Commissioner on Human Rights and Opportunities.

And also, we've included some funding for the American Red Cross to do multicultural outreach, to increase the ranks of minorities in our Connecticut Disaster Relief Course.

And with that, concludes the report with regard to regulation protection, and I would yield to Senator Duff.

THE CHAIR:

Senator Duff.

SEN. DUFF:

Thank you, Mr. President. I do accept the yield. First of all, as with previous speakers, I would certainly like to thank the members of the Appropriations Committee, especially Senator Toni Harp, our Co-Chair, for really taking the leadership

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in guiding us through this process, which is always a fun process, obviously.

And we would owe, never be anywhere, obviously, without our wonderful staff of Elyse Gittleman, Don Chaffee, and always the effervescent Susan Keane. And I want to thank them and obviously my Co-Chair in the House, Representative Terry Backer, Ranking Members, Senator Len Fasano and Representative Googins, who is going to be leaving the Legislature, and it has always been a pleasure to work with her, and, of course, the other members of the Subcommittee.

This year in the Conservation Development, I always think that this is probably the best Subcommittee to be chair of, we have done a lot of work in meeting the goals of the spirit and the actions of this Legislature this year when it comes to jobs for the 21st Century and growing and creating jobs in this state.

So we have taken that charge and moved that with the budget that we're about to present. We have increased funding for nano-technology and intern here. We have increased funding for our opportunity and industrial centers.

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And we've also helped with our individual development accounts, which helps in our housing arena. We've also increased funding for our increment worker training programs. And have also, and when I get into Department of Economic and Community Development, helped on some funding there as well.

Next is our Department of Agriculture. We have basically kept that mostly the same, but we have increased our funds for our Connecticut-Grown marketing, which will help. We've restored some other funding as well.

Our Council on Environmental Quality, that has traditionally been underfunded, we have increased some funds there.

And in Culture and Tourism, we have increased some funds there, some line items. We have helped with the statewide marketing, which I believe is probably the most significant thing we've done in our, one of the most significant things we've done in our Subcommittee.

And that allows, obviously, to, for other, to bring in additional tax dollars by us spending some dollars, and I think that'll help bring in some

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tourists to the area, and hopefully they'll spend their hard-earned dollars here in the State of Connecticut.

Also, we have spent some money, like I said, in the Department of Economic and Community Development. We have added in some funds for our small business incubator program.

Our Connecticut Development Research and Economic Assistance Matching Grant and we've provided funding for the Connecticut Center for Advanced Technology.

Lastly, we have also added in the Agriculture Experiment Station, which is kind of a little known entity in the state, but I think does very, very important work, and we have added in some funds for them as well.

So we have, I believe, in our Subcommittee, have met the needs of the state. We have spent money responsibly. We have made some cuts in places that we feel that may not be the best places of spending some dollars, but have matched that in other places where we do think we'll spend some dollars wisely.

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So with that, I'd like to yield to Senator Murphy of the Health and Hospitals and Judicial and Corrections Subcommittee.

THE CHAIR:

Senator Murphy.

SEN. MURPHY:

Thank you, Mr. President. I accept the yield from my good friend, Senator Duff. I've had the great pleasure and honor of overseeing two Subcommittees work this session, the Judicial and Corrections Subcommittee and the Health and Hospitals Subcommittee.

And I will just give a very brief overview of the highlights of the changes in those two budgets. First, in the Judicial and Corrections Subcommittee, we've had the great pleasure of working with Alan Calandro, Michael Murphy, and Sarah Packard, from OFA, as well as my Co-Chair, Art Feltman, and our Ranking Members, Representative Tymniak and Senator Fasano.

The majority of the highlights within this budget are in relation to funding of the recommendations of the Prison Over-Crowding Commission. We have included new monies in these budgets to implement those

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recommendations, which include investing in treatment beds, both for mental health treatment and addiction treatment, investing in probation services, some specialized, some general probation services, to make sure that people who have been released under terms from Corrections do not return and do not violate their probation.

I think we can be very proud of the work that we have done, because not only is it a much more humane way of approaching our Corrections system, but we actually achieve real savings within this budget due to the decreased costs of incarceration.

Also included in the Judicial and Corrections budget are new monies for youthful offender services and study money to go forward with the change in jurisdiction for 16- and 17-year-olds, a very important policy change upcoming within our system, we hope, in the next few years.

There's also money, as I said, in general for more probation officers to cut down on what are our sometimes grossly high probation caseloads within our system, and also new money for drug courts.

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In the Health and Hospitals Subcommittee, which was ably assisted in our work by the immortal Spencer Cain and Neil Ayers, as well as, Joan Soulsby and Christine Ashburn.

We made several changes within these budgets, and I'll just give you a few of the highlights. First, there is a new \$1 million added to the Breast and Cervical Cancer Screening Account.

We heard some fairly remarkable testimony this year on how those programs were having to shut down midway through the year. This new money will assure that these vital public health programs stay open for the duration of the fiscal year.

In addition, there is new money for birth-to-three rates. Implementing a birth-to-three rate study that this Legislature asked for last session, as well as a landmark new investment in services for adults with autism.

Connecticut is one of two states now that provides no state services for adults living with autism. We have a new \$1 million grant to begin that process.

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And then within the DMHAS budget, there is money in the DMHAS budget to implement the recommendations of the Prison Over-Crowding Study, as well as the restoration of monies for partial hospitalization and new monies for mobile crisis service and crisis intervention services, to try to make sure that we get at people who are entering some mental health crisis early, so that we can prevent it from becoming much more of a problem for them and much more of a cost to the system.

Again, I'd like to thank those that have worked on these Subcommittees, the staff that have worked on them. And with that, I will yield to my good friend, Senator Hartley.

THE CHAIR:

Senator Hartley.

SEN. HARTLEY:

Thank you, Mr. President, and I accept the yield from Senator Murphy. I am responsible, Mr. President, for the Transportation and the Higher Education budgets.

And I would first address the issues that we dealt with in the Transportation budget. I would like

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to recognize the OFA staff person, Felix Planas, who was wonderful in getting through the minutia of all of the details.

And of course, my Ranking Member, Senator Len Fasano, and Senator Bob Duff and Senator Gayle Slossberg, who served with us, wading through all the detail.

The Transportation budget for the Department of Motor Vehicles, you will notice, is virtually the same as what was given to us from the Governor. There are some very important additions there.

First and foremost, are the addition of money to support and enhance branch operations, which so often are the public's first introduction to state government, and the efficient operations of those are so important, and that is what the additional money speaks to.

There also is a line item for commercial vehicle safety inspectors, which is a direct result of the tragic accident that occurred within the past year on Avon Mountain.

And with this additional staff, the Department of Motor Vehicles will be able to, on a regular, ongoing

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basis, run the inspections that we really need to in keeping our roadways safe for all of our residents and travelers.

There is also additional money to enhance driver license programming to meet federal mandates. And you will know that we have now begun to initiate a change in the vehicle registration sticker program so as to take stickers off the back of the license plates and have them put on to windshields.

And this budget will enable us to accomplish that. With the Department of Transportation we have been able to put an additional \$4 million to deal with equipment repair so as to ameliorate the expenses that we are incurring on an ongoing and escalating basis for overtime for repair of our DOT trucks on the road.

There is a subsidy to deal with the ever-escalating price of fuel for our bus operation, and there is also bus and rail subsidy as well.

There is a grant for non-ADA Dial-A-Ride Program, for the non-state run transit districts. And the all important Town Aid Road Grant was increased by an additional \$2 million, which is so, for a total of \$30

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million, which is so very vital to our cities and our towns.

That, Mr. President, is the Transportation budget. And moving on the Higher Education budget, I would like to recognize the staff who so ably shepherded us through this and no pun, but Fiscal Analysis individual known to all of us as Alan Shepard.

And working with Alan is Sarah Packard and Neil Ayers, and we are ever in their debt for their expertise, patience, and help in bringing us through.

I would like to recognize and thank my Ranking Members, Senator Freedman, for her incredible help in moving us through this. Also Senator Toni Harp, our distinguished Chair of the Appropriations Committee, and Senator Murphy on the Higher Education budget.

You will see that Higher Education was a very important focus in this year's budget, and it speaks to the initiatives that we are undertaking with respect to the growing of the knowledge economy here in the State of Connecticut and the support for our jobs programs.

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We have increased the funding to our Capital Scholarship Program by \$2 million. The intention is to help those students, based on need and merit, to finance the ever-escalating cost of higher education.

The Capital Scholarship Program is one that also leverages additional federal dollars. And so increasing our line item there, we also will be also increasing a federal reimbursement, which will go to continue to fund education and scholarships to our Connecticut students.

When we speak to the jobs program, there are two programs that were in this budget that I think are going to be very important. One speaks to an engineering program to try to provide reimbursement, loan reimbursement, to students who are going into the area of engineering, which is so desperately needed here in the State of Connecticut, as well as doctorate candidates for both undergraduate and graduate levels.

With respect to the constituent units, we funded them all equally with respect to current services, and in terms of the current services number, it's about a 98% funding level for the operation of those constituent units.

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With regard to the University of Connecticut, we have an addition of \$2 million, which is for the recruitment of eminent faculty, which is so necessary and was so clearly described last week here in the Chamber with respect to our jobs initiative.

Also, there is a \$2 million line item within the University for the Center for Entrepreneurship, another part of growing that program and the talent economy.

In the University of Connecticut Health Center, there is an initiative to support professional partnership initiative to support minority students who are going into the area of health and science.

There will be a line item in the back of the budget to accomplish that. And the University will also allocate and absorb some of the funding to do this. This is a result of a diminishment of federal, a federal reimbursement.

With regard to the community technical colleges, there is an initiative to increase a math-science initiative to work with the LEA's, high school students, and bring them into advanced math programs in the community technical colleges.

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There is also, we have been working towards increasing faculty on all of the constituent units, and this year we will be able to continue to add 15 new faculty spots so as to open up more classrooms and help students get through programs in a very efficient and expedient manner.

The University of Connecticut, the last constituent unit, you will see a line item for the Institute for Study of Crime and Justice, which is dealing with much of the research for our prison overcrowding programs.

And with that, Mr. President, I conclude the summary on the Higher Education and Transportation budgets, and would like to yield to Senator Prague.

THE CHAIR:

Senator Prague.

SEN. PRAGUE:

Thank you, Mr. President, and thank you, Senator Hartley. I want to report on the Human Services aspect of the budget, but before I do that, I'd like to thank, I certainly want to thank the Senate Co-Chair of the Appropriations Committee for all of the hard work she has put into this budget.

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I'd like to thank our staff from Fiscal Analysis, Spencer Cain, Joan Soulsby, Neil Ayers, especially Neil, who put up with my million questions, Christine Ashburn, and Kerry Kelley.

I'd like to thank the Co-Chairs of the Human Services Subcommittee, Senator Cook, my Co-Chair Gail Hamm from the House, but the Ranking Member on the Human Services Committee, Senator Cook, who will not be with us next year, but was a great help this year, that's for sure.

And Senator Handley, Senator Harris, the other Ranking Member from the House was Representative Arthur O'Neill. And we had Representative Peter Tercyak, Representative Christel Truglia, Representative Toni Walker, Representative Al Adinolfi, Representative Lawrence Cafero, Representative Ruth Fahrbach, Representative Lydia Martinez, Representative Marie Kirkley-Bey, Representative Art Feltman, Representative Juan Candelaria, and if I didn't mention Senator Harris, I should have. He was a very important part of this Subcommittee.

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The Subcommittee's work in the Department of Social Services was extensive. We put \$40 million of new money into nursing homes. Hopefully that will keep our nursing homes afloat and help them increase the staffing levels and provide the kind of quality care they need to provide.

For the federally qualified health centers, we gave them a \$5.1 million so that the rates for the Sager patients that they take care of went up from 75% to 95%.

One of the other very big issues that we dealt with in this budget was the hospital changes. We put \$11 million into a pool for distressed hospitals, like St. Mary's in Bridgeport and Windham.

We put \$6 million into the Children's Medical Center. We gave \$7 million to increase hospital rates across the board. We also gave a 2% increase for the chronic care hospitals, a 2% COLA increase that was \$1.25 million. We gave the private providers a 2% increase.

One of the important things we did with the hospitals is to establish a child and adolescent rapid emergency stabilization services beds that will be in

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connection with the Children's Medical Center and the Institute of Living.

We put \$20 million aside to settle the suit, the dental issue, and hopefully we will be able to use most of that money for dental services. Under the HUSKY Program, we reinstated self-declaration. That'll cost about \$2 million.

We put \$1.5 million into after school programs. We put \$400,000 into waivers for multiple sclerosis and AIDS. We increased by \$1 million the burial allowance for the TANF patients, Sager, aged, blind, and disabled.

And one of the important things that we did, that a lot of people were concerned about, was we did not change the definition of medical necessity to medical appropriateness.

In our, let's see, in the homecare program, we increased the PCA slots by 100 slots. We put \$1.25 million into the homecare program. And we put more money into childcare.

We put \$1 million into transportation for the adult day care centers to keep them open. We only put \$300,000 into the nutrition funding for the elderly

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that will produce more meals on wheels and more meals at the nutrition sites.

There are some places where we had hoped to do more, but couldn't. We'll take a look at these things next year. We put \$91,000 into the Kinship Navigation Program, which will help people who are taking care of children, particularly grandparents, find services that will help them in this huge job they've undertaken.

We put \$1.2 million into rental assistance to recovering families. That supports family reunification under DCF, but that money is in DSS's budget, but very important for families to be able to be reunified.

Then we go into the other agencies that come under Human Services. We made no changes in the Board of Education and Services for the Blind, or the Commission on the Deaf and Hearing Impaired.

In the Department of Children and Families, we pretty much stayed with the Governor's proposal. There were no significant changes whatsoever.

And with that, that completes the Human Services budget. I'd like to turn this back to, Senator Harp.

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THE CHAIR:

Senator Harp.

SEN. HARP:

Thank you very much. I, once again, want to thank all of the Subcommittee Chairs, the Ranking Members, for the work that they've done on this budget.

One of the persons that works on this budget every year, and whose expertise we depend upon, is our attorney, Sally Martin. And I want to thank her for her expertise and for sharing it with us on all of the matters that come before the Appropriations Committee. She is our LCO par excellence.

I think that we have exhausted the appropriations side of the budget, so much so that you probably know almost as much about it as we do. And so, Mr. President, if you don't mind, Sir, I would like to yield to Senator Daily so that she could bring out the revenue side of this budget proposal.

THE CHAIR:

Senator Daily.

SEN. DAILY:

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Thank you very much, Mr. President. I would like to commend all the Appropriations people on their hard work and thank very much Senator Nickerson, the wonderful Ranking Member on the Senate, the Co-Chair, Representative Staples, and Representative Feltman, the Ranking Member on the Finance Committee.

We have a most unusual and wonderful staff, headed by Anne Carroll, our LCO, Rob Wysock of OFA, Judith Lohman, OLR, John Rappa, OLR, and, of course, Mary Finnegan, who is the real glue of the Finance Committee.

Working with OPM has been a very rewarding experience, and I would like to commend and thank Bob Genuario and also Phil Smith and Sue Hamilton. And in our office over at the LOB, we do have a wonderful staff that work very well together.

And I'd like to recognize and thank them as well. Maureen Urso, Ilene Flynn, Tagler Sommerville, MaryLou Sanders, Claire Lake, and Kimberly Anderson, Senator Nickerson's aide. She's been a wonderful addition to our office.

And I would like to certainly recognize my aide, Chatman Carillo, and thank her for all she does and

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let you all know she's getting married next Saturday.
She was kind enough to wait until session was over.

We have a very, very responsible tax package.
And it fully funds all the things that you heard
described on the appropriation budget. It transfers,
at the outset, \$80 million from gross receipts tax to
the transportation fund to fund, partially fund the
transportation package you'll hear about later.

It increases the maximum property tax credit from
the \$350 it is now to \$400 to \$500. It would have
been \$400 without a change. It repeals the corporate
surcharge that our business people have been paying to
help the state out when the state was in trouble.

Now when we're not in such bad shape, it's just
fair that we don't charge them that money next year.
We eliminated the transfer that we have been making
from the Energy Conservation Load Management Fund.
That's \$12 million that we won't rob from that fund
that will be put back into our economy and, hopefully,
in energy conservation.

We provided a deduction for CHET Accounts, \$5,000
deduction for a single person, \$10,000 for a joint
filer. We have initiated a displaced worker credit,

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job credit program, and a jobs creation tax credit program.

We've changed the tax structure for the municipal electric companies. They were taxed differently than the other utility companies. Now this puts them all on the same par.

We increased the aviation sales tax exemption. That aviation sales tax exemption, as we heard last year in public hearing testimony over and over again, has been a big stimulus to our economy.

We exempt from admission tax, Harbor Yard, Dodd Stadium, and Nature's Art. We increased the housing tax credit from \$5 million to \$10 million. CHEFA oversees this program and there are many companies that participate in housing and get a tax credit for that. And it also raises the amount of a project from \$400,000 to \$500,000.

And there's also a historic structures tax credit program, which is a new program. And the film tax credit, as it's been called, effective for credit on media production and wages. And that summarizes our tax package for next year.

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Thank you, Senator. Will you remark further?

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. With all of the thank you's, I feel like we're at Oscar night here. But I'm in a unique position this year, standing here to speak on this budget.

Before I do, I'd like to add to some of those thank you's that have been going around. First, I do want to thank my Co-Chair, Senator Harp, as well as Representative Denise Merrill and my Ranking Member, Art O'Neill.

Senator Harp, was a good sport this year on the Appropriations Committee. Whether we were in negotiations or on the Committee itself, we may have argued quite a bit about some of the issues, underlying issues, but we always left knowing that we were friends and had a good time while we were doing it.

I'd also like to thank my counterparts in the Senate who helped me out. On our side of the aisle, Senator Cathy Cook, Senator Len Fasano, and Senator Judy Freedman, as well as the Democrat Members of the

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Appropriations Committee for working very well together this year.

Particularly Senator Cook, who has helped me out quite a bit on the Human Services side of the budget, and I will also miss her expertise next year. I'd like to thank Senator Lou DeLuca for giving me the opportunity to represent our caucus on the Appropriations Committee.

It's been a great opportunity that I've been able to have the last two years. The staff, all the non-partisan staff at OPM, OFA, LCO, OLR, as well as my aide, Caitlin Higgins, who was always keeping me in the right place, sending me there at the right time, and particularly Bill Grant, who works in our Senate Republican Caucus doing the budget side.

As most people know here, I've been under the weather the last couple of weeks, and when I couldn't stay until midnight some nights, Bill was always there making sure that I was kept well-informed.

And finally, I'd like to thank Mr. Secretary Bob Genuario and Governor Rell for working closely with both sides of the aisle. All of you know Bob

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Genuario. He was always able to keep the meetings civil.

There was a ruckus back there, but be reasonable, and was willing work with both sides of the aisle, and we really appreciate that.

Like I said, I'm in a unique position this year because I haven't voted for a budget in four years. And on the Appropriations Committee, the minority side of the aisle, in the past couple of years, has been very vocal in asking questions and trying to focus on being responsible with our budget making process.

And the difference between last year and this year was tremendous because last year I wasn't able to sit in the rooms and negotiate and represent our side of the aisle and our constituents in the budget negotiations.

And I think this year, things went much better because we were all in the room, both Republicans and Democrats, Majority, Minority, trying to come up with some compromise.

And I think we've been able to build up a level of trust and a better working relationship because of

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that, and I know I was the better for it, and I do appreciate that.

Now speaking about the budget itself, there are quite a few good things that have been mentioned about this year's budget, budget adjustments.

As was mentioned earlier, there is \$115 million in new support for the cities and towns throughout our state, including, in particular, \$20 million in special education funding, almost bringing us up to fully funding the portion that the state should be funding for special education.

And we also, out of surplus, are giving \$33 million to a revenue sharing for the towns and the cities. I hope the municipalities understand this is a one-time revenue sharing because we have a large surplus this year, and that they should not be building into their budget for next year.

And if we do have a large surplus next year, maybe we can do it again, but for now, this is a one-time revenue sharing, and I want to emphasize that.

There is more money for hospitals, for nursing homes, for private providers. I, for one, wish we

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could have done more for private providers, maybe had a little bit better balance between nursing homes and private providers. But again, there always has to be a compromise when working on a budget such as this.

We were able to fund a \$1 million for the Autism Pilot, which I think was supported on both sides of the aisle throughout the process. It was an issue that came up last year, but this year we were able to put it in our budget, and I think it will go a long way to beginning to help adults who suffer with autism on all ends of the spectrum, and also their families, and knowing that we are going to make that a priority in future budgets.

We were able to pay off quite a bit of debt this year. The Teacher's Pension Fund is an issue that I've been pushing for the last four years. I wish we could have gone this year, and maybe we still can in the next couple of days, a constitutional amendment to fully fund the Teacher's Pension Fund every year.

But at least for this year and next year, we are putting \$245 million in our surplus to fully fund the Teacher's Pension Fund. That is one of the most

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responsible things we could be doing with our budget surplus, and I'm glad we're moving in that direction.

We have also been able to pay off the \$85.5 million for Economic Recovery Notes. When we were in tough fiscal times three years ago, now we're taking care of that. But when you have a surplus, in my opinion, our first priority should be paying off debt.

The reason why we get into debt to begin with is because we don't have surpluses. We need to borrow more money to fund current services or other priorities.

When you have the money, just like you and I would do in our private lives, we should be paying off debt. So that's an important thing that we're doing that, as well as paying off \$3.5 million for the Higher Ed Matching Grant Program.

We still owe another \$3.5 million, but at least we're moving to fully funding past obligations for that matching grant program.

We were able to put quite a bit of money away, \$186 million, give or take, in the Rainy Day Fund. Just in case we do have a deficit some time in the

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near future, we will have an even bigger cushion to help deal with that Rainy Day Fund.

But I would also ask the Members to remember that if we do get into tough fiscal times, we should not just raid the entire fund to fill that whole for one year, because we'd be building a bigger hole in future budget years.

And I'd hope that we might not go down that road like we did a few years ago. Something that's important to me, we are under the spending cap in 2007. Now I would like to be a lot more under the spending cap, but we are just barely under the cap.

That's important for me and other members, I know, on my side of the aisle, as well as many of the Democrats in this room, because I thin the spending cap helps keep us more responsible when times are good like in this current year. And I'll talk about the spending cap more in a little bit.

Another good thing in this budget, I'll let Senator Nickerson talk about the tax side more, but we were able to gut a number of taxes, albeit modest, but at least we were able to move in that direction.

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It's important that this year the debate was which taxes to cut, not which taxes should we be raising. And I think that's an important aspect of this year's negotiations.

What's not so good about the budget? Like I said, we could've funded private community providers better, but at least they're getting a 2% increase. I would like to have seen more. I would have like to have seen additional tax cuts, like the estate tax, maybe even the car tax, which is something I proposed last year.

But again, we couldn't get to that. And the constitutional amendment, again, I'm hoping that we can still do that in the next couple of days.

The real story that I think we have here this year is the spending cap. There's been a lot of debate whether the spending cap is worthwhile or not. But I think this year proves how important the spending cap is to us.

Now granted, it's a moving line. It's not always pure. Sometimes we do whatever we can to just get underneath it, like we are this year. But what the

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spending cap does is it keeps us focused on an area of spending that we can afford.

When times are good, like this year, having a \$600+ million surplus, we know we can't just blow through that surplus on ongoing expenditures. We know that in the Fiscal Year 2007, we should not be expending the expected surplus for next year because we will be building an even bigger hole, a huge hole, in the year 2008.

And I think it's important for all of us to remember that the voters were very wise and overwhelmingly supporting a spending cap, keeping us in a particular area with only spending this much more than the prior year, knowing that what could happen, financial disaster in the future, forcing us to either drastically raise taxes or drastically slash spending in the future.

And we don't want to go there. And I think the spending cap really is keeping us more responsible. And I hope that we continue to recognize that, and we don't tinker with it just to enable us to spend more money.

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Some of the proposals earlier this year out of the Appropriations Committee I think would've put us into about a \$1.2 billion deficit. And working together on both sides of the aisle, with the Governor's Office, we were able to ensure that we are not going to find ourselves in financial ruin in the following year.

We won't be facing having to slash spending or drastically raise taxes in 2008. And again, that's very, very important for us to remember. Now there's still a lot of work for us to do in the future with regards to particular priority, spending priorities.

We still have a \$5 billion unfunded liability in the Teacher's Pension Fund. We have the highest taxes in the nation, the slowest job growth. Those are things we should be focusing on, even more so in the next fiscal year to try to bring down our debt, create new jobs, and create a fairer tax system for the citizens and business of Connecticut.

But overall, I think this year, to steal a line from my predecessor, Bob Genuario, is a responsible budget with modest tax relief for our citizens and our businesses, and modest spending increases for

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worthwhile programs, and I urge my colleagues to support this budget. I would like to yield to Senator Nickerson, Mr. President.

THE CHAIR:

Senator Nickerson.

SEN. NICKERSON:

Thank you very much, Mr. President. I appreciate the yield. It took a lot of work to get us here, and first I want to thank those who helped get us here. Mary Finnegan, the formerly known as the Finance Committee Chief Administrator, informally known as the Wild Irish Rose.

Rob Wysock of OFA, who, by the way, with Mary has worked for 15 straight days in this building, a heck of a job, and Carol at LCO, and Judith Lohman at OLR. Many thanks to all of you.

And I want to particularly thank the Chairmen of the Committee, Eileen Daily and Ken Staples for their many courtesies to me and my Ranking Member, Dick Belden, downstairs, thank all of you for the civilized and effective way the Committee system was run, and the process was something very much to be proud of.

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Now, turning to the bill itself, there is much to like in this bill, no doubt about it. It is, as many speakers have said, a considerable improvement both in the spending side and the tax side, over last year's budget, no doubt about it.

So rather than, and let me just say, I certainly agree with all of the descriptions of the numerous tax changes that my Chairman, Eileen Daily, has specified. They are indeed there, and they are part of what is good and useful in this budget.

But someone has to point out there are some things missing, and that's my turn today. There is one particular thing that is missing, and that is it's most unfortunate that Governor Rell's proposals with regard to estate tax reform are not here.

There were three prongs to that reform, and I'll quickly deal with them, and perhaps we can have an exchange of ideas on it. The first was to remove the so-called, cliff. You're all aware of what that is. The current law provides that an estate is exempt up to a certain threshold dollar number, \$2 million.

However, there is a serious glitch in it in that if you have one dollar less than that number, the

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estate pays zero tax. If you have one dollar more that number, the tax reaches all the way back to the first dollar and you pay many thousands of dollars of tax.

So on your deathbed, you should gather your heirs around and cash a lot of checks and turn them into money and burn it, because that will save you considerable money.

Ladies and Gentlemen, this was a drafting glitch. No one intended this that I know of. No one has told me they intended this a year ago when the bill was passed. It was a drafting glitch. It should be fixed, as one of the members of the Democratic Caucus told me, for the purpose of pure and simple fairness.

It should not have got involved in the boxing match, which I understand took place back and forth as to what items got in this tax package and what didn't. I think saving, excuse me, not saving the cliff, correcting the cliff, would have been an element of fairness.

There were two other elements to the Governor's estate tax plan. One was to increase the exemption

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from \$2 million to \$4 million, and the second was to phase it out.

Now why did she propose that? Well, to understand that we have to step back and just make a quick observation about the role of taxes in our economy and our society.

We have, well, we haven't, but we're just about, in a few seconds, to pass a bill which removes the corporate surcharge of 15%. Why would we do that? Wouldn't it be nice to have the revenue?

Yes. We're doing that to affect decision-making processes in corporations, to encourage those who are here to stay, to encourage those who are not here to come to Connecticut. Why? Because the tax policy will affect their decision-making.

As the Co-Chairman indicated earlier in, well, I was going to say it used to be Senate S-1, the emergency certification we passed last week had two significant tax decreases in it.

One was the so-called movie credit. Why did we do that? We did it to induce the movie companies to come to Connecticut. We passed an manufacturers, we passed an exemption for personal property tax on

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manufacturers machinery. Why did we do that? We did that to induce manufacturers to stay, others to come.

You see the point I think. We did it because we all know that tax policy is an ingredient of the decision-making process. And what puzzles me is how there are some in the building who genuinely feel that reducing corporate taxes will induce corporate behavior in a favorable way to come towards us, but raising estate taxes will have no change on human behavior.

I really don't think that is a likely outcome. I think it's very much more likely that as you raise taxes, you're going to get less estates. But don't take my word for it.

We had a hearing at the Finance Committee, and there was ample testimony by two expert attorneys who said that since the estate tax of last year was enacted, they've advised clients, and clients have, packed their belongings in a moving truck, and gotten in a car, and driven away, at least for part of the year.

And finally, there was an extensive study by a professor from William's College and the University of

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Michigan that indicated that, yes, indeed, tax changes affect the behavior of retirees.

Quickly a note on retirees. In the next 10 years, 45 million Americans will turn 60 or 65. The Baby Boom of post-World War II is just about to become retired. They will be the most mobile population of the American economy.

Retirees are the most mobile population portion of the American economy. They are not tied to schools. They are not tied to jobs. And the so-called younger retirees haven't reached the stage where they may need full-time nursing care.

They are mobile. They are connected with their relations through the Internet, through discount airline flights, and through the multitude of the way our society is changed.

They are connected and they feel, and an entire economy has come to pass in America, in Florida, in New Mexico, in Nevada, providing retirement homes as second homes, not as first homes. All of this says people are going to move out of the state.

Bob Genuario, I'll just end on this note, Bob Genuario ended by saying, Bob is not a guy given to

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rash judgements. He certainly isn't a guy given to making statements without researching it. Bob's statement was, if one out of ten retirees from Connecticut were to move, that would result in a zero gain to the state from the estate tax.

How could that be? Because when a retiree moves, that couple takes all of their income out of the state, all of their income tax, their sales tax, all of the taxes they pay are lost.

They may live in Florida for another 20 years, and then they save the estate tax. But the myth is that if a retiree moves, all that is lost in the state's coffer is their estate tax. Rather, it's all of their taxes.

Well, you know how I feel about the estate tax. It was a big mistake to have imposed it. It was an even bigger mistake not to have at least fixed the cliffs. We should be on the road to phasing it out.

I'll end on this comment so that we're not talking in abstractions. Today's *Norwich Bulletin*, this very morning's *Norwich Bulletin* contains a story that a senior official of Pratt & Whitney, one who was on the BRAC Commission, very active in retaining the

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New London Sub Base, someone who cares very much about Connecticut, was contacted by the Governor about some state issues. He said, I'm moving to Florida. Thank you very much.

THE CHAIR:

Will you remark further? Senator Cook.

SEN. COOK:

Thank you, Mr. President. Good afternoon. Well, for the first time in at least eight years, I rise to support the budget agreement before us. It's been a long time, as Senator Cappiello noted, that we have been able to support, on a bipartisan way, an important budget for our state.

And I want to thank a few people myself. And in particular, I want to thank Governor Rell, for in February she came to us and said, we have to change the job climate in Connecticut. We have to have programs in our budget that are going to increase jobs to support the new kinds of careers and opportunities for our young people.

And we have to change the tax climate on the businesses of Connecticut so that we can encourage businesses to come here, to grow here, and to hire

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younger people, and to make sure that we have new opportunities for the next wave of technologies.

Well, that is what this budget provides. And I want to thank my colleagues on both sides of the aisle, and the Governor, for holding us to that promise.

This budget does a great deal to support those new jobs. It creates a stable economic environment by having such a large deposit in the Rainy Day Fund. But it also repeals the 15% surcharge, corporate tax surcharge. That will assist our businesses in making that next step of growth and hiring.

It creates a job creation tax credit, which will also assist businesses in wanting to that next step, to hire more, to bring in the engineers, to bring in the high-tech new young people who will do the next kind of jobs we'll have.

It creates a displaced worker tax credit. And that's one that I think is very significant for the state. As you know, we are changing our economy from the old manufacturing to the new kinds of high-tech.

There will be displaced workers who will need to be retrained and moved into the new technologies, and

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this budget before us creates that displaced worker tax credit that the Governor proposed and has been adopted by both sides of the aisle. We're very pleased about that.

I think that one of the other things that's really important to say over and over is that the spending cap worked. Thank goodness for the state spending cap because it did provide discipline.

As much as there were needs, there are 36 Senators, every one of them had new spending plans that we wanted to adopt, and there were just as many in the House. What this bill did, and because the spending cap was defined the way it is, it provided discipline for those spending ideas to say we can't do all those things.

One of the things that hasn't been mentioned yet is that we've embarked on performance-based or results-based budgeting in a few areas. And it is my sincere hope that we will continue to look forward to looking at those spending programs that we are providing taxpayer funds for and really making sure we are getting the best bang for the buck.

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Are we squeezing that dollar as hard as we could squeeze it, and are we getting the results we want to have? We have begun that in this budget adjustment, and I believe that we should continue that as a state.

There are a couple of other things that need to be mentioned as well. The film and media production tax credits are an important part of this new wave of a new economy for the State of Connecticut.

As you know, I'm from southeastern Connecticut, and we have been part of the film industry for a while now, with *Amistad* and *Mystic Pizza* and *The Hunt for Red October*, some of those films that were partially produced at Sonalyst Studios in Waterford, and the other production that happened in the Mystic area, with *Mystic Pizza*.

But we have not been participating, as other states have been, in the massive growth of film production. That growth has been happening in other states. It's been happening on other states because they've provided incentives and other opportunities for film productions to be made in those states.

We are now matching what the states around us are doing, and we will be able to compete because of the

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skilled labor force that is in Connecticut, the production facilities that are here, and the expertise that we have in our state.

Now with these tax credits for the film and media industry, those productions will come to our state. And I'm very pleased about the Speaker and his initiative that I've been working with him about to make sure that we entered that area of new economy.

On the spending side, I have to tell you there are a few things that have always been very personal to me, and I'm going to indulge the, ask the indulgence of the Circle to hear me one more time about the DMR waiting list.

We have committed and retained our commitment to reduce that DMR waiting list. I can't tell you how gratified I am that we retained that commitment. We are not slipping back.

We will keep that promise to those families who have been waiting and waiting to make sure that their people, who have mental retardation, are accommodated in a residential placement for them as they get older. That has been many years in coming, certainly all 14 years that I've been serving in this Senate seat.

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I think that the, there are a couple of parochial things for southeastern Connecticut that I just want to mention, because they might have been rejected because it was, you know, one Senator asking for it or it wasn't such a big deal.

But the commitment on a bipartisan basis, and along with the Governor and OPM, recognize that there are a couple of one-time things that we needed to address.

The National Underwater Research Center, which is at Avery Point at the University of Connecticut, had a problem with a loss of federal funding for a period of time.

We didn't want to layoff those highly expert professors and researchers who were looking at the future of the undersea and developing robotics for undersea research and so forth.

And so out of the surplus, \$350,000 will go to support the National Underwater Research Center at Avery Point, at UConn, just for that gap period of time until the federal fund starts up again.

That is an appropriate use when we have a little extra money. One time. They're not asking for it

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forever. It won't be operating funds for tomorrow and the year after that. It will be to address a one-time shortfall.

I want to thank Senator Stillman for working so hard to get the gambling study money in. It has been a long time coming. And I, you know, we've been, in southeastern Connecticut, gambling has been an issue that we've all been worried about, and I'll let her speak to more details about that.

For those of you who like seafood as much as I do, and I'll be bringing something around for you shortly, we have \$1 million of the surplus to be used for the lobster study, to be able to provide restoration of lobsters in Long Island Sound, and one that will allow us to keep both the lobstermen and the lobsters healthy and happy. And I thank the budget negotiators for working together on this effort.

Ladies and Gentlemen, it is hard to come together with a budget proposal. It is hard to come to agreement on budgets. But we have, and I urge support. There are concerns that I hope will be addressed by the Senate and the House and the Governor in future years.

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We do need to fix the estate tax cliffs. We do need to have some other things to address, but this year, with the discipline of the spending cap, I believe we have done a good job for the citizens of the State of Connecticut, and I thank them, and I would yield to Senator Freedman.

THE CHAIR:

Senator Freedman.

SEN. FREEDMAN:

Thank you, Mr. President. I, too, rise in support of the budget. I did have a serious of amendments, which I had planned on offering, but I will withdraw at this time.

One of them did address the cliffs and the income tax. One of them addressed the additional \$33 million that we were going to spend, and I was just going to dedicate it to energy use in the municipalities.

But having heard from my caucus and other people that this budget would not be going back to the House no matter what we did with it, I will withdraw those and will proceed with my comments.

I have been here for 20 years. This will be my 20th budget. I believe in the 20 years I have voted

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for 3 budgets. Today, I stand before you today saying that I will be supporting this budget.

I want to thank Senator Harp. I want to thank Senator Daily, Senator Cappiello, Senator Nickerson for getting your acts together and working in a bipartisan fashion to bring something forward that I believe most of us feel is right for the State of Connecticut.

I laughed when I watched the Finance Committee yesterday, and I laughed when I watched the House in session, only because it brought back memories of 1991, when we were in perpetual session trying to avoid an income tax, but ultimately ending up with an income tax.

But the comment made was that that was the first time since 1991 that the House had met in a Sunday session. At least the resolve of this budget is to the betterment of everybody. And I think in the long run, the State of Connecticut will reap the benefits from what we are doing today.

I'd like to cover a couple of issues, which to me were very important and I believe this budget does address. One, fully funding the Teacher's Retirement

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this year and next is key, and I do hope that we will have an opportunity to vote on the potential constitutional amendment. I do believe we are keeping our promise to the teachers.

Two, we are paying off some of our debt. That also is a critical component. When you have surpluses, to the amount of money in which our surplus is flowing, we need to bring our debt service down.

And finally, adding money into the Rainy Day Fund, and as was mentioned earlier by one of my colleagues, a Rainy Day Fund should only be used in case of a dire emergency. And hopefully, because of our constitutional cap, we won't continue to dip into that fund when see clouds on the horizon.

The full funding of the special education excess I think is really a step in the right direction for this General Assembly. We are dropping it down and going to finally come up with the 4.5% that we promised the communities a couple of years ago. This year, the money is in the budget, and I believe our local communities will appreciate that.

We are also putting money into the CHET, which has been an ongoing program, but now those families

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will be able to take that as a tax deduction. And I think that will encourage many more families to start thinking about their children's future college educations.

We added money to the charter schools. And as you may know, I was a great proponent, and it was when I chaired the Education Committee, we were able to get the charter school bill through. And it has been wonderful to watch them thrive, but it is very difficult when every year they come back to this General Assembly asking for more money, and we have had to say no.

This year, by giving them additional funds, we are allowing them to grow and, hopefully, we will be able to learn many more good lessons from what it is that they do successfully that we need to transfer to our regular public schools.

And finally, in higher education again, we did start a matching grant endowment program a couple of years ago. We made a promise, and then we had to back away from it. But this year, there is additional funds in the budget to support the endowment program. And I am happy to say that that will help us keep the

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promise to those people who have already pledged money to the endowment funds.

So on the big picture, looking at the big picture, there are so many more pluses in this budget, helping us to contain our spending, and helping us to serve the people of the State of Connecticut. And yes, my district will get hit hard because we are not addressing the cliff in the inheritance tax, and I hope that somewhere along the line we will be able to make that adjustment.

We need to keep senior citizens and retirees in the State of Connecticut. We need to make sure that our population remains diversified. For those who can afford to, they will leave unless we come forward and do something positive to make them want to stay here.

It's not just that. If they leave, we lose the sales tax, we lose the contributions they make to charity, we lose their endowments if they have done so many wonderful things. And I believe for anyone who would watch the House session yesterday, comments were made about the people in this state who have donated from their wealth to create some wonderful things.

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Right here in Hartford, I know it was mentioned about the Bushnell Auditorium, and the money that came from that family. But if we scare these people away, we will not be able to continue that kind of giving, generous giving.

So although the negative is on the finance side, the positive is very much on the appropriations side. It is so nice to be able to say we have come forward with something that is doable, that stays below the cap, and the increase, when you take off the money that we're putting into debt service, and we're putting into the teacher's retirement, and we're putting the Rainy Day Fund, is somewhere within the realm of our cost of living and the CPI.

And I just want to thank everybody that was involved. I know we gave Senator Harp lots of fits when we were in Appropriations, but I think it's a job well done. So thank you, Senator Harp. And again, thank you, Senator Daily.

THE CHAIR:

Now, Senator Fasano.

SEN. FASANO:

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Thank you, Mr. President. Mr. President, I rise in support of the budget. This will be the first time that I would be able to vote in favor of the budget. And I want to thank Senator Harp and Senator Cappiello and Senator Daily and Senator Nickerson for getting together and putting out a budget, I believe, has set a new tone for the State of Connecticut.

And there are several reasons why I think that it has set a new tone. First of all, spending is under control. We're staying under the cap. We're paying off debt. We're paying off obligations that we owe. That's the step in the right direction for any company, for any institution.

On the tax side, we're cutting some taxes. That's also going to promote businesses. And we've used carrots, such as job credits, and not taxing machinery after a period of time, and phasing that in so people will increase their business without fear of being taxed.

But there's one other obscure aspect of this budget that I think sets the tone for years to come. And I have to thank Senator Duff and Representative

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Urban and others who have fought hard for this provision, and that's results-based accounting.

And we're funding it. Which means we're taking that obligation serious. If we can start in each of our departments to look at result-based accounting, which means exactly what it says.

We don't fund because we see a need. We fund because we want to reach a goal, and we know what the goal is that we want to reach, and we start a program and we monitor to determine if we're reaching our goals.

And those programs that are out there, we look to see if we reach those goals. If they haven't reached the majority of their goals or the people we intended, we need to break that program down and use the money to achieve it in another way.

This is a complex issue, and it's one that we all have to be trained in. Last year, there were a series of workshops, and this year, I'm told, there are going to be more starting May 11th.

I know all our time is very precious, but I hope each of us around this Circle could spend some time with Senator Duff and Diane Urban and myself to get

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brought up to speed so you'll be able to understand these principles.

And that is going to be a goal of getting us out of some of the quagmire we're in, why we're funding policies that go no place.

So with that, Mr. President, I think with the carrots involved, the tax credits bringing businesses back to the State of Connecticut, and a real sense of changing the thought process up at the Capitol, I support this budget. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Stillman.

SEN. STILLMAN:

Thank you, Mr. President. I, too, rise to support the budget. There are many things that have been mentioned here today by Members of the Circle about the good things that are in the budget, and I won't belabor those and repeat them, except for maybe one or two that are near and dear to my heart.

But I would be remiss if I did not start off by thanking Senator Harp and Representative Merrill and Senator Daily and Representative Staples for all their hard work on this budget and trying to balance

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everybody's needs and everybody's important projects. And I thank you very much for that, as well as all the Members of the Appropriations and Finance Committee.

There are a couple of things that I think deserve mentioning. One of them is the fact that we are finally recognizing our opportunity industrialization centers by placing them in the budget as a line item.

They have been agencies throughout the state. There are five of them that were really our very first workforce development boards. And they do job training for people in their communities that some of the other job training agencies don't do. They have been a wonderful asset, as we look at training people for jobs and helping them improve their lives.

The other one is, in fact, I'd like to say, certainly as a the Co-Chair of the Public Safety and Security Committee, I'm very pleased to see that we've increased funding for the fire training schools.

And I know that in the bond bill, when we talk about that later on, there's also money to refurbish or rebuild the fire training schools, which our volunteers and paid fire departments have been waiting a long time for.

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I'd also like to thank and recognize the fact that an effort was made to meet the needs of not only the big cities in this budget, but some of the smaller ones that are in dire straits.

One of them is the City of New London. And I can tell you that this is good news for the city as they are about to finalize their budget for next year. I appreciate the recognition by leadership as well, as to the problems that we do have in New London, and the fact that it is a small city with big city problems, and that has been recognized in this budget.

One thing that I think will help all of the youth in this state, and families, is the fact that there is specific monies in there for youth employment and summer employment for our youth. That's most important to keeping folks safe, to make our cities safer, as well as our towns.

And two other things. I'm also pleased to see that there is money in the budget, as I had been told, to address the issues of trafficking in persons. As you know, the bill passed both the Senate and the House during the last couple of weeks to address that issue and provide monies for victims, and I'm very

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pleased that there is money in the budget as I had talked about.

And last but not least, an issue that I have been working on for many, many years, six, eight years, and that's to move the state forward in conducting a study on gambling and its effect of people of this state.

And I'm so pleased that everyone's finally seen the light, that we need to do this study, and we need to see the effects of what is probably our fastest growing industry in this state, and that's gambling, and to see how it does affect residents of all ages, how it affects our economy in a variety of ways.

So all in all, there isn't such a thing as a perfect budget, but this is a pretty good one, and it certainly is on the tax side as well. You know, they say that if there are some unhappy people on both sides then it must be a pretty good compromise.

So I think that's true with this budget and tax package, and I look forward to casting a vote. Thank you.

THE CHAIR:

Will you remark further before it goes on the Consent Calendar? Senator Finch.

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SEN. FINCH:

Thank you, Mr. President. Let no [Gap in
Testimony. Changing from Tape 1 to Tape 2].

-- and Senator Daily and other Members of the
Circle have achieved three of those. If we look at
the budget, we see more funding in three of those
areas. And particularly I'd like to thank you for the
\$33 million in local property tax relief.

I think since I was here, I've asked that we
consider the elimination of the property tax on
manufacturing equipment. It makes a big difference
when you're a lowly first-termer than when you have
leadership embracing the idea. And this year I want
to thank Don Williams, Speaker Amann, Senator Looney,
and Majority Leader Donovan for embracing Senate Bill
1.

Senate Bill 1, I believe, will have a huge impact
on my district. Because if you live in a high
property tax area, the only thing you get to do is
wave goodbye to the machinery as it moves somewhere
else. And when it moves somewhere else, it always
moves to some place that has lower property taxes.

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People who have factories in my district have told me they'd love to keep the equipment here. They just simply can make a lot more money if they locate it anywhere else. So this property tax credit is going to help us keep jobs in the city and in our area of the state, which, as you know, has been hit like your areas, and we've lost many jobs.

I want to applaud also the deduction for college savings. I believe that our income tax system does not reflect in a fair way the overburdened property taxes that we all pay. It's my hope that this opens the doors for more deductions that will help make our income tax fairer, especially for those in the high property tax areas where they need this relief.

I also want to give a special thanks to all those who worked for the elimination of the 10% entertainment tax. Senator Daily, in particular, you've stood by my nagging for many years. I know it's been hard, so I really appreciate what you did, my district appreciates it, and our whole end of the state appreciates it.

Because this state spent a great deal of money to build an arena in Bridgeport, to develop business, and

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it had a difficulty attracting much of the business for several reasons, the casinos being one, but also the entertainment tax.

And I want to tell you how excited the owners of the Arena were when they heard that this will take effect before Christmas, because we were in danger of losing the Boston Pops. The Boston Pops has one of their most successful road presentations at the Arena at Harbor Yard, anywhere.

And it was very, very important for us to get that because we didn't want to lose that. So lest I give the impression that we met every need to my district and other districts, we should remember that we've come a long way, and there's still unfinished business.

I stand before you as the Co-Chair of Environment, telling you that 48 of our State Parks still remain closed. They say they're not closed. They say there's a euphemism for them, I forget exactly what it was, they're in their natural state, I think is the word the DEP uses.

So they're closed. They have no staff people, and we can't collect a fee to go into those parks from

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all the folks in our districts that rely on. It's one of the things they pay their state taxes for, UConn, Southern, Housatonic, Thames Valley, all the schools, and our state parks. Unfortunately, 48 of them are closed.

We weren't able to get money in the budget for clean school buses, and we weren't able to get money in the budget for open space. I only mention that because we have a lot of our constituents who say, gee, it looks like you're spending money like crazy. This Circle used a judicious scalpel, a judicious pen, when they made this, and they gave the highest priorities the money in the budget, and I think that's a good lesson for all of our constituents.

I just want to say one think about the estate tax, because I understand that people have two sides on this issue, but to me the estate tax is very important.

The estate tax is a progressive way for the vast majority of our citizens to benefit when estates are settled. And I want to quote from something I read, Walter Isaacson's biography of Ben Franklin, recently. And of all of the things Ben Franklin said, I was

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particularly struck by this. And Isaccson says that Franklin had antipathy to excess wealth. His antipathy also led him to defend high taxes, especially on luxuries.

A person had a natural right, quote unquote, to all that he had earned that was necessary to support himself and his family. He wrote to Finance Minister Robert Morris, quote, but all property superfluous to such purposes is the property of the public, is property of the public, who by their laws have created it.

We have the founding father's essentially endorsing a progressive estate tax in that statement. And I think that that gives us, who believe in progressive taxation, something very positive to base our decisions on.

I know that it was an issue in the negotiations, and I know that we were not able to get the earned income tax credit that we all wanted because we lost it in a compromise that preserved the estate tax.

You know, all taxes are kind of lousy when you have to pay them. But if there is a fair tax, it's a tax you pay when you're dead.

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So I think the estate tax is a very progressive tax. It's a tax that people who have large wealth should be happy to leave their legacy to the State of Connecticut. Thank you very much, Mr. President.

THE CHAIR:

Will you remark further? Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I'd like to rise in support of this budget. And much that is in this budget is very good, and it's been said by many people.

I would just like to indicate, as a Chairman of the Commerce Committee, thank you to both sides, the appropriations side of the budget and on the tax side of the budget.

The appropriations side did all those things that were necessary as part of SB 1, which became Emergency Certified Bill 702. The dollars that were mentioned for eminent faculty, Center for Entrepreneurship, this whole idea of commercializing our research that is taking place, and to help really grow jobs and put down roots for a new economy, and for the knowledge economy in the State of Connecticut.

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Also, the dollars that are necessary on the Commission on Culture and Tourism for the digital media and film industry, which were necessary. And so we did a great job on that side, but also on the tax side.

So I want to thank Senator Harp for ensuring that those pieces that are necessary for our economic development were there.

And on the tax side, Senator Daily did a great job in ensuring that the manufacturing machinery and assistance tax, which made us stick out like a sore thumb among other states and made us uncompetitive in the manufacturing area, was eliminated.

But there's one other, there's one other tax change that is in here. It's a tax credit on new jobs. That bill was kicking around the Commerce Committee last year. It was introduced by Senator Slossberg. She worked on that bill very diligently last year. We worked on it right to the last minute. And ironically, opposed by OPM last year.

We were not able to get the bill through. This year, we went through a similar exercise. Bill was knocking around, it was up, it was down, and finally,

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at the last minute, it was put into the tax package.
And again, it's a major incentive for employers to add jobs and to change the paradigm.

Where in the past, we have given people money and said, okay, we're going to give you some money, we're going to give you some aid, we're give you a grant, we're going to give you a loan, and that we hope you create the jobs.

And as you know, so often that has not happened. In this case, we changed the paradigm. They're going to negotiate for the creation of jobs. They create the jobs, and then they get the tax credit. We are guaranteed that this will grow jobs. There will be no losses in this program.

So I want to thank Senator Daily for making that part of the package, because it's a very strong, it's a very good piece. It's a piece that has been used in New Jersey, in Massachusetts, to help grow jobs, and I guarantee it's going to help grow jobs in the State of Connecticut.

So thank you, Senator Daily, and thank you, again, Senator Harp, for putting together this very solid tax and spending package. Thank you very much.

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THE CHAIR:

Will you remark further? Senator Meyer.

SEN. MEYER:

Thanks, Mr. President. There are indeed a lot of good things in this budget, both on the spending side and on the tax side. And while I was not a close part of the negotiation, I feel a great deal of respect for all of those colleagues of mine who were part of the negotiation and what you did.

At the same time, it's easy having not been a direct part of the negotiations to say, let's remember there are things we still need to do. And let me just cite a few of those things, and I'm speaking in some ways to my constituents back home when I say these.

We have a commission that's going to be studying property tax reform this year, making a report and recommendations. That is such an essential part of our work in 2007 and beyond. We must be looking carefully at that.

I represent six towns in Connecticut that are getting creamed by the property tax, which is a tax that's based on our agrarian society. The fact is that we are told that Connecticut, and perhaps New

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Jersey, are the two states that rely most on the property taxes, old agrarian tax, and not on the income tax. We must make reforms there.

I also think, as we look at some of the smaller and medium towns in our state, how important the bonding projects are for our towns. And this budget, unfortunately, does not yet include an agreement with respect to bonding items.

There is an opportunity to preserve open space, particularly open recreational space in our state through bonding items that could be a tremendous value to the resources of the state, and it's something that we need to sincerely address.

And let me say finally, just with respect to the estate tax, that I agree with that part of Senator Finch's statement that the estate tax is an important revenue source. But I do, in fairness, disagree with the cliffs aspect of the tax.

In other words, to tax, to give someone under \$2 million there's no state estate tax is good, but as soon as you go over \$2 million, to say \$2.1 million to tax the entire \$2.1 million, without the \$2 million

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exemption is, in my opinion, inconsistent with the philosophy of an exemption.

And I'm hopeful, and there was a discussion with leadership today about this, that in 2007, if some of us or all of us are back here then, that we'll be able to address that problem. So to the leaders I say, thank you, nice job, and there's still more to be done.

THE CHAIR:

Will you remark further? Yes, Senator Harp.

SEN. HARP:

Thank you, Sir. I really appreciate it. I forgot to thank a couple of people that I just wanted to thank, and they're not the people that you typically thank, but. Clark Hanson is someone who works to support us here in the Senate Democratic Caucus, and Ed Mailey, they are very helpful to us, particularly during the last part of budget negotiations. They're always there.

And I also want to thank Senator Looney, my seatmate, for his support as a leader, and a very special thank you to Senator Don Williams, who had confidence in our Committee to do most of the budget

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negotiations ourselves. It takes a lot of faith to do that. We appreciate your faith and confidence in the work that our committee has done. So thank you very much, Senator Williams.

THE CHAIR:

Will you remark further? Senator Roraback.

SEN. RORABACK:

Thank you, Mr. President. Good afternoon. I rise in support of the budget, Mr. President. I take my hat off to all of the people on both sides of the aisle who have put together a package which does represent, in my opinion, responsible policy for the State of Connecticut.

But I can't let this moment pass, Mr. President, without adding my own personal note of disappointment that with a \$700 million surplus, the State of Connecticut can't see it's way clear to make an investment in perpetuity to preserve some of the vanishing farmland and open space that our state should place a premium on.

Mr. President, there are dozens of farms that are awaiting action by the state that would like to remain farms. Mr. President, in the State of New Jersey,

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that state is spending \$350 million this year to acquire interest in land and farmland and open space watershed land.

Mr. President, in my opinion, it's time that the State of Connecticut got with the program and realized that when you purchase these lands, you pay for them once, and the value is there for the people of Connecticut in perpetuity.

Mr. President, I think it's time that we stop looking at this issue in isolation. Instead of having an emergency at the preserve at Old Saybrook, an emergency at Ethel Walkers in Simsbury, an emergency at the Goss Property in Guilford, an emergency at Vaughn's Neck in New Fairfield and New Milford, that we recognize that the State of Connecticut, as a whole, has an emergency if we don't develop a coherent, long-term, well-funded strategy to prioritize, acquire, and protect properties that once lost are gone forever.

With that significant failure on our part with a \$700 million surplus to recognize the value of that investment, on balance, the budget is certainly a product which the people of the State of Connecticut

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can take great pride in, and I will support it. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Gomes.

SEN. GOMES:

Being the new kid on the block, I'm very happy to be here and to witness the making of a budget. I want to congratulate everybody that did, Senator Daily and Senator Harp, for all of your efforts that you put forth.

I also want to thank you for some of the things, like Bill spoke of, out of the five things that we had come up here for, we've at least accomplished something in three areas.

Before I left Bridgeport as a City Councilman, I was a chairman of the school building committee down there, and one of the things I always said, when I came up here, that I would advocate for mostly two people who can do less for themselves, and that's children and senior citizens.

I see some of the things that have been accomplished within this budget have helped us in our

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three things that we wanted accomplished. One of those things was after school programs for children.

I want to thank all of you that have contributed to this budget. I want to say that I am proud to be able to vote on this budget, even though I wasn't one of them that shaped it. Maybe in the near future, I'll acquire what some of you people have here.

You got a whole lot of good people here on both sides of the aisle. They got together to do something for the State of Connecticut, and I thank you for it.

THE CHAIR:

Senator Gaffey.

SEN. GAFFEY:

Thank you, Mr. President. Mr. President, I rise to congratulate the Chairs of the Appropriations Committee and the Finance Committee, and also the Ranking Members and our leaders, and the members of the Executive Branch, in particular Secretary Bob Genuario, for coming to this agreement on this budget.

This is a great budget for the residents of the State of Connecticut. It fills very important needs, in particular the money, \$246 million, goes into the

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Teacher's Retirement Fund, which is the actuarial certified level of funding in this biennium.

The \$20 million in special ed funding. As Chairman of the Education Committee, I can tell you that, year in and year out, this has been the most exponentially rising cost in school districts across the State of Connecticut. This \$20 million for special ed costs will be well received in your districts.

Also, the \$33 million to aid to cities and towns is very welcome property tax relief for our cities and towns. This is a tax that our towns, as you well know, struggle with year in and year out.

On the tax side, the phase out of the tax on the manufacturing equipment has been asked for for years in this Assembly, and I'm very, very happy that is part of this budget.

Property tax credit rising from \$300 to \$500 is also another welcome addition and good news for Connecticut taxpayers.

Mr. President, very briefly, again, I would just like congratulate Senator Daily and Senator Harp, and the Ranking Members, and all of those who labored so

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hard to come out with this budget agreement. The best news is that we're getting this all done on time.

Thank you, Mr. President.

THE CHAIR:

Senator Daily.

SEN. DAILY:

Thank you very much, Mr. President. I couldn't be so remiss that I would let my friend, Toni Harp, be the only one expressing gratitude to the caucus staff, to Senator Looney, and to Senator Williams. Their encouragement and their support were very, very important, and it was a real leap of faith, and you did it, and we've been successful. Thank you very much.

THE CHAIR:

Senator Coleman.

SEN. COLEMAN:

Thank you, Mr. President. I just wanted to briefly add my congratulations and thanks to Senator Harp and Senator Daily, and all of the Legislators, and all of the staff who contributed their time and effort, their very valuable hard work, to this product.

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I want to rise to indicate my support for this budget. I want to support it because it is a balanced budget. And I don't mean just in the sense of it is fiscally responsible, I also mean in the sense that it takes and addresses some concerns and interests of some people who had been neglected and who we had not been able to reach because of some difficult fiscal times that we've experienced in the past.

And just as a few examples, I'd like to indicate that I'm very proud that we're doing something to make certain that those teachers, who are counting on their retirement benefits being available when they retire, are reasonably more assured that that will be case.

We've also funded private providers, and we've addressed the compensation needs of those individuals. I'm also very encouraged that we've increased funding for summer youth employment.

On the tax side, increasing the property tax credit, I believe, was an excellent idea, as is the deduction for college savings, the elimination of the manufacturing machinery and equipment tax, or at least the phase out of that tax.

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As well as, the historic properties tax credit, and the housing tax credit, which I think will go a long way toward investment in an increased number of units of housing in the State of Connecticut, which will be an opportunity to address a lot of situations that we've talked about on the floor of this Senate and in our Committees during the course of this session.

So like so many others who've spoken on this budget before me today, Mr. President, I'm very proud to support this document, and I want to congratulate all of those people who worked so diligently and in such a dedicated manner to put it before us. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator McKinney.

SEN. MCKINNEY:

Thank you, Mr. President. I, too, rise in support of the budget and also want to give my thanks to all of those Members of this Circle and staff who worked so hard and so long in putting it together.

On our side of the aisle, I especially want to give thanks to Senator Cappiello and Senator Nickerson

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for their extraordinary work and leadership representing our caucus on this budget.

My most important thank you, Mr. President, is to Governor Rell. Governor Rell set a tone of bipartisanship as our session began and the example of leadership. And by extending her hand to the Legislature and to the majority party, I think she set the tone for what is a very good budget resolution, and one, as someone just remarked, that is completed on time.

This is not a perfect budget. Perhaps no budget is. But in the grand scheme of things, this is a fiscally responsible and sound budget compromise. It keeps our spending below the spending cap.

It provides much needed tax relief to people of the State of Connecticut. Many of our tax credits will help spur economic growth and have our economy continue to grow.

This budget, most importantly, does not spend our surplus on ongoing programs, but rather uses the money, or the majority of it, to pay off our debts and to keep the promise we've made to our teachers.

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I think perhaps no issue brought Republicans and Democrats in this Circle together than our collective desire to finally keep the promise to our teachers. One step more perhaps would be getting a constitutional amendment on the ballot, and maybe we'll get that done in the last 72 hours.

But the fact that we are able to look at the teachers and retired teachers of the State of Connecticut and say that we understand, we understand that they have a right and obligation to have their retirement fund fully funded, and we are now making steps towards meeting that, makes this a very good budget compromise.

On the spending side, there are, again, I think, some very small but important victories that I am very proud to support, and I won't mention all of them either. But I am also, as Senator Stillman and Senator Cook said, very happy to see that the gambling study is funded.

I am also happy to see that the fire training schools will be upgraded. I think that the money in the budget for special education will go a long way to provide relief to all of our towns and cities.

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There is money for a pilot program for autism, which is a great first start, which will hopefully be matched by this Legislature in future years to finally provide the care and need to those adults with autism. And we will strike the name of Connecticut off that shameful list of states that does not have any services for those individuals.

The elimination of the ticket tax on the Arena in Harbor Yard. Yes, the Arena is located in Bridgeport, but that is a regional asset. I think the people of Fairfield that I represent provide the second largest number of people that use the Arena.

It's struggling, faced with competition at our casinos and other areas where people don't have to pay that ticket tax. The elimination of this tax will allow that Arena to compete for big acts that will draw in crowds and keep that going.

And as we saw, that fantastic weekend with the women NCAA basketball tournament in, the City of Bridgeport performed fabulously, and people went to the Arena. They watched the UConn women's basketball team. They watched the Duke women's basketball team.

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And after that, they went out. They went to the restaurants. They went to the bars. They understood that Bridgeport is a city on the rise, and this will help continue this rise.

There is money for another program, a beach erosion program, which will try to bring new technology to permanently stop erosion on many of our beaches and our shoreline. That is going to go to two beaches, I believe, one in Fairfield and one in Milford.

I want to thank the Speaker for his leadership on that, and I want to thank Representative Tom Drew, of Fairfield, for his leadership on that issue as well.

In closing, Mr. President, I am perhaps more happy about what this budget represents than even what is in it, because I think this budget represents a change, perhaps a sea change, in our outlook over my eight years.

On the spending side, we are clearly under the spending cap. There is no fight about going over the cap. No talk about whether we need an emergency declaration.

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When it came to surpluses, and we've seen surpluses here in the past, we spent an overwhelming, used an overwhelming majority of that surplus to pay off our debts and fulfill our obligations. I believe that's a first in my eight years as well.

But perhaps most importantly, Mr. President, on this budget, we didn't argue over tax increases and tax cuts. We didn't hear much talk about having a more progressive tax code, which is code for higher income taxes on wealthier individuals.

Rather, what we debated here and what we discussed this session was which tax cuts are better for the people of the State of Connecticut, which tax cuts are better to grow our economy.

That is a sea change, a monumental sea change, in our outlook, in our budget, and our budgeting process. It's not everything, in terms of our tax cuts, to be sure. But we did all agree that eliminating the tax on manufacturing equipment would help attract, keep businesses in Connecticut, and attract more businesses here.

We did all agree that eliminating, finally, the corporate surcharge would help keep businesses in

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Connecticut and make our state more attractive to businesses. We did all agree that getting an increased credit against your income tax is good for the people of the State of Connecticut and will help them stay in Connecticut.

And I am hopeful that the progress we've made and how we look at our tax code and how our tax code affects, and our tax policy, how our tax policy affects businesses and people in the State of Connecticut, will lead us next year to fix the remaining problems.

I think Senator Nickerson spoke eloquently and on point about the estate tax. It is neither fair nor progressive. To say that if an individual dies with an estate of \$2 million they pay \$0, but if they die with an estate of \$2 million and \$1 they pay over \$100,000 in taxes. I don't think that's fair or progressive under anyone's definitions of those words, and we need to get back in and change that.

If I am so fortunate to be here when we do another budget, I will again stand up and speak for the fact that we are losing people. People are

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leaving the State of Connecticut to Florida, and to
New Hampshire, and to Montana.

I wasn't around when Ben Franklin was around, but
I bet you people couldn't get up, get on a plane, and
go to their vacation home in Florida when he was
speaking about his ideas on the tax structure. And
the fact is, the fact is, we are losing people, and
that is not good for our state in the long run.

There are other ways where we can make up that
revenue, and I hope that we will take a look at that
in the future. Mr. President, thank you. I want to
thank the Circle for their indulgence, and I stand
here proud to support this budget.

THE CHAIR:

Will you remark further? Senator Looney or
Senator, Senator Looney.

SEN. LOONEY:

Thank you, Mr. President. Mr. President, this is
I think, in many ways, an historic budget day. I have
been in the General Assembly now for 26 years, 14 here
in the Senate, 12 prior to that in the House of
Representatives.

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And often, on budget presentation day, the budget the was often presented as somewhat of the lesser among evils, accepted by the majority as the consensus, as the best among the limited options available that might be done, attacked sometimes by the minority as either excessive or inadequate.

And this is a very different day. This is a budget of which we can be proud, a revenue package of which we can be very proud. I'd like to join others, obviously, in commending the great, great work of Senator Harp and Senator Daily, and Representative Merrill and Representative Staples, and all of the others who have worked on this package before us today.

There are a number of highlights of which we can all be proud. Certainly on the appropriations side, I think recognizing the additional needs of nursing homes being provided for here, additional funding for probation officers in key areas where that is needed.

We know that probation caseloads often being so large provide for a circumstance where we wind up having technical violations because of the inability to really understand the circumstances of those who

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are under that degree of supervision. We will have help for that in this budget.

The property tax relief fund that was spoken of, a \$33 million fund providing significant help to municipalities dealing with the burdens of property tax, which most taxpayers do find the most crushing and is the greatest disincentive to economic development at the municipal level.

So these are, I think, all things of which we can all be very proud. And in addition, extra funding for the pilot programs, for the both the college and hospital pilot and the state property pilot, recognize those municipalities who have significant levels of their property exempt from taxation, and the state being a partner to those municipalities and providing funds for those that are not collected as taxes at the local level.

Those are all significant gains, significant advances, in this budget. And on the tax side, I think there is an extraordinarily progressive policy reflected here.

Raising the property tax credit on the income tax to \$500, as has been said, is very progressive because

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it is lower and moderate-income people who will get the most advantage of that increase. It still phases down at higher income levels, and the relief is targeted to those who need it most.

In addition, Mr. President, I think we can take great pride in the fact that we are increasing the housing tax credit program, the rental assistance trust fund program, doubling that from \$5 million to \$10 million, providing also an increase from \$400,000 to \$500,000 for individual projects within that.

That is something that is absolutely essential in our state in promoting the creation of affordable housing. I was proud to have been Chair of the Finance Committee when we raised the cap from \$3 million to \$5 million some years ago. There is now pressure at the \$5 million level just as there was at the \$3 million level, and this package raises it to \$10 million.

The provision for business tax credit for historic renovations of commercial, industrial property for residential use is also going to spur development and improvement of historic structures that can be converted to new and creative uses.

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So there is a great deal of which we can be proud and take a great sense of accomplishment in this budget. Again, as others have said, there are things that we need to look forward to in the future.

I think, clearly, the argument has been made about the need for dealing with the cliffs on the estate tax. That certainly is an issue for another day, as is providing some relief under a state earned income tax credit for the working poor.

We should join the 19 other states that have provided for that, which is direct aid to those who need it most, and recognizes that they do pay a great deal in state taxes under the category of sales tax and other fees, gasoline taxes, and the rest, even though they may not have state income tax direct liability.

So those issues, I think, will highlight what we should look to next year in terms of perhaps a consensus on those items. But again, this is, I think, a day in which we can truthfully say, we have met the needs of the people in this state with this budget, with this revenue package, done in a way that is responsible, is creative, stays under the cap, and

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establishes, in proportion, the kind of emphasis that the people of Connecticut have elected us to do.

And again, would greatly thank Senator Harp, Senator Daily, and all of their colleagues for giving us something that, which is rare on budget day, something that we can truly celebrate, rather than just wince and vote for. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator DeLuca. Will it be harmony or fugue?

SEN. DELUCA:

Thank you, Mr. President. I would like to add my thanks to all those that worked in the past weeks to bring us to where we are today, the Members of the Appropriations Committee, the Members of the Finance Committee.

And also the Governor's Office, as has been mentioned, set the tone early on for the negotiations, as well as the Secretary of OPM, who has worked hard. He had a predecessor that was a hard worker, and he proved up to the task to follow in his footsteps, to bring us to where we are today, to put in the time

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necessary, and to bring the facts and figures there to make this necessary.

But like all budgets that come to a conclusion that have been worked out in a compromise, there are things we can like, and there are things that we can be disappointed with. That can mean different things to different people. I understand that.

It's been mentioned quite a bit about the money put into the Teacher's Retirement Fund, which was absolutely necessary. We all knew that we had to find a way to do that, and it was done because there was a lot of concern about that throughout the entire state on whether this could be done.

And I might mention it hasn't been fully funded in a number of years, so we are making headway. People like to talk about landmark legislation. I guess it's a landmark thing when you do what you're supposed to do.

The other thing that we're talking about is providing the municipalities with additional revenue in helping to meet with their expenses. That's something that probably will never be enough because they will always have ongoing and increased expenses.

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But at least we have made an effort to help them in their budgets and with their property tax concerns.

The other thing that is especially, I think, important to me is the extra money in the special education fund. That's something that I know I have been talking about for a number of years because I've heard from the school districts in my district that it was becoming an increasingly higher cost to them, and they needed some relief in that fact.

That was something that they couldn't control, yet it continued to go up. So this \$20 million will at least give them some help in that respect in addressing that.

The additional money in nursing homes, of course, is going to be welcome there because recently you heard about the problem of one nursing home in Waterbury that was in a bad situation. So that is much needed, and it was money that went to all nursing homes to help them.

And another thing that was a concern to many people was the ConnPACE and the Part D and how that would work out, and that was addressed in this budget. So those are a few of the things that I felt

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important, as well as putting money in the Rainy Day Fund.

But I was a little disappointed that from the outset when the Governor came out in February saying she wanted to do something about eliminating our car tax, and that was immediately rejected. And I've heard from people saying, well, the Governor lost that.

Well, it's part of negotiations, but when you hear it early on that they don't even want to put it into negotiation or address it, that is disappointing.

But the fact that we've increased the property tax credit somewhat will be of some relief to some people, but, unfortunately, those that pay car taxes in some of the cities don't have real estate and won't be able to help themselves to most of that, and the car tax might have gone a little bit further, but that's here.

One thing I thought was very important that I'm disappointed is not there was the energy reduction, the reduction in the energy tax. You know, that's something that would have helped not only individuals but businesses also in the state.

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That is something that, in this age when we're continually talking about rising energy prices, I think was a step forward that the Governor made that I thought would be helpful to all.

And of course, we've heard about the estate tax and the cliff and what's going on there. You know, a couple of months ago I was reading a magazine that I subscribe to, and a former CEO of Citigroup had a great quote. He said, capital goes where it's welcome, and it stays where it's treated fairly.

And that's something that I think we in the Legislature should pay attention to. That we shouldn't be doing this, we got to do this, put out this fire, as someone said, this situation here or this one there, this company might be leaving. But if we try to be consistent in our tax structure and treat that fairly, then I think we don't face as many crises and we are able to keep business in the state and keep jobs in the state.

The other things that I thought were good, I mentioned the increase in the property tax credit, but, of course, eliminating the surcharge on corporate taxes, I think, is a long way forward to helping

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businesses in the state and towards what we're talking about retaining jobs and keeping businesses in the state, to keep them.

And of course, there are a couple of things regarding the job situation the Governor had put forth, and have remained in this budget, is the job creation tax credit and the displaced worker tax credit. Those I believe are very important in helping in the situation in jobs.

Overall, I would say that the budget today is not the best, but it's something that we can all vote for. And yes, do we have to do something in the future? Yes. We have to address those things that weren't taken care of. There will be time, hopefully next year, those of us that will be here, to address that.

But the, and I don't want to linger too long on it, but the estate tax affects those small businesses and small farmers more than anybody else, and I think that cliff has to be addressed as soon as possible.

Overall, we have a budget that I believe the majority of us can vote for. The majority voted in the House, and I believe the majority will vote for it

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here today because of the many reasons that have been illustrated by all of us here today.

I think the other good news is we're doing it on Monday and not Wednesday night at 11:30 p.m., which has been done in many years, up to the last minute trying to iron out those last few items.

As we all know, it's the beginning of negotiations, you are able to come to agreement on a lot of things, it's just that last little bit that takes so much time. And we are happy that it was done this past weekend and not keeping us here on a Wednesday evening.

For that I congratulate the Committees, the Chairs, and the Ranking Members because that alone, I think, is a great accomplishment. Thank you, Mr. President.

THE CHAIR:

Senator Williams.

SEN. WILLIAMS:

Thank you, Mr. President. I rise to support the budget and to congratulate all those in the Circle who've contributed in many different ways.

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First of all, I'd like to thank Governor Rell and her staff. We negotiated with them over the past few weeks. They negotiated in good faith, and we have a great product here for the people of the State of Connecticut.

Next, the OPM Secretary, Bob Genuario, who is in the Chamber, I want to thank him very much for his great efforts on behalf of the state. We don't always agree, but we come to consensus and resolution. That is the democratic process. Bob, thank you very much for your good work.

Down in the House, Speaker Amann and Majority Leader Donovan, they worked side by side with us in this effort. We thank them for their hard work. My Majority Leader, Senator Marty Looney, great advocate on so many different issues, and most of those are represented in this budget and tax package.

And to our Finance and our Appropriation Chairs, Eileen Daily and Toni Harp, thank you so much for your good work. It is true, as we have said in the caucus room, this year leadership had our Approps and Finance Chairs do the vast majority of the negotiating.

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That meant, Bob Genuario, a little less quality time that I had with you in the room, and that Jim Amann had with you, but Toni Harp and Eileen Daily did a tremendous job of negotiating for our caucus.

And I would be remiss without mentioning the Republicans in the Circle here and their representatives who worked with Bob Genuario and the Governor and with all of us as negotiations moved forward.

And many of the staff have already been mentioned by name, but none of us would be able to move the great business of the people forward, let alone something as enormous and complicated as budgets and financing packages for the state, if it wasn't for all of the staff on both sides of the aisle who help us get done what we need to get done. And we would not be able to do that without them. So I thank them very much for their long and hard work.

It is a package to be proud of. Make no mistake, it doesn't take care of all of the problems and issues in the State of Connecticut. Otherwise, we would not have a reason to come back next year. But it does address many of the issues that have been before us in

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the past and ongoing issues, aid to cities and towns, it's about another \$68 million or so, and that goes to revenue sharing for general town use and capital improvements in our towns.

Also, there's money for our infrastructure, roads and bridges, additional funds for special education. That is much needed and I know much appreciated by our cities and towns across the state.

As others have said, we've taken a great step forward by fully funding, for the next two years, the state debt and obligation of the Teacher's Retirement Fund. That is a big step forward. We know it's an obligation we must fulfill, and we have taken a great stride forward in doing that.

On the tax side of the equation, we are providing property tax relief for owners of cars and for owners of real estate. I want to thank the Governor. At the beginning of the session, she came out with that proposal in terms of eliminating the car taxes.

Time went on. There were a number of details that revealed it was problematic, it was very expensive, and we heard from Mayors and First

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Selectmen from across the state who had many, many reservations.

And so we wanted to take a close look at that, and we did. And we wanted to go a different way in providing property tax relief, not just for automobile owners but for people who own real estate as well. We did not want to lose that credit.

This financing package keeps that property tax exemption, but increases it to \$500 for use on an automobile or on real estate. That stays intact, and it increases for our taxpayers.

I also want to note that at the beginning of this session, I said, and I know the other leaders in the House and the Senate said this, and the Governor said it as well, our top priority should be keeping jobs in Connecticut and growing the economy.

And you know, ever since the last session ended, last summer and through the fall, to the beginning of this year, we set about the task at our caucus, and I know other were working on this as well, to address the issue today and going forward in the future for growing Connecticut's economy.

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And we had many forums here at the State Capitol. We went out to the four corners of this state to talk with the businessmen and women all across Connecticut who are battling each day to stay competitive and to growth their workforce, and we listened. We came back with what we called Senate Bill 1, jobs for the 21st Century.

And working with Senator LeBeau and many other folks in this Circle and in the Legislature, we put together the most comprehensive package to address economic development and to grow the economy of the State of Connecticut in many, many years.

I'm very proud of the fact that not only did we pass that here in the Senate, and they passed it in the House, but today the Governor signed that bill, and in this budget there is more than \$10 million dollars to address the programs and the policy changes to move us forward in terms of shaping Connecticut's economy today and tomorrow so the jobs are here for those in the workforce and our children who are following who want to live and work in this state in the future.

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Provides more resources to link our institutions of higher education with emerging technologies throughout the state. More dollars for research and development so that it happens here in Connecticut, and the job spin-off occurs here in Connecticut as well. More dollars for venture capital to grow the new businesses that we know create the majority of the new jobs in this state.

Entrepreneurial incubators to help those folks of ingenuity that have always existed in the past in Connecticut and will lead us into the future to assist them with their ventures as we go forward.

And an office of business advocate to help untangle the red tape, to not only be the one-stop shopping center for those who want information about how to move economic development forward and their own business forward, but to help resolve problems between agencies and departments when it seems intractable, when it seems like it's a big problem. We want to resolve those problems before it results in job loss.

So you know it's a great, it's a great budget. And we are moving, we are moving forward in the State of Connecticut, and so I am very pleased to join with

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my colleagues on both sides of the aisle, do something positive, have a little fun in the process, and most importantly, most importantly, pass this budget today for the workers of today and for our children who will be here in Connecticut and be the beneficiaries of this budget in the future. Thank you very much.

THE CHAIR:

If there is no further remarks, the Clerk will announce the pendency of a roll call vote. The machine is 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? Senator Fonfara. All that Hartford money. If all Members have voted, the machine is closed. The Clerk will announce the result.

THE CLERK:

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Motion is on passage of Emergency Certified Bill
5845 in concurrence with the action in the House.

Total number voting, 36; necessary for passage,
19. Those voting "yea", 35; those voting "nay", 1.
Those absent and not voting, 0.

THE CHAIR:

The bill is passed. Mr. Majority Leader.

SEN. LOONEY:

Yes, Mr. President, thank you. After that
consensus achievement, I would like to yield the floor
to any Members who might be seeking to make
announcements or points of personal privilege.

THE CHAIR:

Senator Prague.

SEN. PRAGUE:

Thank you, Mr. President. Mr. President, we
really are honored today to have a very special person
in this Chamber. If you think for one minute that one
person can't make a difference, let me tell you that
after I tell you about this gentleman and what he has
accomplished, you will surely believe that one man can
make a difference in the lives of all of us.

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Care to remark further? Representative Rowe.

Representative Rowe. Representative Rowe, did you shave this morning, Representative? You look great. You look younger, more athletic.

Oh, sorry, Representative Rowe. Care to remark further? Representative Donovan, for what purpose do you rise, Sir?

REP. DONOVAN: (84th)

Mr. Speaker, at this time I ask that this Bill be passed temporarily.

SPEAKER AMANN:

Question on P.T. Passed temporarily, yes. Would the Clerk please call Emergency Certified House Bill 5845.

CLERK:

House Bill Number 5845, AN ACT REQUIRING A STUDY OF BUDGETED STATE AGENCIES WITH RESPECT TO THE EXPENDITURES AND REVENUES OF SUCH AGENCIES, LCO Number 5166, introduced by Representative Amann and Senator Williams.

SPEAKER AMANN:

Representative Merrill.

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REP. MERRILL: (54th)

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

SPEAKER AMANN:

Question is acceptance and passage of the Emergency Certified Bill. Do you care to remark, Madam? Care to remark, Madam?

REP. MERRILL: (54th)

Yes. Thank you, Mr. Speaker. This is the annual budget and tax package rolled into one Bill. What I'd like to do this evening is do a brief summary of the Bill and the Amendment which will become the Bill.

So for those purposes, Mr. Speaker, the Clerk has an Amendment, LCO Number 5203. Will he call and I be allowed to summarize?

SPEAKER AMANN:

Will the Clerk please call LCO Number 5203, which will be designated House Amendment Schedule "A".

CLERK:

LCO Number 5203, House "A", offered by
Representative Merrill and Senator Harp.

SPEAKER AMANN:

Representative Merrill, would you care to remark?

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REP. MERRILL: (54th)

Thank you, Mr. Speaker. Mr. Speaker, what we have before us this evening is I believe an extremely good budget for the State of Connecticut.

It represents the second year in our biennial and is the Amendment that now embodies all the changes, all the negotiations that have gone on for numerous weeks, many long hours.

And before I start and do a brief summary of where we are with this budget, I guess I would first like to thank all of the people who worked on this budget.

And, as usual, many of them are people behind the scenes, staff people such as all the good people of the Office of Fiscal Analysis and the Office of Policy and Management and the Governor's Office who worked with us through this, this long period the last few months we've been doing this Bill.

I would of course also like to thank all the Members of the Appropriations Committee on both sides of the aisle who worked for many hours in Subcommittees to get to the real numbers in this budget and to try to do the best we could with the

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resources of the state for the people, particularly the Subcommittee Chairs and Ranking Members who spent the hours that it takes to go through each part of this multidimensional, thousands of line budget that is the state budget each year.

So my thanks to them and to all the people we've worked with this year. The budget essentially recognizes changes that have occurred since last year when we passed our biennial budget.

And of course this year we are blessed with a substantial and actually still-growing surplus for over the current year that we are still doing.

Now, naturally, at this point these are still just projected surpluses, but as we speak the projected surplus has grown again to \$675 million. With this surplus, we were able to do some very good things that I think will really impact the long-term fiscal health of the state.

But in brief, I think the best things and the highlights of this budget include the fact that we have been able to both retire debt, fund for the first time in a long time the Teachers Retirement Fund with

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\$246 million, which will provide current services budgets for the fund through the Year '07.

We have provided additional one-time revenue sharing with our towns and cities to help them with their very large problem with property taxes so that they will not have to sustain as large property tax increases at the local level.

We have created pools for, that will address economic development and job creation, very substantial new programs in these areas.

We have sustained the HUSKY healthcare for more children and we have made some changes that will keep children ensured after some of the changes had unintended consequences last year.

And we will be able to still make a substantial deposit in the Rainy Day Fund both this year and we believe next year. It is a responsible budget. And it seeks to address many of the long-term needs of the state.

Some people are interested in where we are in just an overall way, so I would like to say right up front the bottom line is the state's budget now hovers around \$16 billion. There are some increases in the

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budget. Many of them were to address substantial federal funds withdrawals.

We are beginning to experience many problems in many programs in the state due to the fact that the federal budget has withdrawn funds from our state and other states. We did the best we could to fill some of these shortfalls.

I believe that next year we will face even larger problems, particularly in things like Medicaid and programs that have always been partnerships with the federal government.

We really did a lot to be able to sustain many of the programs that have been partnership programs with the federal government. We are under the cap in '07. The spending cap has been an issue every year.

We did manage, largely because we have been able to spend some of the surplus, but also because we made some reductions in the budget that was approved out of the Appropriations Committee.

There were also some deficiencies, so by the time you had funds moving in and out of the accounts, our difference over what was proposed by the Governor is

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about \$15 million. But many of those items are not in the cap, so they are uncapped items.

We also spent an additional \$63 million from the surplus. Besides funding the Teachers Retirement Fund, as I mentioned, for \$246 million, we paid off the economic recovery notes for \$85 million, which were burdens we incurred during the recession.

I am happy to say that we were able to pay down our debt, which will help us in the long run and save on interest payments. Of the \$63 million we spent of the surplus, \$33 million of that amount will be one-time revenue sharing with our cities and towns, as I said before.

In addition, we were additionally able to fund special fund, what we call the excess cost, which is the cost borne by towns and cities by studies who arrive at the schoolhouse door with substantial needs and may be unintended and unplanned for.

So we're happy to say we're able to provide another \$20 million on special education. The overall increase of this budget over last year's '06 budget is about 5.9% increase. Considering some of the, that

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would include, by the way, the spending down of the debt and the Teacher's Retirement Fund.

So I would submit that this is a very good budget and we're right where we need to be. We also, because of some of the changes we made, and I think my friend and colleague, Representative Staples, will talk in a minute about the large tax cuts we're able to provide also for the citizens of the state.

But because we have a growing surplus and because revenues are coming in very strongly, we will still be able to make, we believe, an additional payment into the Rainy Day Fund next year if the surplus holds as anticipated for '07.

We will then be able to make an additional \$180 million payment into the Rainy Day Fund. So all in all, we will have substantial payments into the Rainy Day Fund. We will pay down debt.

And we will provide many of the services and sustain the priorities that are important to all of us in terms of education, healthcare, job creation and economic development.

We believe that this budget will move the State of Connecticut forward in a very positive, progressive

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way. We're very proud of the work we've done. And I would like now, Mr. Speaker, to yield to my colleague, Representative Staples.

SPEAKER AMANN:

Representative Staples, do you accept the yield, Sir?

REP. STAPLES: (96th)

Thank you, Mr. Speaker. I do. Mr. Speaker, thank you. I would like to briefly summarize the provisions of the Amendment before us that relate to the tax changes in this budget, but first I would like to thank a number of people who worked very diligently over the past several weeks on creating the tax portion of the budget.

I'd like to start with Senator Daily, Senator Nickerson and Representative Belden, the Co-Chairs and Ranking Members respectively of the Finance, Revenue and Bonding Committee. It's been a pleasure to work with them.

I think that the product is a balanced package that we can all feel very comfortable supporting. And I appreciate their time and energy and their collegiality as we work together on this.

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As far as the staff support, we, too, have tremendous staff support in the Finance Committee, Anne Carol at LCO, Rob Wysock at OFA, Judith Lohman at OLR.

All work very diligently around the clock to accommodate our needs and your needs in the fiscal arena. And I think they deserve a tremendous debt of gratitude from all of us. Mary Finnegan and Maureen Erso of the Finance Committee staff have provided great service to us.

And I would also like to thank officials at the Office of Policy and Management, Bob Genuario, Phil Smith, Sue Hamilton and Anne Gnazzo, with whom I've spent a fair amount of time in the last several weeks and who, frankly, are quite a pleasure to work with and I think handle their responsibilities very professionally and are an integral part of the product that is before us tonight.

With respect to the tax portion of the budget, I think we can all take great pride in the fact that we've made careful and wise choices in reducing taxes but we also leave considerable revenue for the Rainy Day Fund in a continuing effort that is now reflected

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on the finance side as well as on the appropriations side of filling up our budget reserve to ensure that in any downturn to come, we have the reserves necessary to ride that out.

And secondly, because the concerns about our fiscal condition of Fiscal Years '08 and '09 have been paramount in everyone's mind, I think the tax cuts before us by leaving substantial amount of revenue for future years will lead to a much easier time in balancing future budgets.

And I think it is the responsible way for us to go. The tax changes before you, we increased the property tax credit from \$400 to \$500. We repealed a corporate surcharge for Fiscal 2007.

We create credits for displaced workers, job creation tax credits and we established a new deduction for contributions to college savings accounts in the CHET program.

There are several other changes that I think are very positive in terms of investing in affordable housing, historic housing, a few minor changes to other forms of the parts of the Tax Code and some

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small changes to the film production credits that we passed last week in another bill before us.

In addition, the revenue estimates, which we will get to later in tonight's discussion, also account for the transfer to the Special Transportation Fund of about \$80 million that we anticipated in the Transportation Bill that we passed last week as well.

So on balance I think these tax changes will do a lot to provide necessary relief to property taxpayers, reinforce what is probably a banner year for business in terms of the tax changes and other great investments that we've made in prior legislation, including the Bill before us that eliminates the 2007 surcharge, reflecting the willingness of all Members of this Chamber and the Senate to address what is a very stagnant economic circumstance here in Connecticut.

So I stand before you proudly advocating a modest tax package that I think will provide the relief necessary but also be very fiscally responsible for future budgets. And I urge all of my colleagues to support it.

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Will you remark further? Representative Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. You need not feign or move or dodge, I'm not about to make any parliamentary permit.

SPEAKER AMANN:

I would never dodge you, Sir. No problem.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. Speaking on the Amendment before us, which essentially will become the Bill, there are a number of things in here that, that as Representative Staples mentioned, I won't go over those again.

There are also a couple of areas in here where we're establishing parity in the tax structure that relates to sale of aircraft, repair of aircraft and parts.

Also, on the entertainment arena, there are a couple of entertainment facilities out there that were not included in the tax exemptions. And they're included here also.

Mr. Speaker, there is one area in here that I do have one concern about. I guess I'll talk about it

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now since it's before us, and that is the CHET, which becomes in fact a deduction off the state income tax.

This will become the first item that is a direct deduction and will be called an expenditure from the state income tax. Many here were not around in 1991 when I guess the other night Representative Dargan indicated that's the last time we had two Sunday Sessions in the same year.

When essentially at that time, and certainly future Legislatures are not bound by actions of past Legislatures, but we did at that point in time essentially say we're going to pass this and we're going to have the simplest income tax possible.

We're not going to tax those people with low incomes to start out with. And what we have now with the CHET Section that's in here, which is very good, I can think of 10 or 15 items that we would like to add here.

How about seniors over 65? Let's exclude their pensions. We could go through all kinds of things. But back in 1991, we said we're going to keep this income tax separate and if we don't have a lot of

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exemptions, guess what? We hope we can keep the percentage down.

We had to raise it once already when times got bad, but essentially it's been very, very stable. What we're about to do with the CHET is open the door, open the door for a new phase of deductions from the state income tax.

And you know, when you redo somebody's taxes, unless you redo spending on the other side, guess what? It must increase somebody else's taxes. Nothing comes for free here.

So, Mr. Speaker, I know it's going to happen. I have a little Amendment later on I probably won't call that would have taken that out but I know it probably wouldn't pass.

So I did want to get it on the record that I'm very concerned about opening the floodgates, because that's essentially what this very small item, which is estimated to cost the State of Connecticut between \$6 million and \$7 million in the first year, but the floodgates are now opened. The precedent is established.

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And in future Legislatures, it's going to be much easier to say well, we already do it so let's add another item. If you do that, you've got to raise somebody else's taxes.

So on one hand you may give somebody a break, on the other hand you may raise the other taxes that they pay. So I'm very concerned about that. Mr. Speaker, I did have one, if I might, through you to Representative Staples.

SPEAKER AMANN:

Please frame your question, Sir. Representative Staples, please prepare yourself, Sir.

REP. BELDEN: (113th)

Through you, Mr. Speaker. Do I understand that there is a technical Amendment coming that would deal with one little problem with the CHET program? Through you, Mr. Speaker.

SPEAKER AMANN:

Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Through you, yes, actually, it has been filed, Representative Belden. And it does address the problem that you have

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identified. And it is our intention to call that Amendment after this Amendment is hopefully approved.

SPEAKER AMANN:

Representative Belden.

REP. BELDEN: (113th)

I thank the gentleman for his response. Mr. Speaker, while I'm up, let me just say that, to comment our staff both in the Finance Committee and upstairs.

You know, they do a yeoman's job every year. We put great demands on them in the last couple, three weeks of the Session and I want to personally thank them all. Thank you.

SPEAKER AMANN:

Thank you, Sir. Care to remark further? Care to remark further? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, I'll be very brief. The Bill in front of us is a one paragraph study Bill which was an E-Cert. The Amendment before us really is the budget. And I will just say briefly that overall I think it's a good budget.

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I think there can be some improvements made and we'll get to that in a few moments. And I think probably the appropriate thing is to get the Bill in front of us in the right way. And hopefully House "A" will pass that way, without extended debate, and then we can debate that from that point on.

But I wanted the record to reflect that I know the Clerk is in possession of a Declaration from the Governor because with the expenditure of the surplus, it would raise a cap issue in the current Fiscal Year, not in the '07 Year.

And I just wanted to state for the record that we weren't proceeding without a Governor's Declaration. So I just wanted to make that part of the record before we act on House "A". Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Thank you for that point, Sir. Care to remark further? Care to remark further? Let me try your minds. All in favor, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

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All opposed, Nay. Ayes have it. And the Amendment is adopted. Care to remark further on the Bill as amended? Care to remark further on the Bill as amended? Representative Merrill, are you prepared, Madam?

REP. MERRILL: (54th)

Yes. Thank you, Mr. Speaker. The Clerk has an Amendment, LCO Number 5225. Would he call and I be allowed to summarize.

SPEAKER AMANN:

Would the Clerk please call LCO Number 5225.

CLERK:

LCO Number 5225, House "B", offered by
Representative Merrill.

SPEAKER AMANN:

Representative Merrill.

REP. MERRILL: (54th)

Thank you, Mr. Speaker. This has a few fixes to the back of the budget language. Section 30 in the original Bill was some language about the Soldier Sailor Marine Fund and some leftover money.

It was not needed. It was in anticipation of a bill passing that did not pass that would have

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transferred the funds somewhere else. So we have removed that Section and included a Section 30, a new Section 30, which is a, just a carry forward of money for the State Comptroller.

Again, this was sort of a mistake in the first version of the budget. And that would be true also of Lines 1 and 2. You'll see it says American School for the Deaf. Again, there was a technical fix to the underlying Bill where the number was just transposed and was not needed. And I move its passage, adoption.

SPEAKER AMANN:

Question before the Chamber is adoption of House Amendment Schedule "B". Will you remark further on the Amendment? Will you remark further?
Representative O'Neill.

REP. O'NEILL: (69th)

Yes. Thank you, Mr. Speaker. And, if I may, a question through you to the proponent of the Amendment.

SPEAKER AMANN:

Please frame your question, Sir.

REP. O'NEILL: (69th)

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Yes. Thank you. During the course of discussions we had regarding the budget, I recollect that there was a provision, there was to be a provision at the back of the budget relating to the Comptroller's carry forward for the core financial systems.

And this is something that had been going on for an umber of years, I think the number six was referred to. It was also my understanding that there was going to be a cap imposed on the amount of that carry forward. And I was hoping to find out if this was the area where that cap was supposed to be?

Supposedly the amount was going to be limited to \$150,000. Is that elsewhere in the budget or am I confused about which thing we are doing? Through you, Mr. Speaker.

SPEAKER AMANN:

Representative Merrill.

REP. MERRILL: (54th)

Through you, Mr. Speaker. If there was going to be a cap, it isn't here. And that may be a misunderstanding. Although I believe the amount is \$150,000, it may be somewhat less than that. My

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understanding is the reason this was still in the Bill was simply that we thought the money had lapsed.

It had not lapsed, so we still wished to carry it forward. I'm not sure there is, there is not a cap in this language. If there needs to be one, we could be amenable to putting it in later but I hadn't remembered the conversation that way. Through you, Mr. Speaker.

SPEAKER AMANN:

Representative O'Neill.

REP. O'NEILL: (69th)

Yes. Thank you, Mr. Speaker. I suppose we could have another one of those conversations to figure out whether the cap amount was necessary, but if this is intended to be not more than that \$150,000 that was being discussed, I don't see a problem with the Amendment. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Care to remark further? If not, let me try your minds. All in favor of, hold on. If not, let me try your minds. All those in favor, please signify by saying Aye.

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REPRESENTATIVES:

Aye.

SPEAKER AMANN:

All opposed, Nay. Ayes have it and the Amendment
is adopted. Care to remark further on the Bill as
amended? Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, the Clerk
has on his desk LCO Number 5243. And I would like to
ask that he call the Amendment and I be permitted to
summarize.

SPEAKER AMANN:

Will the Clerk please call LCO Number 5243, which
will be designated House Amendment Schedule "C".

CLERK:

LCO Number 5243, House "C", offered by
Representative Staples.

SPEAKER AMANN:

You may proceed, Sir.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, very
briefly on the Amendment, it essentially conforms the
language in the document before us to the revenue

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estimates and it does so in a couple of areas, first relating to the energy contingency, secondly relating to the CHET program and third related to the MM&E changes that we made in prior legislation and also that we have added to in the Bill before us.

So it's essentially technical, important however in that it conforms the Bill to the revenue estimates that we have. So I urge adoption of the Amendment.

SPEAKER AMANN:

Question before the Chamber is adoption. Will you remark? Will you remark further on the Amendment? Will you remark? If not, let me try your minds. All in favor please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

All opposed, Nay. Ayes have it. And the Amendment is adopted. Care to remark further on the Bill as amended? Care to remark further on the Bill as amended? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, as I mentioned a moment ago and I'll save some remarks for

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the end, I think the budget before us is a good budget but I think it could be improved.

And one area I think it could be improved is to correct what's generally been referred to as the cliff effect of the estate tax.

While my first choice would be to repeal it entirely, I think a tax that says if you make, if you have an estate of a certain size, you pay no tax, if you get one more dollar in the estate, you get a very substantial tax doesn't make any rational sense.

And for that reason, I would ask the Clerk to please call LCO Number 5212 and I request permission to summarize.

SPEAKER AMANN:

Would the Clerk please call LCO Number 5212, which will be designated House Amendment Schedule "D".

CLERK:

LCO Number 5212, House "D", offered by
Representative Alberts et al.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to

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summarization? If not, Representative Ward, you may proceed with summarization, Sir.

REP. WARD: (86th)

Thank you, Mr. Speaker. Members of the Chamber, what this Amendment does is change the current estate tax for fiscal years, I'm sorry, effective for the January 1, 2006 income year. And it states that the first \$2 million of an estate is exempt from taxation.

That is also what is current law. Current law says if the estate increases by one dollar, the tax begins on dollar one.

This Bill changes that, this Amendment changes that and says that the first \$2 million is exempt and the tax is only effective for the amount of an estate in excess of the \$2 million. Mr. Speaker, I move adoption of the Amendment.

SPEAKER AMANN:

Question before the Chamber is adoption of House Amendment "D". Will you remark on the Amendment, Sir?

REP. WARD: (86th)

Thank you, Mr. Speaker. As I indicated earlier in summarization, what this Bill is really intended to do is to change the so-called cliff effect.

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Ordinarily in tax structure, when you provide an exemption for a certain amount of income from taxation, that stays as the exemption permanently.

On our income tax, we exempt the first, on a single taxpayer, I think \$12,500 and on a joint, \$25,000 is exempt from income. If you make \$25,001, we do not tax you on the first \$25,000.

You get the benefit of that exemption. In the income tax, that exemption is phased out as your income increases substantially above that \$25,000, but we don't say \$1 more of income, a very hefty tax from dollar one.

Similarly, I think I'm not sure why the estate tax was written that way, whether that was even the intention the first round or not, but it certainly was the language that when you increase by even one dollar, which would mean a rational taxpayer, if they had an estate of \$2 million plus \$10,000, if they were rational under our law and they knew they were on their deathbed, they would take \$10,001 and light it on fire because that would save them a very substantial amount of money.

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All they would have to do is reduce the size of their estate, just reduce it down. I recommend that we not have a tax policy that says for one more dollar, you get taxed on the first dollar.

And this Amendment does just that. It leaves the tax in place. Again, I think that's a mistake. This is a modest change to that, so at least has a rational basis that people are not encouraged to actually reduce the size of their estate, to act irrationally.

Irrational acts become rational because our tax law is, in fact, not rational. It never makes sense to drop off a cliff and have the taxes come back for dollar one.

The Fiscal Note indicates I believe, and I'm trying to find it in front of me, when I read it a moment ago, I believe in the first fiscal year about \$16 million and, in a full year, a possible revenue loss of approximately \$24 million.

I believe that's actually a bit of an overstatement because I think we are going to over time lose those very taxpayers that can change their legal residence, thereby avoiding the tax. That's a reason not to have the death tax at all.

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But certainly in this case it should be made at least rational. It does not upset the balance of the budget in any way because, as I understand it, the budget, assuming it passes in essentially this form, there is about \$16 million in revenue in excess of the spending that's allowed.

We couldn't spend any more without violating the spending cap. The revenue structure is in place. We could get rid of the cliff effect, have an absolutely balanced budget, in fact, have a balanced budget and probably have a \$140 million or \$150 million surplus.

And I think this is an important piece of legislation and an important change in the death tax policy. Mr. Speaker, I would request that when the vote is taken on the Amendment, it be by Roll Call.

SPEAKER AMANN:

Question before the Chamber is on a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

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The 20% provision has been met. When the vote is taken, it will be taken by Roll. Care to remark further? Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. One of the truly unusual characteristics about the American tax system is that it relies substantially on voluntary compliance, whether it be at federal or state level.

People pay their taxes. They may gripe. They may not like to pay the taxes. They may disagree with the policy that's expressed in those taxes, but nevertheless they pay the taxes.

This particular effect, however, is so mean-spirited that it departs generally from our other tax measures. In fact, I can't think of any other federal or state tax measure that operates in quite the same way.

I think really we impose upon our constituents, we impose upon those honest taxpayers of Connecticut who grin and bear it, who pay the taxes, grumble but nevertheless comply by continuing such a, and I use the term again, mean-spirited provision in the tax law.

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This is not really a matter of rich people or poor people. Increasingly around the state, not just in Fairfield County but all over the state, real estate is increasing in value.

And, as shocking as it may seem, it's shocking to me but it nevertheless is true, a couple that has a home that they've had all their lives or a farm or a small business property.

If they have that property in an IRA, it's really not very hard to reach \$2 million. But once they reach \$2 million, they incur over \$100,000 of additional taxes, unless they can think of more expenses to charge against the estate.

I think, I think by this provision, we, we really do punish the people who are the fine citizens, the taxpayers of our state. The, the implications for fiscal consequences are very small.

The implications for dealing in good faith with the people we represent and the people who pay the taxes are really very great. And, in fact, as the years go on, this is going to affect more and more people.

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So in the name of fairness, in the name of, of,
in the spirit of dealing in a just way with our
citizens, I would, I would most earnestly urge that
this Amendment be adopted. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?
Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, I rise in
opposition to the Amendment before us. And I would
like to just clear up the misconception that this is,
I think it presents a complete inequity on the
individuals who are subject to tax.

I agree that a cliff is not the smoothest way to
have a tax, but it is essentially a 5% tax on estates
of \$2 million. It's not an overwhelming burden.

By virtue of the tax being paid above \$2 million,
it does go back to dollar one at roughly a 5% level,
which is about the same as our income tax.

And I will tell you as well that many of us in
the Finance Committee involved in negotiations were as
surprised as anyone in the Chamber that this is not
ultimately in our tax package.

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And I think most people understand that it came down to a tradeoff with other items that were of equal importance to many other Members of this Chamber and did not make it into the final package.

However, I do think it's important to state, and it's not to suggest that there isn't some anecdotal evidence that this tax may influence choices of residence, but the estate tax is producing more revenue by over \$20 million than was projected in our budget last year.

There is just not any documented support for the notion that this is the tipping point in causing people to relocate out of state. There are certainly many reasons people move to Florida and other warm climates that have no income taxes and have a different style of life.

But I don't think there's any evidence at this estate tax creates the difference between what is a high quality of life in Connecticut and what would otherwise be available to people who have fairly sophisticated tax planning.

And also I think the argument neglects the fact that our income tax is substantially lower than most

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income taxes in the northeast, obviously for those states that have an income tax.

And when you combine the burden of the estate tax plus our income tax, we're quite competitive with all surrounding states and other states throughout the northeast. So to look at it in isolation ignores the fact that we have a modest upper rate of income tax as compared to our neighbors.

All that said, I do think as a policy matter that it is something that we should take a look at next year. I do think that there is a good argument to be made that although the estates are substantial, that any tax that operates to create a cliff is not the most appropriate tax policy.

And so I think it is something we ought to address in budget negotiations next year. And finally, with respect to doing it now in this Amendment, I think everyone in this chamber recognizes that a budget agreement is a very delicate process to have arrived at.

And I think any change of this magnitude would jeopardize that agreement. We are on the precipice of adopting a very reasonable budget and tax package and

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I think it would be a mistake for us to jeopardize that tonight by making this change in isolation.

And just recognize that it is something that will continue to be on our plates next year and something we will look to, I think, on both sides of the aisle to even out any of the inequities that people perceive exist there. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Representative Powers.

REP. POWERS: (151st)

Thank you, Mr. Speaker. Good evening. I rise in support of this Amendment and, while I'm delighted that the Chairman of the Finance, Revenue and Bonding Committee is talking about doing this next year, I think we heard pretty much the same speech last year.

So we have the money to do this. This basically makes the estate tax work the same way that the income tax works. And it eliminates an inequity that is, that catches people much as, because it isn't just people's homes.

It's also family farms and, as has been noted earlier this evening, they're not making any new land

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in Connecticut. And land in Connecticut is very valuable. And everybody's land values have increased.

And I think that this is an excellent Amendment. I think it was a good idea last year. I think it was a good idea this year. And I would like to do it rather than to wait for next year. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Representative O'Neill.

REP. O'NEILL: (69th)

Thank you, Mr. Speaker. I rise in support of the Amendment. I was part of the negotiations on the spending side of the budget, however I had no opportunity to participate in the discussions about the taxation side of the budget.

And I would like to share with the Chamber some of the facts about my hometown of Southbury. It's not in Fairfield County, although it abuts Fairfield County at the Housatonic River.

But I was a little surprised to learn, when I read an article in the *Hartford Courant*, that the Town of Southbury has the highest number of estates in

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excess of \$2 million of any probate court in the State of Connecticut.

Now, perhaps that's just evidence of poor estate planning for people to have not disposed of their assets previously or to still be living in Connecticut if they have a \$2 million-plus estate at this stage.

And that concerns me because if I had a person walk into my office, I'm an attorney, and they asked me what should they do, the simplest thing for them to do to try to avoid having to pay a substantial estate tax to the State of Connecticut given the current situation is to just relocate to another state, Florida, Texas, Wyoming, the State of Washington, Tennessee.

There are a number of states that they could move to. They would have, if they went to any of those states, they would have no income tax, never mind a 5% income tax to have to deal with.

And if you leave the State of Connecticut, there are other taxes and we know all about them. We've got among the highest if not the highest per capita taxation of any state in the country.

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I'm not talking just about the federal income tax, but if you look at our state taxes, we tax all kinds of things, many of which are not taxed in other states.

And I do have that anecdotal evidence that the distinguished Chairman of the Finance Committee referred to of people telling me that, if this tax stays on the books, if this tax remains as harsh as is, that they will give very serious thought to leaving.

And I've seen this before. Back in the early 1980s, this Legislature passed legislation to impose an interest and dividends tax, which had a maximum rate of 14%.

I'll admit that the 5% is sort of sticker shock value alone, less of a matter than a 14% number would be. But when people feel that they are being taxed unfairly, they start really seriously thinking about leaving.

And once they start thinking about leaving, there are kinds of reasons to keep thinking about it when you look at all of the different factors that they'd

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benefit from when they move out of the State of Connecticut.

During the course of our budget negotiations, one of the Co-Chairs, I won't mention which one, indicated that she had a serious problem with allergies. And then I heard on the radio that Hartford has the worst pollen contamination of any city in the country.

We all know that Connecticut is not maintaining its air quality standards. We all know about many other problems that we have in the State of Connecticut.

So while I think Connecticut's a great place to live, I've lived here all of my life, other people can compare and contrast and look at the things they might get if they move someplace else, not dealing with snow, not dealing with ice, not dealing with freezing rain, not dealing with all the kind of pollen we have right now and all of the air pollution and a host of other problems.

When you add something like this to people who have the capacity to move, and the folks that are in this category generally do, they will start very seriously thinking about it.

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Up until now, we've benefited because the stock market has been up tremendously and the kind of estates that we're talking about are typically going to be made up substantially of stocks and bonds and particularly the stock market has sent the value of those stocks way up.

I don't think it's because everybody's decided well, they'll just accept this particular burden on taxation.

They're just beginning to really find out about it now and to do a deal that is a temporary tax because, for a couple of years, we kept saying the estate tax was just going to be temporary.

Now, we've basically made it a permanent tax. I really think that the edge that the cliff provides in terms of really annoying people with the amount of the impact that it has on that when crossing the threshold, when you go over the \$2 million mark is something that will cause those folks to think about, seriously think about leaving the State of Connecticut.

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This is something that I believe we can afford to do. It doesn't repeal the whole tax but it's something that takes the edge off of it, especially at a time when we have a \$600 million dollar plus surplus.

It would be difficult for me to explain, it is difficult for me to explain to my constituents why we can't deal with some of these relatively manageable tax issues. I would urge the Chamber to adopt the Amendment. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?
Representative Boucher.

REP. BOUCHER: (143rd)

Thank you, Mr. Speaker. Mr. Speaker, I also rise to very strongly support this Amendment as something that is extremely necessary, not anecdotal information but in fact real facts regarding this.

And I believe that only a few weeks ago I visited an attorney in Stamford that does this for a living. He happens to be a Democrat that's quite influential in the Stamford area and has been a Democrat for a really long time.

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And he used a word about this particular legislation and the cliff specifically that my little grandson told me that grandma, you should never use that word.

That word that he used, he said Toni, this is actually stupid. I said what do you mean stupid? He says I've got folks coming into my office on a regular basis.

I'm drawing up papers constantly to change their residency. Sure, they're here, they still have a home here, but their residency is no longer here and, in fact, it's not to the sunny Florida temperatures.

Several of them have found that Montana's the place to go. That's the place with the best estate planning legislation to help them out, and it's quite cold there, I do believe, most of the time.

There are a few other states that area also very attractive for folks in our part of the state to change their residency. He's actually quite worried. He's worried because he knows these families have been customers and clients of his for many, many years.

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And he stands to lose a good part of that business because they won't be here, a good part of the state.

So in fact it seems like there's a general recognition that we have an estate legislation that may be replicated in other places, may be very similar, but we have a component to it that I won't say because my grandson will take me to task when I go home and say grandma, you can't use that word.

But my estate attorney did use it. And he says we really need to fix it. And I said well, have you talked to your Members on your side of the aisle, the Democrats from your part of the state that represent you?

He says yes, we've talked about it and they seem to be in agreement that yes, this is something we have to fix. And in fact this evening, the very distinguished, wonderful Representative that is the Chairman of this Committee even intimated that this is something we have to fix.

But you know, you just didn't fight hard enough this time to get it done. I understand from much of

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the information we've been given that we did fight but that, in fact, there was a problem.

Because in order to get this fixed, we were told we'd have to accept something that the vast majority of the citizens of this state would never accept, and that's an unearned, remember, an unearned income tax credit.

By the way, an estate that does not charge an income tax to anyone making \$40,000 or less. In other words, those making under \$40,000 do not pay an income tax. So that whole group, of course, the tax burden falls onto the rest of us that have to pay it.

So they can't really understand why they should be taking their tax dollar and giving a check, basically for free, to someone who hasn't paid one cent in income taxes.

So that was not a very good deal. I don't believe it will be a good deal in the future when that's held up and, in some ways, being made the issue so you can't remove something that should be, that's logical, that's reasonable.

We could fix it, not eliminate the state estate tax as many of us would like to do, but just fix the

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one we have so it's comparable to the rest of the country. But we can't do that unless you agree to something that you already knew ahead of time that most people would just not agree with.

We should fix this. The Democratic attorneys in the State of Connecticut agree that it's something that we should fix, even if they agreed with that tax to begin with. And that's why this Amendment is so important right now.

Won't have a great effect on this budget and it's the appropriate thing to do for the health of the State of Connecticut. Thank you, Mr. Speaker. I appreciate the time you've given me to express something I've been thinking about for quite some time.

SPEAKER AMANN:

You're welcome, Madam. Care to remark further on the Bill before us? Representative Farr.

REP. FARR: (19th)

Thank you, Mr. Speaker. You know, Mr. Speaker, Members of the Chamber, it's ironic that the underlying Bill we're attempting to put this Amendment

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on has a provision that phases out the property tax on manufactured equipment.

Well, why are we doing that? Where is the evidence that that makes a difference? Well the reality is that we know it makes a difference because when you tax something, you send a strong message you no longer want that activity.

And so when you say to manufacturers we're going to tax your equipment higher than any other state, those manufacturers simply go to another state. Now people have said well, we only have anecdotal evidence.

You want the evidence that this makes a difference? Take a walk through my district. Come out some year when I'm going door to door. I represent some affluent areas in West Hartford, Avon and Farmington.

And when I'm out there going door to door, it's not unusual for me to ring somebody's doorbell and the person say oh, yes, I've known you for years. I'd love to vote for you but I don't live here anymore.

And you're looking at them, the furniture's in the house and their spouse may be with them and the

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car's in the driveway, but they don't live there anymore.

What do they mean, they don't live there anymore? What they mean is that they simply established their domicile in Florida or Arizona or wherever it is that there's an advantage.

In every single, I don't know if you've ever heard the term snowbird on that side of the aisle, but a snowbird is somebody who's retired and ends up spending their winters down in Florida because that's where it's warmer.

And Representative Staples said well, that, you know, people make those decisions based upon weather. And it's true. That's why they get a condo in Florida and do that. And then they keep their home up in Connecticut.

And they spend their summers and the fall and the spring in Connecticut and the winters down in Florida. But every snowbird I've ever met has had to make a decision, where am I going to be a resident? Where am I going to be a domicile of?

Am I going to be a domicile in Florida or am I going to be a domicile in Connecticut? And for the

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last about decade in Connecticut, I was advising people well, don't worry about the estate tax.

If you're worried about dying, we're phasing out the estate tax in Connecticut. And then last year, when we were about to phase it out completely, we imposed this new inheritance tax.

Now, as a practicing attorney, any attorney that does any estate planning would have to advise clients if you've got an estate approaching \$2 million and you've got a condo in Florida, what in the world are you calling yourself a Connecticut resident for?

I mean, you can still have your condo in Florida and your House in Connecticut but all you do is register to vote down in Florida, spend six months out of the year down there and guess what, you pay nothing.

So you can pass all of the inheritance tax that you want and you can say you're going to get all this revenue, but every time you do that, what happens is that someone makes a decision that they're going to be a domicile, they're going to be a resident of another state.

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Then they find not only do they not have to worry about an inheritance tax, they don't even have to worry about an income tax. And so we lose the revenue from the inheritance tax but in addition we lose the revenue from the income tax.

This is all about economic development and economic prosperity. If you think about, when I talk about snowbirds, I'm really talking about middle class and upper middle class people, those people who can afford to have a condo in Florida.

But think of the very affluent in this state, because we're blessed by having some very affluent individuals in this state. And, frankly, those people pay enormous amounts of income tax. And we've been very lucky that we have that.

And to give you some examples, Sandy Weill, the head of Citibank has been or still as far as I know is a resident of Connecticut. I'm assuming he's a taxpayer in Connecticut. Jack Welch, the retired Chairman of General Electric, a resident of Connecticut.

Now, when Jack Welch was in the middle of a divorce act, I think it came out that he had something

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like five or seven houses that he and his wife owned in different states.

Now, he's retired so why in the world would he declare his domicile to be Connecticut when he can simply, if he's got a house in Florida, declare his domicile in Florida and pay the inheritance tax there on his hundreds of millions of dollars?

And the inheritance tax there, obviously, is zero. Why in the world would he do it in Connecticut? Sure, we pick up a few people who have bad tax advice and last year in particular, because when we first imposed the inheritance tax, we did it retroactively so people didn't even know it was going to be there.

So we picked up some people but I would suggest to you you're going to be picking up fewer and fewer people in the future and we're going to see a diminution in the amount of money we're getting in income tax from some of those wealthy who are simply going to move their domicile to some other state.

I would urge adoption of this Amendment and urge adoption of a future Amendment which would actually phase out and eliminate the inheritance tax all together. It's a bad idea.

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It's not one, it's a, to have an inheritance tax because it interferes with economic development, it's going to hurt the residents of the State of Connecticut. It's actually going to diminish the amount of income available. And I would urge passage of this Amendment.

SPEAKER AMANN:

Would you care to remark further? Care to remark further? Care to remark further? Representative Miller.

REP. MILLER: (122nd)

Thank you, Mr. Speaker. I rise in support of the Amendment. Many of my friends are contemplating moving out state for reasons, financial reasons. A friend of mine is building a home in Alabama.

If I were to move down to his area, I could save about \$8,000 and have that money for recreational purposes just in property taxes and insurance. I have a large condominium complex called Orinook Village. It's a 55-year and older type of complex.

And I always got a lot of votes out of that area, tremendous amount of votes. Lately, the votes are going down, not because they're not voting for me but

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they're voting elsewhere, and the elsewhere is Florida.

They're at the stage of their life where they're looking at what they're going to do with their financial income when they pass away and Connecticut, because of our taxes, is a state that takes a lot of money.

So they're down in Florida. They still have their condo here in Stratford, but they have one car down there and they obviously save money on car tax by having that automobile in Florida, and they have a car up here.

So I keep seeing these people moving on and I just can't help but wonder why we are imposing such an onerous tax on people who have resided in Connecticut who are good citizens, paid their taxes, their income taxes and did the right thing.

And now as they prepare for the next life, they decided that they've given Connecticut enough and will move on to Florida, where the estate taxes are pretty much nil compared to Connecticut. So I urge the Assembly to vote for this Amendment. Thank you, Mr. Speaker.

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SPEAKER AMANN:

Care to remark further? Do you care to remark further? Care to remark further? Okay, will staff and guests come to the Well of the House. Members, take their seats. Machine will be opened.

CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting House Amendment Schedule "D" by Roll Call. Members to the Chamber, please.

SPEAKER AMANN:

Have all the Members voted? Have all the Members voted? If all the Members have voted, please check the Board, making sure your vote has been accurately cast.

If all the Members have voted, the machine will be locked. And the Clerk will take a tally. Clerk, please announce the tally.

CLERK:

House Amendment Schedule "D" for Emergency

Certified House Bill Number 5845.

Total Number Voting 147

Necessary for Passage 74

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Those voting Yea 60

Those voting Nay 87

Those absent and not voting 4

SPEAKER AMANN:

The Amendment fails. Will you remark further on the Bill as amended? Care to remark further?

Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, the Clerk has on his desk an Amendment that I would like to call, LCO Number 5218. And I would ask that I be permitted to summarize.

SPEAKER AMANN:

Would the Clerk please call LCO Number 5218, which will be designated House Amendment Schedule "E".

CLERK:

LCO Number 5218, House "E", offered by Representative Staples and Senator Daily.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection on summarization? If not, Representative Staples, you may continue with summarization, Sir.

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REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, the Amendment before us is the adoption of revenue estimates for the budget that we are currently acting on. The revenue estimates reflect the adjustments for the current fiscal year as well as projections for the next fiscal year.

These were adopted by the Finance, Revenue and Bonding Committee earlier today and I urge their adoption. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Question on adoption.
Will you remark? Representative Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. Mr. Speaker, I rise in support of the Amendment before us. At this point in time the Revenue and Bonding Committee did meet earlier today and clearly the revenue estimates that are before us, whether we agree or don't agree with the philosophy of the budget etc., the revenue estimates before us are reasonable and generally in concurrence with our financial people upstairs as well as OFA as the probable reasonable revenues that we

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will received based upon the law as it would stand when this budget is passed.

So, Mr. Speaker, I speak in favor of the Amendment. And while I'm up, Mr. Speaker, while I was speaking before, I neglected to mention the great cooperation that myself and Senator Nickerson have had with Representative Staples and Senator Daily with regard to financial issues. We've been extended every courtesy and I want to thank him at this time for that.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?
Representative gibbons.

REP. GIBBONS: (150th)

Thank you, Mr. Speaker. I am going to vote against the revenue estimates the same way I did in the Finance Committee and not because I don't think they are accurate.

I think they are very much accurate, but somehow I've got to register my unhappiness with the fact that we've done nothing on the estate tax, either to get rid of the cliff or to try and sunset it.

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And I know that my side of the aisle's got several more Amendments to offer and I am sure that they will not pass. So this personal income revenue estimate and the inheritance tax revenue estimates for the next two years or the next two fiscal years do reflect the estate tax still remaining in there.

And I feel this is one way that I think I can register the fact that I don't think we should have an estate tax and that we should be trying to eliminate it. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Care to remark further on the Amendment before us? If not, let me try your minds. All in favor please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

Opposed, Nay. Ayes have it. Amendment is adopted. Care to remark further on the Bill as amended? Representative Powers.

REP. POWERS: (151st)

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Thank you, Mr. Speaker. The Clerk has an Amendment, LCO Number 5219. May he call and I be allowed to summarize.

SPEAKER AMANN:

Clerk, please call LCO Number 5219, which will be designated House Amendment Schedule "F".

CLERK:

LCO Number 5219, House "F", offered by Representative Floren et al.

SPEAKER AMANN:

Question before the Chamber is summarization of the Amendment. Any objection to summarization? If not, Representative Powers, you may continue with summarization, Madam.

REP. POWERS: (151st)

Thank you, Mr. Speaker. Very briefly, this is a very simple Amendment. It deletes from the definition of Connecticut taxable estate the primary residence of an individual and a working farm. And I move adoption.

SPEAKER AMANN:

Question on adoption. Care to remark?

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REP. POWERS: (151st)

Yes. Thank you, Mr. Speaker. This Amendment would address a number of issues all across the State of Connecticut, not just in one area, by eliminating the primary residence of an individual and a working farm from the estate tax. And I think this is a very simple, very clear, very understandable Amendment.

And it would make a great deal of difference to a large number of people all across the state. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Care to remark further?
Representative Floren.

REP. FLOREN: (149th)

Thank you, Mr. Speaker. I rise in support of this Amendment. And it's a simple matter of fairness. This, this proposal touches everyone in the state because you have lived here, you have worked your entire life.

Your major asset is probably your home, your original domicile or, if you're a farmer, it's your land. And you have paid taxes on this your entire life. You would probably like to leave this to your

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children and heirs so that they may continue to have the quality of life that you do.

And it should not because of the appreciation be figured in the base \$2 million of your estate. I think it should be taken out and this Amendment does it quite simply. Thank you.

SPEAKER AMANN:

Care to remark further on the Amendment before us? Representative Janowski. Representative Alberts.

REP. ALBERTS: (50th)

Thank you, Mr. Speaker. I, too, rise in strong support of this Amendment. At one time, farms in Windham County were next to nothing in terms of their value, but now a simple building lot in my communities is \$80,000, \$100,000.

Working farmers need to have some protection, Mr. Speaker. Their most valuable asset is their land. And one of the things that they're looking at on a daily basis is who is going to succeed them, how are they going to pay estate taxes?

And that is a major factor in many of them deciding to close up shop, Mr. Speaker. This is a very worthwhile Amendment. And I urge all of my

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colleagues, both sides of the aisle, anyone who has farms in their district, to support it. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?

Representative Tymniak.

REP. TYMNIAK: (133rd)

Yes. Thank you, Mr. Speaker. I, too, rise in strong support of this Amendment. I find it a very commonsense approach to the problem we are saving and also as a widow or a widower, if you have no one to leave your estate to outside of your children, your, probably your biggest asset is, indeed, your home, your domicile or your farm.

And I know that Connecticut farmers are trying to preserve their farms and leave them to their families as well as our regular constituents who would like to leave them to their children. I urge support and I also ask for a Roll Call. Thank you, Mr. Speaker.

SPEAKER AMANN:

Oral question before the Chamber is a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

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REPRESENTATIVES:

Aye.

SPEAKER AMANN:

The 20% provision has been met. When the vote is taken, it will be taken by Roll. Care to remark further? Representative Sawyer.

REP. SAWYER: (55th)

Thank you, Mr. Speaker. Those of us that have seen the farms closing down certainly know that it's a threat to the cultural as well as to the agricultural peace of our area.

When you look at the average age of farmers, the age is 60, Mr. Speaker. We are talking about being land-rich and cash-poor. We will lose the family farm. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. I rise to support the Amendment and certainly for individuals who, when they pass away, want to be able to pass their home to their children without tax, that seems reasonable and fair.

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The death tax that was imposed in the budget a year ago does hurt farmers. With the land values in Connecticut, it will probably force some of them to turn their land from farmland to housing subdivisions. Those are two good reasons to support this.

I find it ironic that the Bill before us has \$15 million tax break for those to preserve historic homes. Why not spend the same money to let people pass their home to their kids? Thank you, Mr. Speaker.

SPEAKER AMANN:

Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, I rise in opposition to the Amendment for many of the reasons stated on earlier amendments. We have a budget that has been agreed upon by all parties.

I think any changes at this time might risk that agreement. I would also note that primary residences have a range of value from quite small to quite large. They'd be treated the same under this Bill and I'm not sure that that's an equitable way to provide relief. And so I urge my colleagues to reject it.

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SPEAKER AMANN:

Thank you, Representative. Care to remark further? Care to remark further? If not, staff and guests come to the Well of the House. Members, take their seats. Machine will be opened.

CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting House Amendment Schedule "F" by Roll Call. Members to the Chamber, please.

SPEAKER AMANN:

Have all the Members voted? Have all the Members voted? Representative Cardin, for what purpose do you rise, Sir? Have all the Members voted? Have all the Members voted?

If all the Members have voted, please check the Board, making sure your vote has been properly cast. If all the Members have voted, the machine will be locked. And the Clerk will take a tally. Representative Cardin, for what purpose do you rise, Sir?

REP. CARDIN: (53rd)

Mr. Speaker.

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SPEAKER AMANN:

Yes, Sir.

REP. CARDIN: (53rd)

I thought I was helping my seatmate who hasn't been with us and I inadvertently pressed her button.

SPEAKER AMANN:

I'm sure Mary Fritz appreciated you pushing her button.

REP. CARDIN: (53rd)

I've been working on that for 12 years.

SPEAKER AMANN:

Yes, I'm sure you have. And Representative Fritz, if you're watching, we apologize, Madam. Please one vote in the remove, thank you. Please announce the tally.

CLERK:

House Amendment Schedule "F" for Emergency
Certified House Bill Number 5845.

Total Number Voting	147
Necessary for Adoption	74
Those voting Yea	63
Those voting Nay	84
Those absent and not voting	4

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SPEAKER AMANN:

Amendment's defeated. Care to remark further on
the Bill as amended? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, as I
indicated before, I thought the budget before us is
good but needs some improvement. One area that I
think is unfair is the manner in which the \$33 million
of revenue sharing from surplus was distributed.

At one time it had been talked about as being
distributed to towns with regard to electric bills.
That would have resulted I think in a very different
distribution than the numbers that are put in this
file.

I look at what is in the file and I think that
three towns with about 11.5% of the state's population
get 37% of the money. I don't believe that that's
fair.

I might think that it in different formulas,
certainly it's already distributed that way in things
like education funding and a variety of other areas.
And some arguments may be able to be made there,

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although I still think that the ECS formula should be rewritten.

But certainly if we have a surplus, I think a distribution to communities under a different formula would be much more fair. Mr. Speaker, to that end, I would ask the Clerk to please call LCO Number 5217 and I be permitted to summarize.

SPEAKER AMANN:

Clerk, please call LCO Number 5217, which will be designated House Amendment Schedule "G", like in George.

CLERK:

LCO Number 5217, House "G", offered by Representative Ward.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? If not, Sir, you may proceed with your summarization.

REP. WARD: (86th)

Thank you, Mr. Speaker. Members of the Chamber, what this Amendment does is redistribute the \$33 million. If you look at the Amendment, it will tell

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you exactly for each town the amount of funds that you receive.

You can compare that to the amount of funds that are in the file copy and you'll see where the differences are. Mr. Speaker, I move adoption of the Amendment.

SPEAKER AMANN:

Question before the Chamber is adoption of House Amendment Schedule "G". Will you remark, Sir?

REP. WARD: (86th)

Yes. Thank you, Mr. Speaker. Mr. Speaker, earlier we heard that any change in the budget could kind of change the deal. Let me first indicate that I don't believe the distribution formula was one that was truly negotiated.

I believe the majority party said that's a legislative matter. The \$33 million was certainly negotiated. Certainly nobody, no Republican agreed with this funding formula that I'm aware of.

Typically Governors don't get involved in the distribution. When there's extra money to be handed out, that's a legislative prerogative. I know I remember vividly in my last campaign, my opponent

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indicated well, if only a Democrat represented my home town, they'd get more money under these formulas.

But the Democratic Party always gives the smaller towns more money, but only if they have a Democrat representing them. I said I thought it was nonsense, I don't think that's what would happen.

I don't mind the rhetoric during the election, but I pretty much thought that was nonsense. And I'm asking you to prove me wrong. I'm asking the majority Democrats to say you know what, we'll all vote the interest of our own districts.

So you know where the numbers came from, I took the town, wrote a formula and asked what would each town get if this money was distributed under that formula?

The money in fact was distributed under a formula in the file copy that was based upon a portion of the Pequot Fund distribution which was specifically intended for that portion of Pequot to be the most urban-oriented distribution formula that we have anywhere in state government.

It wasn't a middle of the road formula, wasn't even the Pequot formula. It was a piece of the Pequot

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formula that was designed to drive most of the dollars to large cities. Even in the Pequot formula, there were different factors to do it.

One piece drove a big chunk to the cities, one probably kind of middle-sized towns and another to smaller towns. Had that been used, I think a better case could have been made for the formula before us.

And keep in mind this is money being distributed after the fact, after most of our budgets are put to bed. Nobody built their local budget on it. It's a question of what formula should we use to hand out \$33 million of surplus.

People always look, are their winners and losers and sure, there always is. When you change money around, somebody wins, somebody loses. In this Amendment, if I counted, there are 169 towns in Connecticut, 22 will lose money, the balance will gain money.

So please prove me wrong, majority party, say you'll actually vote to distribute money in your town's interest and let's see where the votes come. Mr. Speaker, I urge, I request a Roll Call Vote on the Amendment.

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SPEAKER AMANN:

Question is on a Roll Call. All those in favor of a Roll Call Vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

The 20% provision has been met. When the vote is taken, it will be taken by Roll. Care to remark further? Care to remark further? Representative Sawyer.

REP. SAWYER: (55th)

Thank you, Mr. Speaker. I think I feel like the proverbially broken record that goes out and preaches for the small towns.

You know, when you look at \$33 million, it's a, perhaps a small drop in the bucket compared to the \$16 billion budgets that we look at, but for \$33 million, it's an incredible piece to give back to these towns.

You know, at the beginning of this Session I thought, you know, one of the things we need to do is look at small towns. And I talked to lots of people and everybody agreed.

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And so I again proposed the educational assistance for small towns, which literally gave every small town, about 80 of them, \$100,000. And it was an equal division of money, it was \$100,000 because that equated to two teachers.

I thought what an easy concept. If you talk to the small towns, a two teacher increase made a whole lot of sense. And over the course of the discussions, we knew we had a very large surplus.

And as it grew I thought maybe there was more hope. So I was actually pretty excited when I heard that there was going to be \$33 million going to be back to the towns.

It wasn't going to be the \$8 million carved out for the small towns, it wasn't going to be the two teachers. I thought it was going to be a great thing.

However, when you use the Pequot Fund, which is what was used to come up with the sharing, the Pequot formula, the small towns, again, get the fuzzy end of the lollipop.

You know, if you looked at some of the other ways to do it and you looked at perhaps the old revenue-sharing formula, the small towns did much better than

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that in that particular formula. And one of the interesting things was that I heard that someone proposed averaging.

SPEAKER AMANN:

Was that a question, Madam? I was waiting, I apologize.

REP. SAWYER: (55th)

Mr. Speaker, the Chamber was getting so loud I didn't want to start shouting.

SPEAKER AMANN:

I'm sorry, I apologize.

(GAVEL)

SPEAKER AMANN:

The Representative asks for some quiet while she continues I believe her question or her statement. You may proceed, Madam.

REP. SAWYER: (55th)

Thank you, Mr. Speaker. I appreciate the help. I didn't want to shout because the point I was trying to make is that one of the things that we do usually in budget negotiations is try and come up with a solution.

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And I thought the solution was a very good one that was brought up by the nonpartisan staff, and that was considering averaging out the formula that the Democrats proposed and the formula the Republicans proposed.

But that didn't happen. And unfortunately, because that didn't happen, again the small towns got the fuzzy end of the lollipop.

Mr. Speaker, it's frustrating because I look at the poor rural towns in eastern Connecticut and they get such a small drop in the bucket when you look at this formula that's in the budget that I don't think we give the assistance.

For them, \$30,000, \$50,000 and certainly \$100,000 makes or breaks a budget every year and we're at budget time.

So as we look at this particular Amendment, what it does is use one of those formulas, Town Aid Road, TAR, Town Aid Road, and takes the same \$33 million and creates a balance that I think is fairer.

SPEAKER AMANN:

You may continue, Madam.

REP. SAWYER: (55th)

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That's fairer, Mr. Speaker, and I think aids the poor rural towns, those that are isolated, those that have a greater cost for transportation now because they are that much further out from the major municipalities.

So I'm urging those people certainly in the Small Town Caucus to look at this very carefully. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Madam. Care to remark further?
Representative Cardin.

REP. CARDIN: (53rd)

Thank you, Mr. Speaker. I rise to speak in opposition to the Amendment. You know, looking at this run, it's really sexy. Town of Ashford, \$150,000, the Town of Tolland, my hometown, \$177,000.

The Town of Willington, \$134,000. Is it more than the Democratic Amendment? Yes. Is it what I'd like to bring home to the district? Yes, because I agree a lot with what Representative Sawyer, the previous speaker, said. The small towns are hurting. They are hurting.

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Earlier, we saw a proposal with some runs that were probably more attractive than this to our small towns and probably a little bit better than the agreed-upon budget that was brought before us tonight which was causing a lot of us some consternation, as is this Amendment that's before us right now.

But I don't think it's fair for the entire Chamber to be put in this position. Bringing these numbers before us is something I've seen in my 12 years in the Chamber, something that's aimed to probably divide the Democratic Caucus, the majority caucus.

Giving these monies to our towns or proposing, I should say, to give these monies to our towns, but basing it on the Town Aid Road formula I don't think is the appropriate way to do it. And for those reasons, Mr. Speaker, I would ask the Chamber to reject this Amendment.

SPEAKER AMANN:

Thank you, Sir. Care to remark further? Care to remark further? Representative O'Neill.

REP. O'NEILL: (69th)

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Yes. Thank you, Mr. Speaker. And just very briefly, when I looked at the, at the sheet we were given towards the end of the budget negotiations, I, like any Legislator, looked to see how it affected my towns.

And I looked at the various towns of my district and one of the towns is the Town of Roxbury. And I looked at the number and the number there is \$800. What I didn't realize at the time sitting at the table, because we'd been talking about a variety of different issues.

And I realized this was a decision that really wasn't going to be negotiated that much and really wasn't. The Secretary of OPM presented us with a suggested distribution formula and then others were discussed and then things pretty much disappeared.

But looking at the Town of Roxbury, what I finally realized out of the entire list is that of all the 169 towns in the State of Connecticut, my little Town of Roxbury gets the least amount of money in the State of Connecticut.

Now perhaps the Town Aid Road formula is more generous than it needs to be to Roxbury. Perhaps the

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formula, there is another formula that could be found. But it seems that the Town of Roxbury has extra energy costs, it has extra expenses.

And a formula that somehow manages to exempt only \$800 to the Town of Roxbury is the wrong formula so I would urge the adoption of the Amendment. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Representative Willis.

REP. WILLIS: (64th)

Thank you, Mr. Speaker. I rise to reject this Amendment. I represent five communities, four very small. Actually, Representative O'Neill makes me feel better because my Town of Cornwall gets \$200 more than your, than Roxbury.

But you look at the runs on these and it's very, it is, it's dismal, \$1,000, \$2,000, \$3,000. And then I look at the runs that was just passed out and Cornwall goes from \$1,000 to \$110,000.

And that's really appealing. They would think that they hit the lottery if I ever came home with that. But this formula is not equitable. I also

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represent the City of Torrington, and they get severely hurt in a formula like this.

And I have to balance the needs of my small towns and my city. And, on that, I don't think that this formula works. I'm sure that many of my communities would be thrilled for me to come home with these kinds of monies but you know what, they don't expect \$110,000.

And I think that this is not, this doesn't work. So I thank you, Mr. Speaker, and I urge rejection of this Amendment.

SPEAKER AMANN:

Thank you. Thank you, Madam. Care to remark further? Representative Witkos.

REP. WITKOS: (17th)

Thank you, Mr. Speaker. I hadn't intended on speaking tonight, but after I heard some of the comments from some of the previous speakers, I felt compelled, that it was my duty to speak and hopefully would lower my blood pressure a little bit, because to insinuate that the House Republicans are trying to pass an Amendment that benefits a majority of the towns in the State of Connecticut and their only means

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or motive is to divide the Democratic Caucus is absolutely absurd.

When we're elected, each of us to serve here in the Statehouse, we're elected to serve our constituents, Mr. Speaker. There's no other purpose to serve than to serve the people back home.

And to try to find the most, fairest formula that we can, one that benefits the most towns in the State of Connecticut is here before you on your desks.

There are many, many other formulas that distribute money to communities in Connecticut. Those particular cities or towns that are on the negative on this list are generally on the positive and are given more money in other formulas because of how the formulas have evolved over time.

You only, Mr. Speaker, when everybody got this list, the first thing they did was flip to their town. I guarantee you, the first thing you did, you want to look at your town and see what kind of hit your town would take.

Now that you've seen it, to ignore it is something you're going to have to explain to your constituents back home, and that's who matters.

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That's who put you up here and they deserve no less.

Thank you, Mr. Speaker. I urge adoption.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?

Representative Bacchiochi.

REP. BACCHIOCHI: (52nd)

Thank you, Mr. Speaker. I'm not one to get up and speak, but I had to speak after listening to my colleague from Tolland. In no way would I consider an Amendment and sign on to an Amendment to divide a Caucus.

This is about for me the poor, small town that I represent that would get \$90,000, \$90,000 more in this Amendment. I represent the Town of Stafford, which is a very poor town.

We're one of the lowest per capita income towns in the State of Connecticut. I work in subsidized housing. Every day in my office, I have homeless mothers come in with their mothers. And I have to look at them and say I'm sorry, our waiting list is two years long.

If we had \$90,000 more in Stafford, I can't begin to imagine the types of things my town could do to

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help the poor people. And to hear that this Amendment is about dividing a Caucus infuriates me.

I've spent years trying to get bond money for my town, trying to get extra education money for my town. And like my colleague said the other day, I know I'm in the minority. I know I don't have the power to get many of the things that other people in this Chamber can have for their towns.

But don't tell me that I'm on an Amendment to divide a Caucus. I am trying to do something to help the people that I have to look at every day. I don't know how anyone could vote against this if you represent a poor town, like I do.

I urge everybody in this Caucus, I'm sorry, in this Chamber, to remember this vote is about people in small rural towns that need money. It is not about politics for people. I urge the Chamber to adopt this Amendment. Thank you.

SPEAKER AMANN:

Care to remark further? Representative Thompson.

REP. THOMPSON: (13th)

Thank you, Mr. Speaker. Mr. Speaker, I rise to speak to reject this Amendment. In all due respect to

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my colleagues on the other side of the aisle, and I do respect their positions, especially the position stated by the previous speaker.

My community would gain about \$400 on the Amendment before us, but at what cost? Hartford would lose \$4.1 million. I could not in good conscience make that kind of decision.

If you look at the, all of these towns that are outside the urban areas have infant mortality rates that are almost nonexistent. Hartford, Connecticut has an infant mortality rate that I think is almost three times or four times greater than the state average.

Many of our towns luckily, for us and for them, do not experience those kinds of numbers, do not experience the lack of healthcare and other services that are available in many of our suburban areas that are there simply because they can afford to provide personally.

To take away \$4.1 million from the second-poorest city in the nation, just as unconscionable. This is one way of leveling the playing field. I don't know how the figures, the original figures were arrived at,

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but it does seem to me very clear that the urban areas receive the greatest percentage of these funds.

And they are in the greatest, by far the greatest need. And I think my people in Manchester, yes they, Mr. Speaker, yes they, you could have been proud of our Democratic Town Committee and proud of our town because we all participate in Christmas in April.

And the Town Committee was 1 of 70, had 1 of about 70 homes that were refurbished and improved upon. I was painting, it was the only thing they would trust me with, but we painted a six room ranch-style home for a family in great need, replaced all the windows, replaced the roofing.

This was all through volunteers. And we had volunteers all over the city. And we worked with Restaurant 99 and with some people from Home Depot. I'm going too long. I'm just saying it would be totally.

SPEAKER AMANN:

Representative Thompson. Representative Thompson, I wanted to let you know that that gesture was not made towards you, Sir.

REP. THOMPSON: (13th)

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Thank you. It would be totally unfair and unconscionable, as far as I'm concerned, to adopt this Amendment in lieu of the one that's in the budget now. And I just couldn't do it and I hope my colleagues will think twice about making the kind of radical change that this would be.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?
Representative Williams.

REP. WILLIAMS: (68th)

Thank you, Mr. Speaker. And good evening. I rise in support of this Amendment and I think I'd like to align my comments with those of Representative Witkos and the Representative Bacchiochi.

But I really don't want to talk about the motives for bringing this Amendment out here tonight because I quite frankly don't think it's appropriate. But I do think it's appropriate to note that property tax reform is an issue that's been discussed here in this Legislature for many, many years.

We all know that small towns are very often shortchanged here. The question, you know, if Members of this Chamber feel that their hometowns or towns in

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their districts don't need this money, then don't vote for this Amendment.

But if you think your town can use some more money under this formula and you would benefit, clearly this is something that you need to support. And I would urge the Members to vote yes on this Amendment. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Thank you, Sir. Care to remark further? Representative Piscopo.

REP. PISCOPO: (76th)

Thank you, Mr. Speaker. Mr. Speaker, I've been around for a while, been in a few budget debates and I know, I know what the tradition is. A lot of times we have we're going to vote green, you're going to vote red and don't let any amendments go no matter what.

But this just isn't the case. This budget's going to see wide bipartisan support. So I just for the life of me don't understand why we just can't accept a commonsense Amendment.

This is brand new money. This is revenue sharing and we have an idea on how to better distribute this new money, this revenue sharing money. I saw it

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happen a couple of times this Session, Mr. Speaker,
back when we were doing that jobs bill, Jobs for the
21st Century.

That Bill was going to go through unanimously,
which it did, and we were trying to offer just some
commonsense solutions to improve that Bill. And, sure
enough, it would go party lines. This shouldn't be
that kind of a vote.

This shouldn't be that kind of a debate. This is
just that, you should be able to accept this kind of
an amendment. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Representative Merrill.

REP. MERRILL: (54th)

Thank you, Mr. Speaker. I've listened carefully
to all the things that people have said about these
different versions of how this money should be
distributed.

And I rise in very strong opposition to the
Amendment. Very simply put, this is a one-time
revenue sharing amount of money of \$33 million to the
towns. There is not a town in the room, represented
in the room, that doesn't have needs.

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And we all have needs. And I think that one person's fairness would be another person's unfairness. This is a very simple formula.

It's a formula based on three factors, population from a town, the grand list of a town, its ability to pay, in other words, and the per capita income of the people living in the town.

Yes, it is very strictly a need-based formula. There is nothing tricky about it. It is those three factors. And you either believe that cities that are more needy need the money more than towns that don't get as much.

There are always discussions every single year about how money is distributed and how resources are distributed. This was part of an agreement. We stand by it.

I believe it is probably the fairest distribution because it recognizes the need of the people in the cities and towns, in the places it's distributed. It very clearly channels more money to cities and midsized cities, actually, that have amazing degrees of poverty.

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And that is exactly why the formula looks the way it does. So I would urge all my colleagues to reject this Amendment.

SPEAKER AMANN:

Care to remark further? Care to remark further? If not, staff and guests come to the Well of the House. Members, take their seats. 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 AMANN:

Have all the Members voted? Have all the Members voted? Don't run. Don't run. Don't run. If all the Members have voted, please check the Board, making sure your vote has been properly cast.

If all the Members have voted, the machine will be locked. And the Clerk will take a tally. Clerk, please announce the tally.

CLERK:

House Amendment Schedule "G" for Emergency

Certified House Bill Number 5845.

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Total Number Voting	146
Necessary for Adoption	74
Those voting Yea	47
Those voting Nay	99
Those absent and not voting	5

SPEAKER AMANN:

Amendment fails. Care to remark further on the Bill as amended? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, I would have actually called this Amendment earlier but the Fiscal Note wasn't here at that time. Many on our side have argued that, rather than just fixing the estate tax, we should do away with the death tax altogether.

We'd like an opportunity to vote on that. Mr. Speaker, I'd ask the Clerk to please call LCO Number 5227 and I be permitted to summarize.

SPEAKER AMANN:

The Clerk, please call LCO Number 5227.

CLERK:

LCO Number 5227, House "H", offered by
Representative Adinolfi et al.

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SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? If not, Representative Ward, you may proceed with summarization, Sir.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, Members of the Chamber, what this Amendment does is repeal the provisions of the estate tax effective for tax years commencing on or after January 1, 2006 and I move adoption.

SPEAKER AMANN:

Question on adoption. Is there objection? Will you remark further? You may proceed with your remarks, Sir. I'm sorry.

REP. WARD: (86th)

Thank you, Mr. Speaker. As I indicated in the summarization, it's really a very simple Amendment. It says that Connecticut will no longer have a death tax. That was certainly the goal of many of us on this side of the aisle, something we hoped would have been included within the budget.

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We do so for a variety of reasons.

Fundamentally, we think it is wrong to tax people throughout their life on all the money that they earn and then tax them again when they die.

The federal government's made a decision to effectively phase out most of the inheritance tax on most families in America. We think the estate tax particularly hits family-owned businesses, small business owners, entrepreneurs, farmers and is bad public policy.

We have looked at times and these dates precede even the estate tax. We all know we're losing people to other states. There are a variety of reasons for that. I believe the income tax is still one of the reasons that people choose to relocate, not the only reason.

But if I looked between Florida and Connecticut, and the last year that we had income tax data available, over 7,000 taxpayers moved to Florida from Connecticut, 2,600 moved back.

More significantly, the ones that moved from Florida here had low incomes, the ones that moved from

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here to Florida had high incomes. I believe that the estate tax only exacerbates that situation.

It is often said that tax policy can be used to direct behavior that we want or don't want. It seems like what we're saying with the estate tax is we don't want wealthy folks to die here or, in some cases, folks of middle class income but whose real properties have risen greatly in value.

So although they never had very high income throughout their lives, they've been fortunate to save for their retirement, to put some money aside in hopes of leaving it to their children and have benefited from the great increase in real property values.

It is a matter of competitiveness. We've done some good things in this budget on tax policy with regard to job competitiveness. We think this is moving in that same direction.

It would say to small businesspeople come locate your business in Connecticut, build it, let it grow and, when you die, pass it to your children or grandchildren without paying a substantial tax, between 5% and 16% depending on the size of the estate.

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I would rather, when people are deciding where they should live in their golden years, that they could look at Connecticut and say it's a beautiful state, perhaps a little cold in winter, but otherwise it'd be a wonderful place to live for a lot of good reasons.

But not have a tax advisor say you'd be a damn fool to make that your residence. I'd rather a tax advisor said they seem to welcome people in their later years.

It would be a beautiful place to make it your permanent residence, not I'd rather be a tax haven than encourage people to leave. Mr. Speaker, I urge the Members to support the Amendment and I do request a Roll Call Vote.

SPEAKER AMANN:

Motion is on a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

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The 20% was met. When the vote will be taken, it will be taken by Roll. Care to remark further on the Amendment? Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. In the last number of days, I have heard various efforts to give some relief, tax relief to the people of the State of Connecticut.

There was a proposal to end the \$250 tax on LLCs, small businesses. We were told no, no, you can't bring that up now, it's not part of the process. There was an effort to reduce the tax on utility charges.

We were told no, no, no, you can't bring that up now because it's not part of the process. Are we going to go back and tell our constituents well, we wanted to give you some relief but it wasn't part of the process?

Now, when we have a chance to give our constituents, the people of Connecticut some relief, we're told no, no, you can't do that now. You see, it's not part of the agreement. It's not part of the deal that was reached.

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Well, you know, I think, Mr. Speaker, that we are, we are in this Body the ultimate arbiters of what taxes, what charges are levied upon our constituents. We don't assign that to anybody else. We don't assign that to a process.

We do not assign that to some agreement made by other parties, well we do assign it to some process but it comes to us ultimately. This is an opportunity we have. We have as the ultimate decision-makers to decide whether or not to relieve the people of Connecticut of a tax.

And I don't think we should abdicate that responsibility by saying well, it wasn't part of the deal. My only deal is with the people who elect me. And that deal says that I do the best I can for them.

And the best I can do for them is to repeal this estate tax. Now, I can tell you that this estate tax is driving people to establish residences elsewhere. There's not a shred of doubt in my mind that that is true, that people are taking their investments.

They're taking their philanthropic endeavors, they're taking the money they pay in income tax to this state and they're taking it to another state.

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But what is the reply to deal with that? No, no, no, we don't want to hear that.

Those people can't really leave. This is what I call the East German argument. Those people can't leave. Well, they can leave and they are leaving.

And even if, even if this did not, even if this did not impact just the people who want, who decide to relocate elsewhere for tax reasons, don't we owe simple justice to the people who live here?

I mean, even if they're not going to leave, don't we owe them this kind of tax relief if we can possibly do it? Well, we can do it because we have a large surplus. We have the opportunity to do it this year and we should do it, we should do it.

It's just not right to tax people all their lives and when they build up some legacy to give to their families, whether it be a business, a farm or home or whatever, we tax them again.

Now, even the federal government is phasing out the estate tax and we ought to phase out the estate tax. I strongly support this relief. This may be our last chance in this Session to give significant relief to our constituents.

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My deal, as I said, is with them. And I'm going to support this Amendment. And I would urge you to do the same. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Representative Boucher.

REP. BOUCHER: (143rd)

Thank you, Mr. Speaker. Mr. Speaker, I will be brief but I wanted to add to the comments of my colleague from the 125th District to give you a little bit more clarity about the issue of nonprofits moving based on tax policy, something I do know about in support of this Amendment.

I can tell you that the rate of growth in nonprofits in the State of Florida has grown to the highest level of any state in the country. It's grown from year to year 67%.

The state of, you might not know this, but the State of Minnesota has some of the largest nonprofits in the country. It's considered the nonprofit headquarters, of all places, Minnesota.

And I have spoken to the gentleman who is the head of a billion dollar nonprofit who said they're

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putting an office in Florida now. They're going to have two offices, Minnesota and Florida.

The rate of growth is astounding. And if you compare that to some of our other states closer to us with a different tax policy, their rate of growth is somewhere in 16% to 18%, that is the number of nonprofits growing in the last several years.

So I just wanted to let you know that, in fact, there is a movement of those nonprofit dollars based on personal tax policy. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Madam. Representative Feltman.

REP. FELTMAN: (6th)

Thank you, Mr. Speaker. I rise in firm opposition to this Amendment. I do so for a number of reasons. This proposal to delete the so-called death tax, which I think is a misnomer, has been also characterized, Representative Hetherington, more accurately as an inheritance tax.

It is not a tax on the person who is deceased, it is a tax on the person who inherits. It's a tax on the heir. The heir is something who's done nothing to

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merit any kind of bequest or inheritance or gift from those who give it to them.

And it is very appropriate as a taxable event. It has always been a taxable event by every level of government as long as anyone can remember for someone who is receiving something for which they did not work to pay taxes on it.

I would also observe that my colleagues on this side of the aisle have always asked about the fiscal Note. And they're always asking about a Fiscal Note whenever there is an Amendment coming from our side of the aisle.

Well, I have not heard a description of the Fiscal Note on this Amendment, but it reads in 2007 it, this Amendment if adopted would blow a \$119 million hole in the budget.

And in Fiscal Year 2008, it would blow a \$162.5 million hole in the budget. And I would ask where do the revenues come from to replace the revenues that would be removed by passage of this Amendment?

The answer is we'd have to raise property taxes or we'd have to raise income taxes or we'd have to raise sales taxes. And the same arguments about

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economic activity and making us a more attractive state could apply to, could be raised in opposition to raising any of those taxes.

So, folks, we have to make a choice here. Do we want to keep estate taxes the way they hare, inheritance taxes, or do you want to raise other taxes that would be a problem, even a greater problem for the living citizens of the state? I think the choice is clear. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Representative Sawyer.

REP. SAWYER: (55th)

In difference of opinion with Representative Feltman, I would say that in an issue we talked about where people are land-rich and cash-poor that yes, the family has been working on the farm.

And I disagree with what he's said. If you're talking about those lands in northwest or northeastern Connecticut where there is a family farm, yes, they have been working on that. And I disagree. And I believe that is something which should be passed down. Thank you, Mr. Speaker.

SPEAKER AMANN:

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Thank you, Madam. Representative Farr.

REP. FARR: (19th)

Thank you, Mr. Speaker. The argument we're hearing here reminds me of a story about the Congressional Budget Office in Washington when the Democrats used to control Congress.

And they used to always come up with these projections about how much revenue you'd get if you raised the income tax. So one year some Republican Congressman asked them for a projection of how much money would be raised if they made the income tax 100%, in other words we just took it all.

So the Budget Office came back and said well, this is how much it was, I don't know, at the time maybe \$1 trillion. And then the Congressman said and how much would you raise the next year?

Well, you know \$1 trillion plus you've got to figure inflation, \$1.05 trillion. Well he said what, are they out of their mind?

You're telling me that human beings are going to work for a living one year, the government's going to take 100% of what they make, and you're going to project when they're told next year when the

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government does the same, everybody's going to keep working?

Who would work if you're going to get 100%? And that's essentially what we're hearing here, that if we just tax people, it doesn't make any, we're going to lose revenue. If we just raise the taxes and raise the taxes and raise the taxes, we will forever increase our revenue.

That simply isn't true. It simply isn't true. As somebody pointed out, the East Germany example applies here. People have an opportunity to vote with their feet.

If you're of moderate income in Connecticut and you're retired, you don't have to keep your domicile in Connecticut. You can move it anywhere you choose. And there's no way we can prevent them from doing that.

And if they choose to have a house in West Hartford or Farmington or Avon or Greenwich and then they choose to also have a condominium in Florida, they can change their domicile to Florida. And they will and, in fact, are doing that.

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Now, Representative Feltman said we've always accepted the concept that if you don't work, you have to, and if you get something, we have to tax it. It simply isn't true. A year and a half ago in the State of Connecticut, if you left your money to your children, the tax was zero.

We had a succession tax which phased out completely the tax on any estate left to your children. This isn't a longstanding policy that we've always said when you leave money to your children, the state gets a piece of it. That's something that was adopted last year.

This is a fairly new policy. And the other argument is if you remember back to the argument about the cigarette tax. When we had the argument on the cigarette tax, people said we have to raise the tax on cigarettes because it will reduce consumptions.

If we don't want an activity, we tax it, it decreases it. If you don't want wealthy people in Connecticut, tax them and they'll go away, simple solution.

If the problem is there's too much wealth in Connecticut, then the underlying Bill or our existing

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tax law helps address that, because it sends a strong message to wealthy people, go somewhere else, establish your domicile somewhere else.

But if you think that having wealthy people in your state is not a problem but in fact is a benefit to the state, then support the Amendment. Thank you.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?

Representative Frey.

REP. FREY: (111th)

Thank you, Mr. Speaker. I, too, disagree with some of the arguments that have been made earlier on the estate tax. This isn't about a choice of having to make up this revenue elsewhere.

You know, we're facing a \$600 million surplus this year and that's before the April 15th revenue has been analyzed. In all likelihood, it'll be closer to \$700 million or greater when we're done.

That's because last year we instituted some new taxes, the estate tax, corporate tax among others. But this isn't just a hypothetical that people may leave. I received a call this morning from a Ridgefield resident who said they're out of here.

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They had hoped the estate tax would be addressed this year and they read the news, saw the news last night on TV that a budget agreement had been met and the estate tax was being untouched. They're moving.

And these people, first of all, Ridgefield, the town I represent is Ridgefield like for the hills, not Ridgefield, R-I-C-H, for wealth. But I look at what members of our community do for our town.

We have a couple of landmarks in Ridgefield. The Cass Gilbert fountain was donated about 75 years ago by a famous architect who resided in Ridgefield. And if you look at any Ridgefield website, anything having to do with Ridgefield has the fountain on there.

It was a donation. We have a ballad park in Ridgefield which functions as our town green. It was a donation in the 1960s, woman donated her house, asked it to be knocked down and to serve the public as a town green.

And I look at the assistance we get in Ridgefield for the visiting nurses and meals on wheels and our library and our museums. And it's not just Ridgefield. I did a little research as I'm sitting here tonight on my computer.

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The Bushnell Theater, the Bushnell Memorial was built by a woman in memories of her father in the late 1920s. What happens if there was an estate tax there and she decided to move to Florida? The Bushnell might be somewhere else.

Elizabeth Park was donated by Charles Pond in memory of this wife, who donated the Park to the City of Hartford. James Beardsley in 1878 donated 100 acres to the City of Bridgeport, which is now home to the zoo, 1899, Marsh Botanical Gardens in New Haven, that was a donation.

We can go on and on and on and on. We don't want these people to leave the state. They contribute a lot. And based on the call that I received this morning, it's not hypothetical.

We had some very interesting testimony before the Finance Committee. There was an attorney, an attorney spoke to us and I think everybody found him very interesting, happens to live in Ridgefield but can't say I knew him before. But his law firm has an office in Florida.

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Every day, he's advising clients on how to shift their assets, how to move, how to be a Florida resident six months and a day.

We heard from a nonprofit theater in Connecticut, not in Fairfield County, about the disastrous effects that the estate tax could have on all nonprofits in the state with contributions.

They're not benefiting the wealthy, they're benefiting all of us. And we can't afford, we have to look at more than just loss of revenue in the estate tax. It's our quality of life and there are larger issues at state. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?

Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, very briefly I'd just like to say that one of the benefits of the tax package before us is that it does not create a deficit for Fiscal '08 or '09 by taking approximately this amount of money that would be spent on the repeal of the estate tax in that year and

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putting it in the Rainy Day Fund and not cutting permanent taxes.

That's one of the more responsible aspects of the tax package before us. This Amendment would undo that and I urge rejection. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? If not, staff and guests come to the Well of the House. Members, please take your seats. Machine will be opened.

CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting House Amendment Schedule "H" by Roll Call. Members to the Chamber, please.

SPEAKER AMANN:

Have all the Members voted? Have all the Members voted? If all the Members have voted, please check the Board, making sure your vote has been properly cast.

If all the Members have voted, the machine will be locked. And the Clerk will take a tally. Clerk, please announce the tally.

CLERK:

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House Amendment Schedule "H" for Emergency

Certified House Bill Number 5845.

Total Number Voting	147
Necessary for Adoption	74
Those voting Yea	49
Those voting Nay	98
Those absent and not voting	4

SPEAKER AMANN:

Amendment fails. Care to remark further on the Bill before us as amended? Representative Cafero.

REP. CAFERO: (142nd)

Thank you, Mr. Speaker. Ladies and gentlemen of the Chamber, if someone were to arrive in the State of Connecticut and ask what's this state all about, the best place to point them to really get a true idea of where we are, where we hope to go and what we're all about would be our state budget, if anyone would take the time to read it and understand it.

In years, in years past, I've stood here, sometimes voting for the budget and sometimes voting against the budget.

And typically my criteria is about balance, balance as to what we're doing and who we're doing it

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for and who is getting benefits and who is hurting from what we do in our budget, because like every other budget we've ever done, there are winners and there are losers.

There are haves, there are have-nots. There are those who are rewarded and those who are punished. And I think the best thing we can do as a General Assembly, knowing those very facts, is to make sure that there is balance.

The budget before us is one that I know started its journey with the Governor's budget address. And, serving on the Appropriations Committee, I know the hard work that Chairman Merrill, Ranking Member O'Neill and all the Members of the House and the Senate put into this document.

We had our fights. We had our arguments. We had our discussions. We had our agreements. In some cases, we realized that by helping one group, we were punishing another.

And after a long three months and several hours of negotiation, we have before us the modifications to our state budget. There are many, many good things in this document.

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(GAVEL)

SPEAKER AMANN:

Excuse me, Representative. It's getting a little bit too loud. You may proceed, Sir.

REP. CAFERO: (142nd)

I was too loud, Mr. Speaker?

SPEAKER AMANN:

You don't want me to answer that, do you?

REP. CAFERO: (142nd)

No, I guess I don't. Thank you, Mr. Speaker.

SPEAKER AMANN:

You may proceed, Representative Cafero.

REP. CAFERO: (142nd)

Ladies and gentlemen, we realize that there are so many good programs. In fact, as I often say, there's very, very difficult, especially sitting on Appropriations, to hear people during those public hearings come up and tell of their programs and the people that they help to say nah, you're not worthy.

So many people, our health, education, disabled, the mentally retarded, our aged, our newborns, and it's very difficult to make choices as to who's going to win and who's going to lose.

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This year, however, I think after we J.F.'d our budget and after many of us had a chance to reflect on what was before us, we struck a proper balance.

There are many things, as you've learned this evening, that this side of the aisle would have loved to have different in this budget. And I'm sure that there are many things that that side of the aisle would love to be different as well.

But we are fast approaching our end of our Session and we all feel it's the responsible thing to do to pass a budget and a tax package, let the citizens of the State of Connecticut breathe easy and for us to get out of town.

And this is what's before us. So I want to thank publicly all the Members of this Chamber, but most importantly the Members who served on the Appropriations Committee and again, specifically in our House, Chairman Merrill and Ranking Member O'Neill for all of their hard work and efforts.

Also, on the finance side, Chairman Staples and Ranking Member Belden who worked so very, very hard to put what I think most of us feel, though not perfect, is a very balanced and fair proposal. We will live to

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fight another day for those things each side wants,
and I'm sure it'll be a spirited debate.

But for now, this before us is the story of the
State of Connecticut as it exists in 2006. From my
perspective, ladies and gentlemen, it's a good story
and I'll be voting green. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?

(APPLAUSE)

SPEAKER AMANN:

Look at that, Representative. Pretty good, huh?
Thank you, Sir. Care to remark further?
Representative O'Neill.

REP. O'NEILL: (69th)

Yes. Thank you, Mr. Speaker. And, like other
speakers before me, I would like to thank Chairman
Merrill and the Members of the Appropriations
Committee for all the time and effort, hard work and
courtesy certainly that they afforded to me,
especially the Chairman, and also to our staff who
have worked very, very hard and long and with enormous
accuracy in terms of trying to capture the essence of

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the complicated and sometimes fragmentary discussions that we began back on the 10th of April.

I hope I'm not going to be letting the cat out of the bag, that there's not a veil of secrecy that still needs to be over the beginning, at least, of the discussions, but just to give a sense of where we started compared to where we have now ended up, on April 10th when we began our discussions, the first thing we had to decide was whose original budget document were we going to start from?

Were we going to start from the Appropriations Committee document that was produced by the Committee and voted out or were we going to start from the Governor's adjustments or were we going to start from the last year's budget, the current law that's still on the books at this moment?

Or were we going to start from yet some other document that was brought to the table? And we spent probably two or three hours comparing the merits of these different documents before finally one of the people said gee, can't we just get past this? And we did.

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And we moved on. And we had some fairly intense and spirited discussions about different parts of the budget and different things that were in it that people thought were very important to keep and other things that people thought were important to do to change the budget, to bring it down below the spending cap, to reduce the amount of surplus that we were going to use and yet, at the same time, try to meet the needs of the people of the State of Connecticut in a fair and equitable way.

And always there will be people who do not feel that they are getting what they deserve out of the state's budget. But at the end of the day, there is a limit to what we can afford to spend and to limit ourselves to spend only that which we can sustain over the long haul.

And a lot of times, even though it's not part of this biennium and I appreciate the attention that the Co-Chairs, especially Co-Chair Merrill, gave to this as we were doing our discussions, we were looking a lot at the year 2008 and the years beyond that and how this budget was going to set us up for the future.

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And in large part because of the way that this budget improves upon the foundation that we are laying for future budgets, I think that it is sufficiently good, not perfect but it goes a long way in the right direction to make our job, the job of this General Assembly next year and the year after and the year after that, a little easier.

That this is a budget which lays a good foundation for those future years while addressing as reasonably as possible the needs of the people of the State of Connecticut this year, because it's always sort of a comparison, doing what you think is right, doing what you want to do this year and looking forward to what's going to happen the year after and the year after that, when we're trying to put budgets together.

So, Mr. Speaker, without going through the details but just to recognize that the budget is a couple of percentage points perhaps below what came out of the Appropriations Committee but a little bit higher than what the law allowed for under the current law the budget was passed last year, and recognizing

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that we're putting into the Rainy Day Fund nearly \$200 million, perhaps, with luck, \$189.8 million.

For my purposes, \$189.8 million is nearly \$200 million. That wouldn't have passed muster in the negotiations.

We were down to \$50,000 items, I can think of one in particular that had to be adjusted. But we had a substantial increase in the Rainy Day Fund, and that's an important thing for that future foundation for the budget in the State of Connecticut

And we have it under the spending cap, and that's an important thing for the State of Connecticut to try to adhere to that rule that we have adopted and that the people of the State of Connecticut have voted so overwhelmingly for and that we should try as much as possible to stay within that constitutional limitation.

And so because this budget meets at least those two important criteria as well as meeting so many needs that so many people have in the State of Connecticut, Mr. Speaker, I intend to be voting yes on this budget as well. Thank you.

SPEAKER AMANN:

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Thank you, Sir. Care to remark further?

Representative Hovey.

REP. HOVEY: (112th)

Thank you, Mr. Speaker. Good evening.

SPEAKER AMANN:

Good evening, Madam.

REP. HOVEY: (112th)

Before I speak on the actual budget, I did want to say that it would seem to me that we could have done this on Monday instead of Sunday, which is supposed to be the day of rest. But it was pointed out to me that the wicked never rest, so anyway, I rise in.

SPEAKER AMANN:

Are you looking at me, Representative, when you say that? Looking at me? You were looking at me.

REP. HOVEY: (112th)

I rise in support of this budget. And this will be the first time that I will be able to vote in the affirmative on a budget since having been elected to this office.

This budget does a couple of things that were very important to my constituency and has kept a

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couple of promises, the Teacher Retirement Fund being one of them and the other being the Rainy Day Fund.

I represent a district that believes very strongly that we should not spend every cent that we take in. I also represent a district that for every dollar it sends to the state, it gets back less than ten cents.

So I would have liked to have seen the revenue sharing done differently so that my district would have benefited more from that. We are a small suburb that is struggling with its growth and we have extreme diversity in the socioeconomic differences within my community.

But this also does have an increase in the property tax credit, which will give my people some relief, and so I will be voting in the affirmative today. And I thank everyone for their very hard work. And I especially thank everyone for their collaborative efforts. Thank you.

SPEAKER AMANN:

Thank you, Madam. Representative Ward but, Sir, before you get up, I apologize, Sir.

(GAVEL)

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SPEAKER AMANN:

Sounds like a lot of fun over there. I'd like to join in on the chorus, but if we could wait until we adjourn, we'd appreciate it. Representative Ward I'm sure has some significant things to say.

Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. And thank you for the quiet. I'm not so sure I like the challenge of something significant to say, but I'll try to do my best. Seriously, thank you, Mr. Speaker.

Budgets are always difficult to put together and I certainly appreciate the work that went into this budget by both sides of the aisle. But I would certainly be remiss if I didn't first mention the Ranking Member on the Appropriations Committee, my friend and colleague, Representative O'Neill.

Some people may have noticed over the years as Minority Leader, when things are really complicated and difficult, there is a Legislator who is often soft-spoken but always hardworking that I tap for tough jobs.

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When I asked Art O'Neill not long ago to take on the Appropriations Committee, he did hesitate but then said it would be a new challenge and he stepped forward and has done an excellent job representing this Caucus and representing all of the people in the state to bring forward principles that this side of the aisle thinks is important in budgeting.

And he's done so with the hard work and the effort and goodwill and good cheer that he brings to everything he does. And I thank him for that. The document before us, as I indicated before, I think is a good document, not a perfect document.

And I suppose in any budget that's ever been done, we've never had a situation where most Members stood up and thought it was a perfect document, because it does involve give and take.

I think credit is clearly do to Representative Merrill, because this has the Finance package as well with that to Representative Staples, who have worked hard to bring forward the principles important to that side of the aisle but certainly have also at all times acted in a collegial manner to at least listen to

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Republican proposals, even if we couldn't talk to you into every bit of that.

And I appreciate that cooperation. Let me talk a little bit about process. I think this year on the budget we had a couple of goals that we didn't quite get there but it's been a better process than it's been in the last few years.

So you know this side of the aisle wanted all budget negotiations to be in a public forum. We didn't quite get there. But I wish to thank the Democratic side, who did a good job of trying to share information with the Republican side as best they felt they could.

We've still got a long way to go, but it was a better process. I stepped into an implementer meeting the other day late at night and was struck that no tempers seemed to be raised, the conversation was polite and focused on making sure that the document worked, and that does bode well.

I appreciate the fact that efforts were made to get this document to Members on this side of the aisle with e-mails this morning, but I would be remiss if I didn't say, and it technically certainly complied with

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the rules, a one paragraph E-Cert to be substituted so it complies with rules on the desk at midnight followed by a 109-page Amendment.

The effort was good, but we really haven't achieved our goal. I sort of hoped that before I left this Chamber, there would actually be a budget on our desk one full day before we voted so every Member could take it home and read it and decide.

We've worked well in that regard but there's more to be done. And I hope in future years the whole public can see the budget at least a day before we vote.

When I talk about process involvement, I would also clearly be remiss if I didn't mention the work of the gentleman, the Dean of the House, who sits directly behind me who reads issues with regard to Finance bills as well and as carefully as anyone.

Representative Belden is a real workhorse when it comes to making sure that we all know what's in the bill, that the numbers add up, that the numbers make sense.

We do once in a while disagree a little bit as to exactly on tax policy, and that's how it should be in

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this Chamber, but this Caucus could not be served any better than to have the efforts of Representative Belden, having his sharp eye on the interest of the taxpayers in the State of Connecticut.

And I thank him for that work. To the specifics of the budget, I'm very pleased that we fully funded the teachers' pension. And I will point out that the Speaker said it very early in the process and I was sitting next to him on a forum and he said it.

And I'm sure he had no idea what I was going to say next. And I said next that's a great idea, Mr. Speaker, I'm 100% behind that. And I'm glad that we found a way as the surplus grew to be able to fully fund that.

I hope, Mr. Speaker, you can rethink another part and we can make that permanent, we can do that before we end, because I think there's more to be done there. But in terms of this budget, this is absolutely the right thing to do.

I'm pleased that in charter schools, which have shown some real promise, if there's one thing that I regret, a reporter once asked me over the career, is there any regret?

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And I said I don't think we're any better today in urban education, despite everything we've tried over those 22 years that both sides have argued about. Too often, the test scores tell us and other measures tell us that there's so much more work to be done.

We haven't achieved as much as I certainly would have liked and I'm sure most of you would like. But charter schools are a success. They're working in many places. And we added some money to this budget to recognize that those schools could grow.

Where they're proven to work, we're willing to put some more money in them, not because of anything about back and forth and who, it's because of the results for the children. And we said if kids succeed in that school, we need to put more money into it.

And I hope in future years it can grow some more, but I think that is one of the highlights of this budget, that there was a significant addition of revenue for charter schools because they are working for kids, and for the most part working for kids in districts where not enough kids are succeeding.

And if we can do more for kids in the districts where they're not succeeding, we will all be better

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off in the future, not just those children. I was pleased that in the higher education area we were able to recognize that the demand on our schools is greater.

We've done such a good job of improving the quality schools, more and more students both of traditional college age and nontraditional age are attending those schools.

And we addressed that by adding some additional funds. On the tax side, I fully supported the CHET. We don't save much money in this country. We don't save much money in this state as individuals and families.

And to provide a tax deduction to make an investment when you save for your child's education or your grandchild's education probably effectively doubles the return. It's a really good start.

I understand the controversy but it's really one program or one investment package that it applies to and there may be competing products. And I would hope that in the future, the General Assembly will expand it to other products.

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But at a minimum, this is a very good start to encourage saving. As higher ed costs climb higher and higher, it is certainly good that this Legislature says we want to reward the decision of people who will save money, put aside money for their children's education.

And we'll reward that by allowing them to do it without paying taxes on the earnings, which is effect, without paying taxes, I'm sorry, without paying tax on the money that's set aside for that savings.

The growth of the property tax credit is good. It benefits many of our constituents and is a good thing to do in this budget and I'm fully supportive of it. Certainly, it was a compromise in prior years as income tax relief versus property tax relief.

And both sides got together and said we can find a way to do both. This budget advances that. I'd hope we'd been a little bolder in the property tax area. I'd hope we'd been able to just eliminate the cars altogether.

But since there wasn't an ability to put that together, both sides of the aisle did not agree on that, it was a Republican versus Democrat thing, at

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least if there was a compromise, having it be an expansion of the property tax credit against the income tax is positive and one of the reasons that I'm pleased to be able to support this budget.

Finally, the bottom line of the budget is one that is sustainable. We can live for the next year and the year after that and the year after that with the rate of growth. It is within the spending cap and I think that is vital.

We spent some of the surplus money and that went over the cap in the current fiscal year. I've supported that in the past.

If extra money came in, we share some with the towns, we do an investment, which is one of the things that put us over the cap, into the teacher pension, where the returns may be 10% rather than holding it in a reserve fund that might have 1% or 2%.

And, after all, is not our obligation to the teachers another debt to be paid? And it makes sense to pay it out of the surplus if we can't afford to pay it, the full percent, within the budget.

Again, I would say that is very positive. In summary, a lot of hard work went into this budget. I

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think it serves the people of the State of Connecticut well. It's fiscally responsible. It funds important services.

And we all talked about doing something about jobs. And this budget reflects a desire to encourage companies to hire new people with a property tax, I'm sorry, with a jobs tax credit, a displaced workers jobs credit.

It also moves forward, although we voted in a separate bill, financially it's involved with getting rid of the property tax credit on manufacturing equipment.

And one of the goals of this Caucus to say that the temporary corporate surtax that finally will be temporary and we will repeal it in this budget accomplishes that. So for all of those reasons, I stand to support this Bill tonight and urge Members to support it as well. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Representative Donovan.

REP. DONOVAN: (84th)

Thank you, Mr. Speaker. Good evening. Great to see everybody here. This is a, the culmination of a

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lot of work. And it's actually been a long day on top of it, but you know, when we start the budget process, a lot of people don't realize how much work goes into it.

So I actually want to talk a little bit about that. We have the Finance Committee that has the job of talking about taxes.

It's not an easy thing to talk about as a politician but that's their job, is to talk about taxes and try to figure out what's best in order to fund our civilization called Connecticut and figure out taxes.

It's a tough job but they, the Members of the Finance Committee, get together and talk about taxes, argue about taxes and vote about taxes and make those tough decisions.

So I would certainly like to thank all the Members of the Finance Committee, the Chair, Cam Staples, and the Ranking Member, Dick Belden, and for all their hard work.

And I'd ask that they please stand and we give them a large round applause, Finance Committee. Come on, everyone who's on the Finance Committee, stand up.

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(APPLAUSE)

REP. DONOVAN: (84th)

Thank you for making it all cents for us. Now, having served on the Appropriations Committee for 12 years, I actually know how hard that Committee is. We have Subcommittees that meet into the wee hours of the night hearing from people.

And they have to put together a budget proposal that then brings it to the Chairs and the Ranking Members. And they have to spend hours and hours of time working on that.

So again, I'd ask that Appropriations stand and the Ranking Member, Art O'Neill, and the Chairperson, Denise Merrill, please stand. Thank you, Appropriations Committee. Oh, come on, there are more Appropriations people than that. Come on.

(APPLAUSE)

REP. DONOVAN: (84th)

And as anybody who's been watching on CTN, you know their meetings are always very nice to watch and always very interesting. So thank you all for that. I mean, it's a lot of work on both of those Committees.

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And it's a lot of hard, hard work. And as we heard from Representative Wallace how much, how hard it is oftentimes to give your time to do this. And those Committees deserve a lot of respect for the work that they do.

Well, we have a budget before us and there's a lot of good in it. We've heard about a lot of good that's in it, and we try every year to do our best. I believe this budget is a better budget than last year, and last year was a really good budget but this one's even better.

And why is it better? Well, we do certain things. We've added more things that we care about in this budget. There's more money for municipal aid for schools, roads and other needs. There's job creation, economic development.

We deal with healthcare, HUSKY, healthcare, we've expanded that, dental, for everyone who knows how hard it is for low-income kids to get the dental care that they need, there's money in there to help them out.

Special education, we've done something about special education, more funding for that. We've

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talked about the Teachers Pension Fund. We're paying down debt. We're putting money in the Rainy Day Fund.

Now, all of these items just didn't happen. We had the Governor put together a budget before us and I'm proud of our Caucus to say you know what, we can do more. We can add more money for our cities and towns. It's here in the budget.

We found out that children with autism, when they become adults, there's nothing for them in the state. Our Caucus said let's put that in. There's money in there for them.

Money in there for healthy, for house care, healthcare, HUSKY healthcare, for special education, all of those came from the leadership of this Caucus. We have a sensible tax plan with increasing the property tax for the people in our state.

You can use the money for your car. You can use the money for your home. We phased out the manufacturing property tax. We've eliminated the corporate tax surcharge for this year and we have tax credits to help start a business.

So there's a lot of good in this budget. Is this the best we could do? Well, it's better, but there's

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more that we could do. And that's where there's a lot of us, most of us, hopefully all of us will be back here to make this even better.

That's our challenge, to give Connecticut our best. We came very close this year. This is a rarely good budget. I'm proud of all the work that everyone's done on it and I'm proud of the leadership of this Caucus.

I'm proud of everybody for sticking together. I look forward to passage of this Bill. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Staff and guests, please come to the Well of the House. Members, please take their seats. 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 AMANN:

Have all the Members voted? Have all the Members voted? If all the Members have voted, please check

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the Board, making sure your vote has been properly cast.

If all the Members have voted, the machine will be locked. And the Clerk will take a tally. Clerk, please announce the tally.

CLERK:

Emergency Certified House Bill Number 5845, as amended by House Amendment Schedules "A", "B", "C" and "E".

Total Number Voting	147
Necessary for Passage	74
Those voting Yea	138
Those voting Nay	9
Those absent and not voting	4

SPEAKER AMANN:

Bill passes as amended.

(APPLAUSE)

REP. DONOVAN: (84th)

Mr. Speaker.

SPEAKER AMANN:

Representative Donovan.

REP. DONOVAN: (84th)