

Legislative History for Connecticut Act

Act Number:	09-003 (June Sp. Sess.)	
Bill Number:	6802	
Senate Pages:	6658-6752	95
House Pages:	11032-11197	166
Committee:	Non	0



Page Total: 261

**Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
and House of Representatives Proceedings**

Connecticut State Library

Compiled 2013

S-597

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
2009

JUNE
SEPTEMBER
SPECIAL
SESSIONS
VETO
SESSION

VOL. 52
PART 21
6523-6819

rgd/gbr/md
SENATE

32
August 31, 2009

There's a motion on the floor to move all items on Senate Agenda Number 2.

Without objection, so ordered.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President.

Mr. President, would ask the Clerk to please call the single item appearing on Senate Agenda Number 2, under business from the House and that is Emergency Certified House Bill 6802.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calling from Senate Agenda Number 2. Calling from Senate Agenda Number 2, Emergency Certified Bill 6802, AN ACT CONCERNING EXPENDITURES AND REVENUE FOR THE BIENNIUM ENDING JUNE 30, 2011, as amended by House Amendment Schedule "A" and House Amendment Schedule "C". The bill is accompanied by emergency certification signed by Donald E. Williams, Jr., President Pro Tempore of the Senate, Christopher G. Donovan, Speaker of the House of Representatives.

THE CHAIR:

Senator Harp.

rgd/gbr/md
SENATE

33

August 31, 2009

SENATOR HARP:

Thank you, Mr. President.

I move the emergency certified bill in
concurrence with the House.

THE CHAIR:

There's a motion on the floor for movement of the
bill.

Seeing no objections, please proceed, ma'am.

SENATOR HARP:

Thank you very much, Mr. President.

Before I describe the bill, I want to just take a
few moments to thank a few people, and the reason that
I want to do that is because a lot of work goes into
putting together a budget and negotiating a budget.

And I first want to thank my cochair,
Representative John Geragosian and I want to thank our
committee administrator, Susan Keane, and our
Committee Clerk, Riju Das, and I want to thank my
aide, Phyllis Silverman, who helps as well just
keeping me organized. The executive director of the
Office of Fiscal Analysis is Geary Maher, and I want
to thank him. And this may, in fact, be the last
budget that he works on because he is going to take
the retirement incentive plan, and he has been the

rgd/gbr/md
SENATE

34

August 31, 2009

director for less than a year and has done, over the years that I have known him in the Office of Fiscal Analysis, has done an extraordinary job of making the budget understandable to common laypeople like myself.

I want to thank Christine Ashburn for her work because she's the person who puts together all of the numbers in the budget, and ultimately lets the person who puts them in the overall program know which numbers are accurate. I want to thank Spencer Cain because he too has been someone who's been in the Office of Fiscal Analysis for many years that I've been on Appropriations and has responsibility for the biggest part of the budget, which is the human services aspect of the budget, and he, too, will be retiring at the end of this year. And with him, as with Mr. Maher, goes a lot of historic knowledge about the various programs that are key to our state. And if you think about the human services portion of our budget, is the very largest portion. And some of the things that you -- you probably realize that we're doing this year, many of them are, as a result of his research, on the ways in which other states have handled their Medicaid budget. So I just want to thank Spencer Cain.

rgd/gbr/md
SENATE

35

August 31, 2009

I want to also thank Neil Ayers who works with him, and does a lot of that work for that very big budget. I want to thank as well, Alan Calandro who does the corrections and judicial portion of the budget. And we spent a lot of time thinking about the way in which we provide those services this year as we really looked at are there ways that we can reinvent government.

We have an excellent attorney, and that's Jill Roberts, and I want to thank her because she has been working for the past two weeks on many iterations of the budget. And as you know, the back of the budget is huge.

I want to thank our staff and Senate Democrats, Ellen (inaudible), Eleanor Michael and Josh Rising who've helped us with this budget proposal. And I want to thank all of the Legislators who've worked on this budget proposal.

I want to say that there was not one idea from one caucus that is not reflected in this budget, and somehow, every caucus has a piece of this budget. We even paid some attention to Republican proposals, and things that were good we made sure got into this budget.

August 31, 2009

006662

So let me tell you about the budget. This budget appropriates all funds, \$18.6 billion in Fiscal Year '10 and \$18.9 billion in Fiscal Year '11. The all funds budget is \$852.4 million below the spending cap in Fiscal Year '10 and \$587 million below the fiscal -- the spending cap in Fiscal Year '11.

The adjusted growth rate for all appropriated funds is minus 1.1 percent in Fiscal Year '10 and 1.9 percent in Fiscal Year '11. The budget has changed from Senate Bill 1801. Over the biennium, this budget cuts over 500 million more dollars. The drastic cuts we made throughout this budget will be difficult for many to absorb, but in most instances, we preserve the state's safety net for the most vulnerable and we maintained essential programs that all state residents rely upon.

I, for one, simply cannot envision our state without dental care for those in most need. So as you know, we did not do that. And I, for one, believe that the elderly who need eyeglasses should get their eyeglasses. So we provide for their eyeglasses in this budget. And the Life Star helicopter, with its life-saving capabilities are also provided for in this budget.

rgd/gbr/md
SENATE

37

August 31, 2009

Now you may say that, you know, there are other cuts that could be made, and I certainly could probably make more cuts if it were just based upon me. Each and every one of us can take this document and find things that we could cut. And we could all do that, and we could all cut much, much more. But the interesting thing about this process, as the Legislative branch, is that we have to come up with cuts that we get the votes for in both the Senate and the House, and there have to be 76 in the House and there have to be 19 in the Senate. So that means that this budget process is a deliberative process. It is a process that requires consensus building and, as a result, what each one of us could perhaps do isn't what we end up with. We end up with something that all of us can agree to with a majority, and I believe that that's what this budget is.

That's what was contemplated by those who set up this form of government that it wouldn't just be Toni Harp's budget or the Senator from the 29th District's budget, but it would be a budget that each and every one of us, representing very different parts of our state, could come together and agree with, as well as get the executive branch to agree with. And we hope

rgd/gbr/md
SENATE

38
August 31, 2009

that we have done that.

It certainly is not going to please everyone, but I believe since the House has already voted for it by 103 votes, that we could get the votes to pass this and it will reflect the needs of most everyone in our state, and it will represent a consensus of what is important for our state to do, unique as it is, so that it is not perfect from my individual point of view and may not be perfect from yours, but reflects something that meets the needs of all of the people and can be passed in each chamber.

Mr. President, if you don't mind, I would like to yield to the Chairman of the Finance Committee.

THE CHAIR:

Senator Daily, do you accept the yield, ma'am?

SENATOR DAILY:

Thank you very much, Mr. President. Yes, I do.

I would like to tell you all that this bill does many important things in meaningful ways. We have a number of ways in which we make tax changes. We also securitize money in this budget to help us through this very difficult time. We have another amnesty program suggested by the administration, a corporation tax surcharge, cigarette tax increase. I would ask

rgd/gbr/md
SENATE

39
August 31, 2009

you all to pray that the Chairman stops smoking before the increase goes into effect. I don't want to be the only one in this chamber. There is a reduction in our estate tax, a very important reduction. It eliminates the cliffs and it reduces the rate. We also account for the sale of some of our assets. We hope that it'll be more than the 10 and 60 million dollars that is in there for the biennium. I urge you all to support this very important bill.

And before I take my seat, I would like to add to the thanks that Senator Harp gave to people. I'd like to thank those that Senator Harp thanked, and in addition, thank the OFA staff. We have a smaller staff, Rob Wysock and Bill Lederman, John Chaput in our office who works for my cochair, Cam Staples.

I'd like to thank Cam Staples. I think he's the best cochair in the building. Chatham Bordner, who is my aide and keeps me on track. And mostly, Mary Finnegan who keeps the entire committee on track. We're very grateful to her for her work.

Again, I ask you all to support this budget, and both of us are very willing to ask -- or answer any questions you may have.

Thank you.

rgd/gbr/md
SENATE

40

August 31, 2009

THE CHAIR:

Thank you, Senator.

Will you remark further on House Bill 6802?

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

First, let me state those areas around which I couldn't agree more with Senator Harp and Senator Daily. Mr. President, those areas are the tremendous expertise and talent of our staff, the nonpartisan staff, the committee staff who always give 110 percent for the people of the state of Connecticut. And while the product that's before us is not pleasing to my appetite, it's certainly not the fault of those who have been in the kitchen working very hard for many months late into the night. And I'd like to join Senator Daily and Senator Harp in thanking everyone who has had a hand in putting together this document.

That having been said, I wish I could agree with Senator Harp and Senator Daily that this document represents the best work we can produce for the people of the state of Connecticut at this moment in time.

I think the question that all of us have been struggling with is how much can the people and

rgd/gbr/md
SENATE

41

August 31, 2009

businesses of Connecticut absorb in new taxes at a time of such economic uncertainty. And by my math, Mr. President, the budget before us will be raising taxes on the people and businesses of Connecticut in excess of \$1.2 billion over the next two fiscal years.

And while the press and the public have focused in large measure on the wisdom of taxing wealthy people more, the so-called "millionaires' tax," I don't think anyone in Connecticut should believe that this budget is going to leave them unscathed. If you're a surveyor or a nurse or a teacher or a landscape architect, what you pay to the state of Connecticut is likely going to double in licensing fees. No one is going to escape paying more to the state at a time when they are more than likely taking less in.

I also think we should be cognizant of the very risky game we play by relying on revenues derived from so-called "millionaires" to keep our state afloat. The volatility of this revenue stream is demonstrated by what we have experienced in the very recent past and what we are experiencing today, economic fortunes change and they change quickly and they change dramatically. And as those economic fortunes change,

rgd/gbr/md
SENATE

42

August 31, 2009

so too will our financial footing.

Mr. President, I think it's unwise, for many reasons, for us to get our hopes on deriving tax revenue from people that are most successful because it may very well be a case of here today, gone tomorrow.

I have a couple or one, actually, technical question, if I may, through you to Senator Daily about the real estate conveyance tax on foreclosed properties. If Senator Daily wouldn't mind helping me better understand that provision of the bill.

THE CHAIR:

Senator Daily.

Senator Roraback.

SENATOR DAILY:

Thank you very much, Mr. President.

Certainly, Senator, I'd be glad to. Now there is a conveyance tax on our books, and when there's a foreclosure, they're exempt. Under this proposal, the committee that oversees that transaction will have to take this from their expenses or add this to their expenses.

THE CHAIR:

Senator Roraback.

rgd/gbr/md
SENATE

43

August 31, 2009

SENATOR RORABACK:

Thank you, Mr. President.

Really, what I'm trying to figure out is if I'm a homeowner that's had my house foreclosed on, and the bank came and they auctioned off my house, is this tax now going to be added to my debt? Is the bank going to be able to whack me for an additional -- an additional half a percent or three-quarters of a percent and add it to my debt?

And the reason I ask this question, Mr. President, is that we have worked long and hard, and knowing Senator Duff is not in the chamber, but no one longer and harder than Senator Duff, Senator Kane, to offer a modicum of relief to people whose homes are threatened with foreclosure, and I'm fearful that this bill with the left hand may be a undoing what we tried to do with the right hand which was to get people from out under the mountains of debt which they've incurred. And, through you, Mr. President to Senator Daily, if she knows whether this new tax is going to -- whether banks are going to be able to pass this new tax along to borrowers who are already desperately underwater?

Through you, Mr. President to Senator Daily.

rgd/gbr/md
SENATE

44

August 31, 2009

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

I feel quite confident that the Governor would not propose something that would undo the work of -- the good work of these committees, and this is the Governor's proposal. If there were a short sale, there wouldn't be money to impose the conveyance tax, and it is thought that the committee that is overseeing the sale is the one that would pay that out from their expenses.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

Not to belabor the point, but when -- when you are a committee for a foreclosure sale, you just go and you do the auction, and then you send the bill to the bank or to the borrower, so the committee can add the conveyance tax to the list of things that they're paying, but ultimately it's got to come out of somebody's pocket. And my fear, Mr. President, is that this bill may result in people that are down on

rgd/gbr/md
SENATE

45

August 31, 2009

their luck having some sand kicked in their face, and for that, I think we should be at least aware of the potential consequence. So I don't mean to belabor the point.

Mr. President, the hour is late. Others, I'm sure will speak with greater authority than I as to the consequences of the tax package before us, but the only other thing that I think we should be very aware of is this budget relies so heavily on borrowing, on securitization, on one-time revenue from the federal stimulus package, on money from the Rainy Day Fund that's not going to be here in two years, I think the people of Connecticut should fasten their seatbelts and get ready for what may be a very treacherous road ahead. We are not setting ourselves up for success over the next two years. Quite frankly, Mr. President, I think we're setting ourselves up for a potentially very dire circumstance two years from now, and we ought to take a strong whiff and think twice before supporting this budget.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further?

August 31, 2009

Senator DeBicella.

SENATOR DEBICELLA:

Thank you, Mr. President. Good morning.

THE CHAIR:

Good morning.

SENATOR DEBICELLA:

Mr. President, I stand today opposed to this budget. I would like to join my colleagues in thanking all the staff who worked so hard to put it together, but this is the wrong budget for Connecticut right now. It's bad for our families and it's bad for small business.

There are three main reasons why I believe we should reject this budget today. First, it fails to cut spending. We don't just have a revenue problem in Connecticut. We have a spending problem. And in actuality, this budget increases spending across all accounts by \$800 million over the course of the next two years.

Second, it destabilizes our revenue source and actually threatens the very social programs that everyone in the circle has fought to protect by creating an overreliance on just 27,000 families.

And third, it sets up even more tax increases for

rgd/gbr/md
SENATE

47

August 31, 2009

the year 2012 and beyond because of structural holes that we are leaving in our budget, and I'm going to address each of those.

First, Mr. President, I'd like to talk about failing to actually cut spending. This budget increases from our current \$18.37 billion budget in '09 to, as Senator Harp said, 18.64 billion in 2010, and 18.93 billion in 2011, a 3 percent increase in total over the two years.

Now this is akin -- when -- when we're saying that we're making cuts in this budget, it's akin to us saying, Well, we spent \$10 on something last year, and we're going to spend \$12 on it this year, but we'd like to spend \$15 on it, so \$12 is a cut because it's less than the 15 that we would want to spend. No family or business in Connecticut would call that a cut. It is an increase.

And as we actually look at the specifics in this budget, we find that the so-called "cuts" fall into two categories. One is increases that aren't as much as the Democrats would like to increase them; and two is unspecified cuts that may or may not materialize.

Let me talk about the second bucket first because it's actually some of the biggest items. One billion

rgd/gbr/md
SENATE

48

August 31, 2009

dollars of the so-called "\$2 billion in cuts" that are claimed to this budget are what's called "budget lapses." It is basically a line item at the end of the budget that says somehow we're going to have this money left over at the end of next year. Don't know how; somehow. That is four times the amount of this biennium. So somehow, we're just going to have four times the amount of money left over in the next two years than we did in the last two. No reason why.

You look at other elements of this budget. You look at the Medicaid line item, which is down by over \$200 million, and there are some interesting ideas for how you actually might achieve that through better direction of patients to the right venue of care. Very interesting ideas. No specific plans. It's based on a high-level estimate from OFA, and they testified to this in the Appropriations Committee, high-level estimate based on some evidence from other states.

You look at other areas where the budget calls for closing two prisons. It doesn't say how we're going to do that. Are we going to let people just come out of jail? Maybe. We're actually looking to say someone has got to figure that out. The budget

rgd/gbr/md
SENATE

49

August 31, 2009

doesn't specify it. So is it going to happen? Who knows.

But then you look at other areas. So those are the big areas that are, in my opinion, just made up savings. There other areas here that are increases that I just want to see if these -- if the majority considers these increases to be cuts.

So, through you, Mr. President, some questions to my friend, Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR DEBICELLA:

Mr. President, through you, just on the very first page of the budget, under Legislative Management, one of the things that shocked me as I just opened up this proposal today was the personnel services for the legislative branch of government, for us, is going up from an estimated 42.7 million, in 2009, up to 46.4 million in 2011, a 9 percent increase in personnel services for the Legislature.

Through you, Mr. President, does Senator Harp consider that a cut?

THE CHAIR:

Senator Harp.

rgd/gbr/md
SENATE

50
August 31, 2009

SENATOR HARP:

Through you, Mr. President, I don't believe it is a cut.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President, so if that is not a cut, how can we justify the Legislature increasing our staff by 9 percent when we have a budget that is supposedly actually making cuts?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

I believe that that's a rhetorical question, but I will try to answer it, through you, sir.

As it stands now, I think if there's some question particularly as it relates to the staff that the minority party in the House has attributed to it, and so rather than reduce the number of staff proportionately and go through that political issue, one of the things that keeps the staffing high as we went through this is that we decided to continue the

rgd/gbr/md
SENATE

51
August 31, 2009

same allocation of staff in the House rather than to deal with that issue.

There has been -- so I think that's one of the major issues that actually increases the overall staff in the legislative branch. And one of the things that we've done in the legislative branch, because we have four caucuses, that in order for there to be a change, we all say -- we don't just say that the majority caucuses should rule, that there should be agreement among the four caucuses. And since there has been not that agreement, that's one of the reasons why the personnel has been high.

So I know the legislative branch is slightly different, but you're absolutely right. It hasn't happened, and it would redistribute staff as it exists currently.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

So through you, Mr. President, just to make sure I understand, so instead of cutting our staff to fit the allocation, we are going to increase staff to keep the allocation proportionate between the caucuses. Is that my understanding?

rgd/gbr/md
SENATE

52

August 31, 2009

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. I believe so, sir.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

That is one of the craziest things I've ever heard, is that we are actually going to increase our own staff in this Legislature at a time when we have an \$8.5 billion deficit. This is not cutting spending.

Let me ask you about a couple other items, Mr. President, and I won't take up too much time because I know the hour is late, and these are not major items in the budget, but they stick out like sore thumbs when we say we're cutting spending. There is the Spanish-American Merchants Association which is receiving a 100 percent increase in its funding from 285,000 to 575,000 dollars.

Through you, Mr. President, why would we double any line item in the budget when we are cutting in

rgd/gbr/md
SENATE

53

August 31, 2009

different areas that the Democrats are claiming? Why would we ever increase and a double a line item?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. I don't believe, through you, Mr. President, that we are doubling. It's my understanding that the Spanish Merchants Association had been in two different departments, and so what we're doing in this budget is collapsing all the funding into one department.

THE CHAIR:

Senator DeBicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

I stand corrected. I thank Senator Harp for that answer.

Mr. President, another question though you is, in looking at this there is a new line item for the Connecticut Science Center for \$450,000 that didn't exist last year. And through you, Mr. President, why would we be funding new programs at a time when we have an \$8.5 billion deficit in which to cut different

August 31, 2009

programs?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

The thinking on the Connecticut Science Center, although it was not a line item in our budget, but we are investors in the overall Connecticut Science Center. And it was -- and there was funding actually in the Department of Education for -- to begin staffing. We moved that funding and increased it because the Science Center is finally open. Because we've invested millions of dollars into building the center, it was important that we fund it to get it off of the ground to ensure its success so that our investment would -- wouldn't go to naught.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

And I thank the good Senator for the answers to those questions, but I find the logic behind the Senator's answers a little troubling to say that we

rgd/gbr/md
SENATE

55

August 31, 2009

are going to increase spending because we spent money in the past, so we have to increase spending to actually make sure that the spending that we did is going to be effective. And that's a fine argument when we have massive surpluses. A Science Center is a very nice thing. I'm sure we all love it, but can we afford it right now? And this budget -- I could go on. You know, we're here late at night. I don't want to take up everybody's time. There are literally dozens of items like this in this budget that are either the fake cuts that say, Oh, we're just going to slash here and there and hope that the Governor or somebody else down the road finds it. And increases to dozens of line items that total up over \$800 million of new spending. This budget fails. It fails to cut spending. It fails to make the choices that we were elected to make to make sure that the taxpayers' money is being spent wisely.

And very quickly, Mr. President, on the two other reasons that I think this budget should be rejected besides the failure to actually reinvent government or cut spending. Second is the destabilization of revenue. First off, you know, it should not be said by anyone that this is a budget that just taxes the

rgd/gbr/md
SENATE

56

August 31, 2009

rich. This budget contains cigarette taxes, which last time I checked it wasn't just the rich who smoked; alcohol taxes, last time I checked it wasn't just the rich who drank; taxes on single filers. Last time I checked, it wasn't just the rich who were single; and corporate taxes, which are going to be passed on to consumers who buy products in and around Connecticut. Last time I checked, it wasn't just the rich who shopped at Walmart. So all these things are going to be hitting the middle class. All these taxes that we're talking about are going to result in middle class tax increases.

Now, the income tax, which is the bulk of the tax increase, is something that is potentially dangerous for our state because what we are saying is we are going to become more and more reliant on 26,000 families here in Connecticut to fund the programs that all of us support, especially our social programs for the poor and needy.

Now, what would happen if just 2,000 families moved out of Connecticut? It would be devastating to our budget under this scenario. Is that impossible? Well, I ask you to look at Maryland, where Maryland last year passed a so-called "millionaires' tax," and

rgd/gbr/md
SENATE

57

August 31, 2009

what happened? One third of millionaires moved to Pennsylvania or Virginia. It's a very thin state Maryland, and they were able to very easily move. Guess what? Many of our wealthy are near our borders and can very easily move. And Maryland saw the income from their income tax drop in absolute terms when they raised the rate. This is dangerous. And I understand the desire that I'm sure everybody shares that the rich should pay their fair share, but it's a dangerous economic policy for us in the long-term and could threaten the long-term viability of some of our social programs for the poor and needy.

Finally, Mr. President, I'm a little worried about what I would call the fake tax cut that's in this package, which is a sales tax cut, which I think all of us would say is a great idea, but only happens if our revenue estimates are precisely right. If they are even 1 percent off, the sales tax cut doesn't happen. So we have here something that maybe we can go back to our districts and crow about and say, Yeah, look, we cut a tax. But if the economy gets even a smidge worse in the next six months, something that's not impossible, the tax cut won't happen.

Finally, Mr. President, the third reason why this

rgd/gbr/md
SENATE

58

August 31, 2009

budget is not good for our state or our families is that we are facing a \$4 billion structural deficit in 2012. There will be no stimulus package from Washington, and we are spending all of the Rainy Day Fund.

So when you look at, as Senator Roraback said, a \$1.2 billion tax increase now, what are we going to do two years from now? We're not willing to cut spending in the circle this year, so two years from now we're going to turn around, are we going to say, Well, let's pass a millionaires tax. No. We've already done that. So what tax are we going to raise next? And if you're watching at home, the answer is yours because this Legislature is going to be coming back to tax every middle class family in Connecticut because of the structural deficit built into this budget.

So, Mr. President, in conclusion, we could do better for our families. We could do better for Connecticut. The people of Connecticut have said time and time again in polls by a two-to-one margin they wanted us to cut spending rather than raise taxes. This budget fails to meet the desire of the residents of Connecticut and it fails our families, and I encourage a no vote tonight.

August 31, 2009

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark?

Senator Caligiuri.

SENATOR CALIGIURI:

Thank you very much, Mr. President.

Mr. President, I rise in opposition to the bill before us. I hope that after nearly three years in this chamber, my colleagues know that I'm not one for exaggeration or hyperbole and certainly not for bomb throwing. And I say that because I have to tell you, as I stand here tonight, I believe in my heart that Connecticut stands at an absolutely critical crossroads in this history and that we are about to make a choice for which we will pay dire consequences for years. I dare say that process started two years ago, and for reasons that I'll point out and which have already been pointed out, I think we'll continue on an order of magnitude that is going to be difficult for us to comprehend as we sit here tonight.

I've spent a lot of time as someone who's grown up in a distressed municipality, Waterbury, a city I love, which 50 years ago, I think people would never

rgd/gbr/md
SENATE

60

August 31, 2009

have been able to imagine that Waterbury would go through the hard times that it went through. And as an alderman, as a lifelong resident, as an acting mayor, I've had to grapple with how did we go from being one of the great industrial centers in the world to being a troubled municipality on the precipice of economic failure every several years?

And I believe it's by repeating a cycle that I see happening at the state level. It's a cycle that starts with a moment in time when you have a level of government spending that the revenues you generate can't support any longer. The leadership at the time ultimately makes the short-term decision and doesn't reconcile that in a way that cuts spending down to a level you can reasonably expect to support. That ends up raising taxes which drives out business, which then starts the cycle over again. Because when you do that, you've further eroded your economic base, your tax revenues go down while your government spending continues to stay the same or typically goes up. And the cycle repeats itself over again and over again and over again to the point where, over a period of years, you see an exodus of businesses and an exodus of individuals who ultimately say, as much as I love this

August 31, 2009

community, I can't afford to stay here any longer.

This trend is real. And it's a trend we've seen happen at some of the greatest municipalities we've had and some of the greatest municipalities this country has ever known which call Connecticut home. And my friends, the same thing can happen to Connecticut if we don't make the right choices. And when the history of Connecticut is written, this may be one of those watershed moments where historians looking back say, had they made the really tough decision, Connecticut could have had a different outcome.

Two years ago I made a tough vote by voting against the state budget that just ended a few weeks ago because I felt that it was structurally out of balance, was ultimately going to result in deficits, and that the ultimate answer this building was going to provide would be far more in the way of tax increases than in the way of spending reductions and that the problem would become worse. And when Senator Roraback and Senator DeBicella talked about the deficits and the structural deficits they believe and I believe we're looking at in future years, I see, in my judgment, the seeds of the cycle that I've just

rgd/gbr/md
SENATE

62

August 31, 2009

refer to. This problem will not end tonight if we adopt the budget that is before us. It will simply be postponed and made worse, and we will pay an ever greater price in the years ahead.

We have a very simple but difficult problem to solve. We have a level of spending that we cannot reasonably expect to support with the revenues that we can reasonably expect to generate in a normal economy.

We have two choices. We either cut spending back to a level that is truly in-line with the revenues we can reasonably expect to get, or we can solve it on paper by raising taxes which will not generate the economic activity we expect it will, which will bring us back to deficits in future years. And I believe, and I'm loathe to make predictions, but I believe in my heart of hearts that a yes vote for the budget tonight is a vote that will take us to that situation in just a few years once again.

And these are consequences that have very real impacts. There's talk of Pratt and Whitney potentially closing its Cheshire facility. And in the letter that it wrote to the Commerce Committee it noted, among other things, that when it look -- it looks at its global economic situation and it does a

August 31, 2009

macroanalysis of where it makes sense for that company to do business, the cost of doing business in Connecticut is 40 percent higher than it is in Georgia. And if we continue to implement economic policies that make it harder and harder for Connecticut families to live here and Connecticut businesses to compete here in an increasingly global economy, we will drive these businesses out. We will drive jobs out, and we will destroy the state we love.

No one here wants to do that and I know we have differences of opinion over what the right answers are. But I have to tell you, I wouldn't be able to go to sleep tonight with a clear conscience if I didn't at least take a moment to speak my piece about the trajectory I see us going on and which I believe this budget is placing us on.

It's not anything anyone wants to do. I know that. No one wants to see that outcome for Connecticut, but, my friends, that will be the outcome in my judgment. And we can do better. We can do better by making the truly hard choice and scaling spending back to a level, as painful as it will be, as painful as it will be, to something we can actually afford, not because we're heartless. I'm not a

rgd/gbr/md
SENATE

64

August 31, 2009

Republican who believes that government doesn't do good. Government does good. We need government. But we need government that does good by doing well, and we don't do well for the people we serve when we set ourselves up into a situation where we create a climate where businesses fail, taxes go up, and people and businesses ultimately get hurt. And I'm afraid that that's the cycle we are putting ourselves on.

And so as someone who's lived through it, from my point of view, in a city I love dearly, I just say I don't want to see Connecticut repeat the same mistake at the statewide level, and I believe it's about to do that.

It's for that reason that I'll be voting against the budget, and it's the reason why I hope that many of you will do the same, and we can go back and we can recalibrate in a way that will sow the seeds of success for the future, not failure.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

August 31, 2009

Mr. President, I rise to support the very eloquent comments made by our distinguished colleague from Waterbury. Faced with overwhelming odds, this Governor has made enormous efforts to negotiate a budget that she cannot enact, must wait for the veto proof majority to approve. Some believe that the Governor has made a decision to compromise with no sincere effort from the other side to negotiate in the same fashion. She has put proposals on the table time and again in an effort of compromise.

On the other side, oftentimes, stubbornly, time and again, have crossed their arms and refused to budge, preferring no action and stopping a huge unsustainable spending increase as we see month after month after month. Instead the style of negotiation is to embrace any new taxes on the table and refuse any tax reductions or spending cuts, something that nearly every business and family has been doing for the last two years. Nope, their plan is to borrow all shortfalls in revenues, tax what hasn't been taxed or pass another tax or fee increase to a public that can't observe -- absorb it during these very difficult times.

Today, the other side once again did not

rgd/gbr/md
SENATE

66

August 31, 2009

compromise. They did not agree, to what I understood was going to be the elimination of the estate tax or even the delay of school suspension and treating 17 and 18-year-olds like juveniles that were burden every city and town, whether Democrat or Republican, with increased costs that they just simply can't afford right now. Instead, their plan is to shut down some prison cells; spend 500 million more than last year; increase nearly every fee in Connecticut; borrow over \$2 billion and drain the entire \$1.4 billion, creating a \$3 billion deficit in 2012. There is a perception by the public that Hartford's style of negotiating is to accept any new taxes on the table and the refusal to implement any tax reductions or any spending cuts.

The General Assembly's plan to borrow all the shortfalls and revenues and let runaway spending continue into the future, is a real perception out there. And now more than ever, we need to be very careful, just as the good Senator from Waterbury has just stated, how we proceed with new tax proposals as Connecticut's budget and tax decisions right now will determine the future of job prospects. Many of those job creators that we should understand are the target of this budget, the 26,000 that have been mentioned.

rgd/gbr/md
SENATE

67

August 31, 2009

I believe that the public is becoming increasingly tired of the massive government spending, both in Washington and in Hartford, because that perception is permeating right down to our own districts. They seem to be starting to get it and understand that they do not want the owners of the businesses they work for to move their jobs out of state.

With that being said, faced with such lack of understanding of the underpinnings of our economy by those that the Governor has been negotiating with at times, they -- the Governor has really had done a remarkable job.

So our -- our vote possibly against this budget, I don't believe reflects the hard work that has been done over these last months and the frustration that everyone has endured over so many budget meetings and even sessions that we've had.

As elected officials, our job is to listen to what our district taxpayers are thinking. That's our role. After all, they are actually footing this bill. And in the last month, I have actually asked my constituents what they think, and they are showing up in hundreds at town meetings and forums in all of my towns just this weekend uncomprehensively, almost 800

rgd/gbr/md
SENATE

68

August 31, 2009

people. I got to listen to 800 people. I don't think I've listened to that many people in a weekend in my entire 13 years up here. And the mood of that public is increasingly clear. They're angry and they're very suspicious. Yes, it is a national scene that's permeating onto our state scene, but a lot of what's happening here is reflective.

There's a perception that Connecticut has a spending problem, not a revenue problem, and that without significant spending cuts, like any addiction, increasing taxes simply enables the habit to keep spending at an uncontrollable, unsustainable rate, will continue.

These are some of the things that were overwhelming in these meetings. They made a point to say that they do not want more government programs. They do not want any more government spending. They want us to stop, and they're increasingly tired of action that enables the unsustainable habits of government special interests or what they perceive as special interests. Increasingly, they do not like what their leaders in the General Assembly are doing. They're angrier than I've ever seen, and I have to tell you, quite frankly, possibly more than during the

rgd/gbr/md
SENATE

69
August 31, 2009

income tax year.

I have found that my district voters and I are on the same page. They expect the state to make the same sacrifices they're making. By passing a structurally unsound budget, the majority is throwing up its hands and saying they are incapable of getting the job the public expects to be done, done right. This is going to be a pretty easy vote no for me to take, and I really sincerely hope that others around this circle will think about it a bit and try to put Connecticut first, the citizens, the rank and file people first, and will also vote no.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Good morning.

THE CHAIR:

Good morning.

SENATOR KANE:

Mr. President, as you know and as the circle knows, I came in here in a special election last year so this is my first budget vote, and very much so, I

August 31, 2009

would like to be voting in favor, but I can't, definitely not at this time, not with the increased spending that is in this proposal. I think none of us in this room plan on increased spending. I know this year alone I have not increased my own spending. I know in my business I have not increased spending. How can I project two years down the road to increase spending or plan for more increased spending? I just can't. It just can't be done in this economy. None of my neighbors, none of my family, none of our constituents that we represent every day are literally standing there saying, you know what, I'm going to -- I'm going to spend more money. I think that's a prudent thing to do in this economic time.

I think Senator Harp said a very important thing when she said that more cuts can be made. I believe that. I agree with that, and I wish we could have done more, Senator Harp, because I do believe that more cuts can be made and should have been made in this budget. We are all making these type of cuts in our own homes, in our own businesses. My wife works for a nonprofit. They've made humongous, incredible cuts to their services locally.

But the big problem is we're not. We're just

August 31, 2009

006697

going to keep increasing spending, and the way to do it is increase our fees, which if you go to this list, I mean it's incredibly thick how many fees that we've raised, everything from manufacturing to licenses to -- I mean, you name it, it's there. Even the nuns at the Abbey of Regina Laudis in my District of Bethlehem are going to increase fees because they make milk and cheese and all kinds of dairy products. So they're going to see increase in fees as well.

The big thing for me -- there's a couple things really. The borrowing. I remember growing up my mom would always say, you're robbing Peter to pay Paul. I think that's what we're doing here today. We're only putting off paying someone by borrowing from someone else, and that's just not the way I grew up and the way I -- I plan my budgets.

But I think the big thing for me is the 10 percent surcharge on businesses. And I know initially, we talked about all businesses would see that surcharge, and now it's been scaled back to only businesses that make a hundred million dollars. Well, it's been mentioned many times in this room about Pratt & Whitney, one of our largest employers in the state of Connecticut planning on leaving because of

rgd/gbr/md
SENATE

72

August 31, 2009

the rising costs and the high cost of doing business here in the state of Connecticut.

So I started Googling a few things, and I'm on NBC 30's website and I see the Speaker of the House saying we are very, very concerned, and we want to do whatever we can to stop these jobs from leaving. Well, this isn't the way to do it. If we're talking about a hundred million dollars in revenue, these are the kind of businesses we're talking about, the Pratt & Whitneys, the UTCs, the GEs, the Pfizers, these are the companies that are in that level, in that ballgame, and we are all concerned about those jobs. Well, then I think we need to think about this 10 percent surcharge that we're putting in place.

Lastly, I will say that, you know, during this time since we ended our session in June, I think all of us probably have done it. We go visit senior centers. We go to our Rotary Clubs. We speak at business groups and it seems like, you know, I'm the -- I'm the guy who brings the bad news and, you know, always talking about the budget deficit and how large it is and how bad things are. But I always try to be a positive person. I always try to look for the positive in things and in life and look for a silver

August 31, 2009

lining. So I always, you know, end my remarks when I -- when I speak to these groups by saying, This is our one opportunity to reform how we do government, and we haven't taken that opportunity. So although I always try to find that silver lining, I think we've missed it.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President.

I rise in agreement with my colleagues in thanking the professional staff of the Connecticut General Assembly, both partisan and career staff, who have done a fine job following the direction of the Democratic leadership in this budget cycle. I don't agree with the product, but I am very thankful for all of the hard work that's gone into this.

You know, early in the 2009 Legislative Session I was excited to be appointed to a new commission created to identify potential improvements and efficiencies in our state government. And I felt my experience with this process in local government would

August 31, 2009

be helpful and lend a unique perspective to the Commission on Enhancing Agency Outcomes.

Unfortunately, the Democratic majority leadership refused to seriously consider reinventing Connecticut state government operations, the only real opportunity for this Legislature to actually reduce spending.

Public Act 09-02 spells out the charge of the commission, that the Commission on Enhancing Agency Outcomes shall identify functional overlaps and other redundancies among state agencies and promote efficiency and accountability in state government by identifying ways to eliminate such overlaps and redundancies and by making such other recommendations as the Commission deems appropriate with the goal to reducing costs to the state and enhancing the quality and accessibility of state services.

I cohosted a CEOA public hearing in Danbury with my colleague, Senator Slossberg, where residents and business leaders shared testimony of commonsense approaches to government efficiency. They said, "Think like a business." What a novel idea. Budget -- budget rhetoric has been abundant all summer. As the Democratic majority leadership has really dragged their feet, I think, on the difficult

rgd/gbr/md
SENATE

75

August 31, 2009

decisions of this fiscal crisis, the major disappointment, really, the major disappointment is we've squandered an opportunity to truly reinvent Connecticut state government. Unfortunately, the super majority Democrats in this Legislature are preserving special interests and expanding rather than reducing state government.

This budget before us increases spending, increases spending over \$800 million over the next two years. That's breathtaking. State government is spending more money when every resident of Connecticut is cutting their own spending. Obama bucks are the savior for many state budgets this year across the country, but Connecticut's taxpayers must pick up the increased cost when the Obama bucks disappear in two years. Surely, President Obama can't keep printing money at this pace when the federal deficit is in the stratosphere.

You know, only 21 percent of the Obama bucks that are coming to Connecticut are for infrastructure improvements, the real chance for new jobs in Connecticut. The rest of the federal stimulus money is filling cavernous holes in our state budget and really sustaining current levels of spending,

rgd/gbr/md
SENATE

76
August 31, 2009

preserving existing government jobs. This fact raises future deficits in Connecticut. When the Obama bucks disappear, the deficits will remain. And I believe this is an example of us just kicking the can down the road.

Our economy fell off a cliff last year and the federal government raced to the rescue with Obama bucks as a short-term fix. Even if the recession ends next year, our state budget will fall off another cliff because we can't replace the Obama bucks in 2011. We certainly can't replace the Obama bucks with more taxes because this Legislature is about ready to pass the largest tax increase in the history of the state of Connecticut. State government cannot survive operating like it does today.

The biggest disappointment during my first year as a Legislator -- Legislator is the unwillingness of the super-majority Democrats of this Legislature to consider substantive, efficient reforms of government operations. The Commission on Enhancing Agency Outcomes really should have met all summer to discuss recognizing reorganizing government and had some substantive proposals for us today.

As some of my colleagues have stated already,

rgd/gbr/md
SENATE

77

August 31, 2009

Connecticut truly is at a crossroads. This budget today should be about making tough decisions now to prepare for the next cliff that we face in two years.

If we fail to act responsibly now, the decisions in 2011, I believe, will be catastrophic to state government operations. I urge my fellow Legislators on both sides of the aisle, let's not -- let us not kick the can down the road today. Connecticut government spending outpaced our taxpayer residents' income by 64 percent since 1987. Imagine that, Connecticut government spending grew at such a rapid pace in the last 22 years that it far exceeded the growth of income for the residents who fund the government with their taxes. Twenty-six thousand Connecticut taxpayers earned over a million dollars last year, but half of them don't live in Connecticut. What does that tell you? People who have a choice leave the state.

Let's take a look at New York, recently rated dead last, number 50 in the United States in state economic outlook rankings. New York has the highest personal income tax rates in the country. New York has the highest corporate income tax rates in the country. New York has the highest outward migration

rgd/gbr/md
SENATE

78
August 31, 2009

in the country. And what does that mean to New York?

Well, let's look closely at the membership of the United States House of Representatives. In 1970, the state of New York had 39 seats in Congress. Today, New York has 29 seats in Congress, and in 2030, New York is projected to have just 23 seats in the United States House of Representatives. New York will be down 41 percent in their seats in Congress, and I submit to you that high taxes means residents leave for friendlier straights -- friendlier states. They lose seats in Congress, and they lose power in the Congress of the United States. I submit to you that tax policy, similar to the proposal before us tonight is regressive and will chase business and residents from the great state of Connecticut. I rest my case. No new taxes. Cut spending. That's what the voters are asking us to do.

Thank you.

THE CHAIR:

Thank you, sir.

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

I knew when I first came to this chamber earlier

rgd/gbr/md
SENATE

79

August 31, 2009

this year that I'd have some frustrating days, I'd have some disappointing days, and hopefully, a few days of elation. Certainly not enough of the latter, but I did not imagine that I would have as disappointing a day as I've had today and yesterday when I started to get hints and little bits and pieces of what this budget proposal would look like.

There's clearly a difference of philosophy in this room here tonight, and I know it's pretty much the same down in the House and has been all afternoon and all evening, but my fellow Senators, it's time to put the philosophical differences aside and pay attention to the cold hard reality of what we're facing here. We know about the myriad problems that we're facing from an economic point of view, from a fiscal point of view, and a slew of other issues that are affecting our physical well-being here in the state of Connecticut. We are facing the worst economic circumstances since the Great Depression. In some ways, it's worse. We are looking at a fiscal situation that is as catastrophic as any state in the country no matter which way you look at.

We also have to recognize that what we do, in the legislation that we pass, whether it's a budget bill

rgd/gbr/md
SENATE

80

August 31, 2009

or just a bill about another issue, wherever there's an initiative, there's always a reaction. We have to be able to anticipate that reaction. If we are, in fact, putting ourselves into what has been very articulately described, but I'll sum it up by saying a downward death spiral by, in effect, forcing our tax base to leave the state of Connecticut because they simply can't afford it or simply because they're so intelligent or they have enough intelligent people around them that the advice they get is to depart from the state of Connecticut as quickly as possible because of, number one, the estate tax, number two, the increase in income taxes going up to 6.5 percent in this proposal here before us tonight, they leave.

I come from a district where I can tell you anecdotally -- it's almost impossible to get this statistically, but anecdotally, hundreds if not thousands of families and firms, limited liability corporations as well as C corporations have left the state of Connecticut for greener grass in other states, and in some cases, in foreign countries. It's very important that we realize our tax policy is going to have consequences. All you have to do is look at other states. We all know what the competitive states

rgd/gbr/md
SENATE

81

August 31, 2009

are in the country today, and you don't have to look too far beyond our shores to understand that there are places like Bermuda, treats your capital, treats yours human beings in a -- in a formidable, welcoming fashion. Guess what? You're going to pick up lots and lots of companies, lots of individuals, lots of families and lots and lots of wealth. That means that you can have a lower tax rate on a bigger tax base and, in fact, a net positive effect on your revenue collections at the end of each period at the end of each year. It's very, very important to remember that.

I fear that if this budget bill passes tonight, it goes into law without being vetoed, what's going to happen is that we'll see the last of those significant taxpayers still left in the state of Connecticut: Yes, it's a wonderful state; yes, it has great beaches; it has Long Island Sound; it has great schools. But they are not going to do this forever. There is a threshold. There is a breaking point for people who pay taxes here.

We also have to keep in mind that the tax revenues come from companies. They come from wealthy families. They come from limited liability

rgd/gbr/md
SENATE

82

August 31, 2009

corporations, and, yes, hedge funds. Whether you like any of the above or whether you dislike them, they are the ones who provide the tax revenue stream to the state of Connecticut that allow us to have a state government. I would challenge anybody in the circle tonight to a spending contest. I love spending money on other people. I would -- I would spend as much, if not a lot more, than all of you collectively; however my conscience, my fiscal conscience, will not allow me to do that because at the end of today, quite frankly, it is cruel to do so. Because for the long-term prospects of the state of Connecticut, what we're doing in the short run which is frankly self-serving, it jeopardizes completely the long run, the long-term for the state of Connecticut. What are we going to do at the end of 2011? What are we going to do six months from now when we know we're going to be back here adjusting, quote/unquote, the tax rates so that we could make ends meet. There again, I have to say it again, there are limits to what we can borrow here in the state of Connecticut. We're used to seeing tax increases being absorbed. We're used to being able to go to the capital markets and raise a couple of billion dollars here and there. It's a vastly

rgd/gbr/md
SENATE

83

August 31, 2009

different financial world out there today, and let's not forget the rating agencies will ultimately come to Connecticut and take a fine-tooth comb and go through our budget, and -- and go through the deliberations that we will continue to have here to see what the attitude is. What are the long-term prospects of Connecticut? That's what goes into these different -- different ratings.

The -- the question I have when I saw -- the question I had when I first saw the budget is, where is the disconnect? Where is the disconnect? We have to pay attention to where the wealth and where the resources came from in the state of Connecticut. Again, if you go back a hundred years, this was a great place to establish a company, a great place to bring a company. Taxes were low. Yankee ingenuity was at its peak. And if you look at the world-class companies that we have in our state today, some of whom, many of whom have considered -- have already left and some of whom are considering leaving now. You have to ask the question, why? Our cost of business is too great. Our taxes are too big. And we are the second, if not the first, most heavily taxed people in the country when you take into account the

August 31, 2009

federal tax burden as well.

When I came up today, a little bit early, I took my time coming up because I wanted some extra time to think about this issue. And I drove by -- in my district, I drove by probably 14 or 15 homes where I thought for a few seconds, each -- each house that I went by, if that family leaves the state of Connecticut, it's going to be -- it's going to be mildly catastrophic because they are taking with them not only an incredible amount of wealth, they're bringing with them -- and that means future revenue to the state of Connecticut. And I'm not just talking about tens of millions of dollars in each case. I'm talking about significantly more than that, but what else -- what in addition to that would we be losing? We'd be losing extraordinary philanthropic people who do so much in areas that state government tries to do a good job, oftentimes does do a good job, but doesn't always do a good job. Without them, there are going to be bigger voids to fill.

I drove by -- I drove by General Electric Capital Corporation, GECC. I drove by UBS, RBS. I drove by the great helicopter manufacturer, Sikorsky. I drove by Pratt & Whitney, the world's greatest engine,

rgd/gbr/md
SENATE

85

August 31, 2009

aerospace propulsion plant manufacturer in the world, and -- and I thought to myself in each of those drive-bys, what is Connecticut going to look like without them? If you fast forward 10 or 15 years down the road and our tax base is three-quarters or 50 percent of what it is today, and our tax rates are three times or four times what they are today, what kind of state do we have? We get into the downward death spiral that Senator Caligiuri was talking about before, and that's not what any of us want. At the expense of the long-term, we're doing something for the short-term, which I think is myopic at best.

We are not with this budget approaching the problem intelligently. I know for a fact that all of us want to make the lives of Connecticut's citizens better and greater in a variety of different ways. The social programs that we have in the state of Connecticut are, in most cases, fantastic ones, but it boils down to a question of affordability and are we doing the right thing today with respect to the long-term? I would argue that we're seriously jeopardizing the future of Connecticut. We're borrowing a lot of money. We're going to be borrowing a lot more money in the future if we don't get our act

rgd/gbr/md
SENATE

86

August 31, 2009

together.

Our state budget for 26 years now has been increasing at an average rate of just shy of 7 percent. The constitutional spending cap, which went into effect, I believe it was 1992, has called for an average spending increase related to CPI or disposable income in Connecticut of no greater than 2.9 percent. We've broken that by a factor of over two and that's inexcusable. We need to get that under control.

We are not -- we're not using any courage. We're not using real courage. We're not using real intelligence like the private sector is to try to get this problem under control. Many of you have run into people who have accused us of spending money like drunken sailors, is their favorite phrase. Well, to a degree, they're right. It's a systematic increase that we are witnessing here over many years. And we witness it here, as we face another biennial budget of increases to the tune of \$800 million over those two years, again while we're facing the worst economic and fiscal circumstances of many, many generations. I just -- I'm still wondering where -- where the disconnect is.

The vast majority of revenues to the state of

rgd/gbr/md
SENATE

87

August 31, 2009

Connecticut come from business and they come from families that do well. And what we need to do is we need to ask ourselves, are we doing the right thing for them. Again, we need to be figuring out ways to foster the private sector, the real productive sector so that there will be a steady stream of revenues to the state of Connecticut so that we can, in fact, increase the programs that are in place and maybe even come up with new programs as well. That's the fair and the right thing to do for the people of -- of Connecticut. I'm still trying to figure out where the logic is because there seems to be a disconnect.

When you talk about the economic and the business environment in the state of Connecticut, I spent 15 years working with CDA, working very hard to bring companies to Connecticut, very hard to start companies and very, very hard to keep companies in the state of Connecticut. And I can tell you, I heard just about every single issue that a small business to a large business would have, and I know intimately what the challenges are for them within the borders of Connecticut. And what we're doing with this budget is we are single-handedly saying we really don't respect and we don't welcome businesses here. That's the

August 31, 2009

message that we're sending out, and it is a competitive environment out there, not just within the United States of America, but internationally. It doesn't matter. What we need to do is foster these companies, figure out ways to make them more competitive, lower their tax rates whether they're small or whether they're large.

These -- these business leaders are -- are very intelligent, and they're also very sensitive, as are families, as are people who run hedge funds, whether we like them or not again, and they are in a position where they can pick up and they can move. We've seen this happen. It's -- it's an exodus that has happened, and it's an exodus that will continue, only continue to increase if we pass a budget such as this one.

So my final question, rhetorically, Mr. President, is -- is this to everybody in the circle tonight. This is the most monumental decision, undoubtedly, that you'll be making in the State Senate in Connecticut, no question in my mind. And the question I would urge you all to ask yourselves is this: Do we want a state that remains a truly great state to have a business, to raise a family, to live

rgd/gbr/md
SENATE

89

August 31, 2009

in, or do we want to invite the inevitable, which is us becoming a third-world like state for all of the reasons that Senator Caligiuri very nicely and articulately outlined before, because that's the economic reality of what we face today.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on House Bill 6802?

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President.

As the hour grows late, I will try to keep my comments brief. I do want to thank those who worked very hard on putting this budget in front of us. I know that takes a lot of time and effort, and I do appreciate the staff and the members of the circle who did put the document together. However, I do disagree with the philosophy and the intent of this document, and let me tell you why.

What we're talking about is, right off the bat, \$880 million in new taxes, and if the sales tax exemption, which we're going to get to, the decrease from 6 to 5.5 go -- does not go into effect, you're

August 31, 2009

talking about a \$1.2 billion straight tax increase. \$1.2 billion. That's the minimum. That's the straight tax if you would. Then we have another category that sometime called revenue adjustments or other, which really is another 400 million. So you're talking about a budget document that may pass tonight that's a \$1.6 billion tax increase. That's what it is. It is a 1.6 -- probably one of the largest tax increases we've ever done in the state of Connecticut -- \$1.6 billion tax increase.

In addition to that, we have securitization. What that is is borrowing. So you've got a \$1.6 billion tax increase and a \$1.3 billion securitization. That's a fancy word to say we're going to borrow because we don't have enough money. And how are we going to borrow it? Well, the presumption is we're going to take a stream of income for the next so, four years, five years in the future, and we're going to pledge that so we have money today.

So we're going to say here's what we're going to, we're going to pledge this string of income against revenue you give us today, 1.3 billion. That's how we're doing this. Then we've got \$4 billion, or \$3 billion of one-time revenue. This is a mixture for

what I believe to be a fiscal disaster in two years. And I wouldn't start writing home right now and start talking about that there's going to be a sales tax reduction from 6 percent to 5.5 percent, and here's why. The way it works is between the time that this passes and sometime before January 1st, there's going to be a revenue estimate to determine if the revenue is within 1 percent of what the board -- the revenue finance board approved here tonight. And if it's in -- within that 1 percent, in other words, we're on keel, we're heading towards a number we think, the sales tax is going to get reduced.

Now we've got to make that calculation soon enough that every merchant in the state of Connecticut can go into their program and change that percentage from 6 percent to 5.5 percent. It is not an easy task. It is not an easy task for retail stores, in particular, to make that reduction because everything is done on computer. So that's going to have to get done. So we should do that in a very timely manner.

But then what the law goes on to say is, after we make that reduction, if between January 1st and June 30th -- the comptroller will give monthly statements. So in that six months you get the monthly

August 31, 2009

statement. If just one of those monthly statements, just one doesn't get within that 1 percent, the sales tax goes back up, so we could have a bad one month. We could have March could be bad because of the snowstorm, or we could have a very cold spring that happens here and sometimes the spring sales go down. We could have one bad revenue period, and what happens? Sales tax goes back up just because of one month. That's what the law says. That's what we're passing.

Mr. President, we talked about cuts, and there was some discussion about 500 million worth of cuts. Mr. President, when you look at those \$500 million worth of cuts, I don't consider those cuts a significant portion of it. For instance, deferring of payment of judges' compensation on retirement, that's not a cut. That's just moving income.

Pilot money, as we all may recall we put some money away for pilot programs. Well, we don't have an enough manufacturing businesses in the state of Connecticut that used all that money, so we have leftover, so we don't have to fund it as much because we're not doing as well with manufacturing businesses. They consider that a cut. That's not a cut.

rgd/gbr/md
SENATE

93

August 31, 2009

When you look at issues like the film tax credit, reducing that, that's not a cut. And the Medicaid issues using the federal money, which is a good idea, but it's not cut. No consolidation of agencies that we talked about early on, none of that is in here.

So, Mr. President, we seem to be taking a \$37 billion budget which balances within \$1 million. That's the balancing act there. With that \$1 million you need a small blip on the financial radar screen to make this run into trouble. That's why people are saying we're going to be back in November, we're going to be back in December. There's not even a small margin of error in this budget.

We have to take charge of our State. We have to take charge of our financial future. We all know that with the one-time revenues that we have, we are facing a fiscal crisis that we just -- we put off by not making the appropriate cuts, doing \$4 billion of one-time revenue, and we know that we have a monster lurking in the distance that we're going to have to tackle, and we could do it now. With \$37 billion budget and no real cuts, maybe less than 200 million, we have set a course for ultimate fiscal disaster. And we're going to see that very early on. We're

August 31, 2009

going to see that before the first quarter of 2010, when the estimate -- estimated taxes come in. We're going to see how bad we really are. We're never going to see a sales tax cut. And if we do, undoubtedly, it will be back July 1st because there's going to be a blip on the radar screen -- financially there just must -- of that 1 percent for the six months between January and June. And what certainty does that give anybody? Yeah, you've got a sales tax. Now, no, you don't have it. Yeah, you do. No certainty. And we talk about it in this building, we've talked in the circle about certainty. There is no certainty.

So I must say that I know a lot of people did a lot of hard work, and I know that their intentions are well reasoned, but when you look at the financial condition we're in and you look at the economic times we're facing, we have to react. And I hope when we come back, because we will, not with the implementors, when we come back to deal with this budget for budget adjustments, I hope we do a job and we do some serious cuts so we don't run into the problem that most of us see in the future.

So Mr. President, with that I will be voting no on this bill.

rgd/gbr/md
SENATE

95

August 31, 2009

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on House Bill 6802?

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Yes, thank you,
Mr. President.

Mr. President, speaking in support of the bill,
first I would like to commend the extraordinary work
throughout this entire budget process of Senator Harp,
the Chair of the Appropriations Committee, Senator
Daily, the Chair of the Finance Committee, their --
their House counterparts, Representative Staples and
Representative Geragosian, also Speaker Donovan,
Majority Leader Merrill in the House of
Representatives, and our own President Pro Tempore,
Senator Williams, who has been a guiding light in all
of the difficult decisions and strategies that had to
be evaluated in the course of this -- of this long,
marathon process.

Mr. President, this is a responsible budget for
the State of Connecticut in a hard and difficult and
challenging economic times. Look, first of all, at

August 31, 2009

the revenue side. The proposal to increase the marginal rate of income tax at incomes over \$500,000 for individuals and over a million for joint filers is, I think, a very significant breakthrough. It is something that we Democrats have been advocating for for a long time: The need to make our income tax more progressive, the need to build in a rate structure that would reflect greater ability to pay. And certainly commend the Governor for reversing her prior positions in adopting that proposal as her own. And what it would mean, Mr. President, as we know, is that someone who is earning \$600,000, that extra hundred thousand dollars above the \$500 threshold would pay an additional \$1500 on that hundred thousand dollars of income, and that is less than \$30 per week on income of nearly \$12,000 per week.

Nearly a hundred years ago, President Theodore Roosevelt pointed out that the equity in progressive taxation is that those who have the greatest stake in society and the greatest benefit from society should be willing to pay somewhat more for that great benefit and bounty which they enjoy.

If we look at the spending side, Mr. President, we know that the administration negotiated a

August 31, 2009

concession package with the State Employee's Bargaining Unit, with SEBAC, and that savings in that area will be constrained and limited by that agreement. We take that as one of the -- the realities of this -- of this budget process.

Other spending cuts are constrained by provisions of the federal stimulus bill, that there would be a penalty and loss of federal funds if we were to make cuts in certain areas in our own budget.

And also, Mr. President, the need to sustain municipal aid, as we know, was really a sustaining principle in this budget because a cut in municipal aid will create a domino effect resulting in an increase in the local property tax and a decline in municipal services and suffering at the town level.

And property taxes, as we know, Mr. President, are inherently regressive and in many ways anachronistic. Looking back to a time when property ownership equated with wealth, and that correlation is no longer as accurate as it was a century ago, because now we know, and one of the great realities as we see in the increase in foreclosures is that many times a change in income status means that people are no longer able to afford the homes that they were able to

August 31, 2009

afford when their income was at a higher level, or a two-income family is comfortably affording a residence and property taxes on it are suddenly in desperate straits, when that family becomes a one-income family.

So we know that a passage of this budget suffering onto the municipal level will cause -- cause great pain, and it would be irresponsible for us to just pass that along in the guise of providing -- providing savings at our own level. We have partners throughout the state, the nonprofits, who provide so many state services. We are dependent for the provision of the state's own mission, in many ways through contracts that we provide or that we enter into with nonprofits. And they have been -- been suffering, obviously for the last couple of months because of the lack of a budget -- would suffer even more as we go forward. And we know that not only are state services provided directly by state employees, but as we know, indirectly through an entire array of contracts and service providers.

So that state government and its services are part of the fabric and network of this state. It's not something that we can say that we can look at in isolation from so many other elements in -- in our

rgd/gbr/md
SENATE

99

August 31, 2009

society. And effective government in times of difficulty and in times of economic crisis requires in many ways more governmental activity, more governmental investment, and more of an effort to sustain operations in society that might be jeopardized if cuts were made in a harsh and thoughtless way.

So in this very, very difficult time, not only for our state, but for our nation, this is a reasonable and responsible budget that has been worked out and with long thought and labor, and while it is certainly not perfect, it is an appropriate response to where the state finds itself today, what its obligations are, what its responsibilities are and what its resources are.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President.

Mr. President, I rise with some disappointment in opposition to the budget before us. After months of working with colleagues from the other side and the

rgd/gbr/md
SENATE

100

August 31, 2009

Governor's office trying to reach bipartisan budget accord, sadly, we have a budget today, but not one that has my support or the support of the Senate Republican caucus.

I would concede at the outset that no one's budget, not the Democrats' budget, the Governor's budget, our Republican budget, or any of the other budgets in between is a good budget. No one is going to stand up and jump for joy with the passage of this or any other budget because the people of the state of Connecticut are facing the worst economic crisis of our lifetime, and as a result we are faced with the worst and largest budget deficit any of us have ever seen.

Having said that, the budget before us is simply too much. It's too much in spending, too much in borrowing, too much in tax increases. There are too many promises we cannot keep and too many decisions we've put off till tomorrow.

With respect to spending, I think you just need to be simple and quick with the people of the state of Connecticut. We're spending more money in 2010 than we spent in 2009. We're increasing spending in 2010 and 2011, almost \$800 million in the face of the worst

rgd/gbr/md
SENATE

101
August 31, 2009

economic crisis of our lifetime, in the face of dwindling state revenue to the extent we have an \$8.5 billion deficit, we are still increasing spending in the state of Connecticut. There are no families increasing their spending. Businesses are not increasing their spending. People in the real world simply aren't increasing their spending this year over last, and they can't understand why we, in government, are doing that. We're not cutting spending. We're spending more over the next two years than we did last year, and that's simply too much in spending.

It's too much in borrowing. Earlier today we borrowed almost a billion dollars to the tune of \$230 million in interest payments that the people of the state of Connecticut are going to have to pay over the next seven years. And in here we are looking at one-time revenue, one-time revenue in the billions of dollars. \$1.4 billion in the Rainy Day Fund gone, won't be there in 2012. \$1.5 billion in federal stimulus money, gone, probably will not be there in 2012. That alone is \$2.9 billion we are spending over the next two years that we do not have, will not have, cannot account for in 2012. So without a miraculous economic turnaround, we're looking at a \$2.9 billion

rgd/gbr/md
SENATE

102

August 31, 2009

deficit in 2012 once this budget expires. But that's not all. We're securitizing \$1.3 billion. We're giving up money in 2012 and '13 and '14 and '15 and beyond to get money today for our inability and our unwillingness to cut spending. Add \$1.3 billion of lost revenue over the next decade to that 2.9 billion that we don't have.

We've got \$53 million in sweeps that won't be there in 2012; \$60 million in OPEB savings that won't be there in 2012; \$80 million that we're saving, quote/unquote, in self-insurance which we have to pay in 2012; asset sales of \$60 million, one-time funding that won't be there, maybe not at all, but certainly not in 2012.

We've deferred pension payments to the tunes of \$75 million. That's not a savings. That's not a cut. That's putting off a payment to a later year. Too much borrowing, too much one-time revenue is going to leave us with a huge budget deficit in 2012. There are simply too many tax increases in this budget as well. This budget represents a \$1.562 billion in tax increases, assuming the sales tax cut doesn't happen. And I don't think anybody here should go run home and crow in their mailers that you've cut to the sales tax

rgd/gbr/md
SENATE

103

August 31, 2009

by a half a percent, because it's not going to happen.

If our revenue estimates are up off 1 percent, no sales tax cut. And if the sales tax cut does happen on January 1st, as Senator Fasano said, later it's going to create all kinds of trouble if our economic forecasts are wrong and it goes back up to 6 percent. Even if that sales-tax happens, it's close to a \$1.2 billion tax increase. That simply is a tax increase that is too large for the people of the state of Connecticut. And we can talk about taxing the wealthiest, we can talk about taxing the highest wage earners, but as Senator Roraback said, when you increase that fee on a nurse, when you increase that fee on a doctor, when you increase the fee on some of the people whose fee increases are going to go up and be doubled, you're not taxing the highest wage earners in our state; you're taxing the middle class. That's some of the tax increases in this budget as well.

There are too many promises in this budget that we can't keep. We claim \$500 million in spending cuts through lapses, through lapses. What are lapses? Those are things that we think are going to happen. We're not going to spend that money; we're going to have \$500 million left over. That's a huge number.

rgd/gbr/md
SENATE

104

August 31, 2009

That's a big lapse that's going to be there. How many people can vote for this budget with confidence that that \$500 million in savings is going to be there? I certainly can't, and I would predict, just as I predicted we wouldn't get the 220 million in couch-cushion money and we didn't come close, we're not going to get 500 million in lapses.

Ironically, some of the spending cuts that are real are some of the ones that Senator Looney just said we shouldn't be doing. Senator Looney talked about the domino effect of cutting municipal aid and how that will inevitably lead to property taxes, yet we cut the Pequot Fund, as I read the budget, by \$25 million a year. That's a real cut that's going to happen.

Yet there were missed opportunities after missed opportunities to cut spending for real. We've talked before about closing some state facilities, getting services for people who need it in the private sector. We can close Riverview Hospital and save tens of millions of dollars, and we won't do it. Just the other day we talked to -- I talked to Jeanne Milstein tonight, in fact, about how Hall-Brooke Hospital in Westport, Connecticut, run by St. Vincent's, Yale, and

other places can care for these young individuals who need care in the private sector, and we could save tens of millions of dollars, and we decided not to do it.

We are also increasing funding from 2009 to 2010 for the UConn Health Center by \$12.8 million and another \$2.4 million from 2010 to 2011. We're increasing spending on the UConn Health Center instead of having a solution that can run the hospital through the private setting, not one that costs us \$500 million in bonding, but a real private solution. We can't make those decisions. We're unwilling to stand up to certain people and make those decisions, and it's going to cost us \$12.8 million in increased spending next year because of our unwillingness to make those decisions.

So we can't cut and save tens of millions of dollars by closing down Riverview Hospital. We're the only state in New England that has a state-run psychiatric hospital for children. Everybody else has figured there's a better way to do it, but we can't make that decision. We can't make the decision as to what to do with the UConn Health Center so we're increasing spending there. That's 30 to 40 million

rgd/gbr/md
SENATE

106
August 31, 2009

dollars we could have saved if we made decisions, but we can't make them.

The other savings in this budget that's real is we're saving \$45 million a year, we estimate, \$90 million over the next two years in less payments in lieu of taxes to municipalities for manufacturing equipment. And that's right, we're not going to send that money out. Why? Because we've lost thousands of manufacturing jobs in the state of Connecticut. Why have we lost those jobs? Because it's too expensive to live here, the taxes are too high, the property taxes are too high, housing costs a lot, our transportation system doesn't work, and the manufacturing jobs have left, and we're not getting them back through this budget.

Where in this budget are we creating jobs for the next ten years in the state of Connecticut? What part of this budget can anyone point to and say, that's going to create jobs? Because if we're not creating jobs in the state, and I'm not talking about state government jobs, I'm talking about jobs in the private sector, if we're not creating jobs in this budget, how are we ever going to right our economic ship? How are we ever going to get this state back on the right

rgd/gbr/md
SENATE

107
August 31, 2009

path? Because we can't rely on the financial industry to save us again. That's pretty much gone by the wayside.

Where are the new jobs coming from? And what have we done in this budget document as a blueprint of where our State is going to head to get new jobs? That's a tremendous opportunity missed by all of us in this budget.

The other thing we've done is we've just simply put off too many decisions for a later date. Whether it's the lapses which may or may not come, whether it's deferred Medicaid payments, whether it's deferred pension funds, we have simply put off decisions till tomorrow. There was talk weeks ago about, I guess you called them a rogue group of House Democrats who are working on their own budget. I never saw it. I don't know if the group was real, but I was told at one point the difference between their budget and all the other budgets was that they didn't really use any securitization at all. And at the end of the day, that is the better policy to do.

Instead of putting off decisions for a later date, instead of giving up future revenue for money now because we're unwilling to make those decisions

rgd/gbr/md
SENATE

108

August 31, 2009

now, we should have made those decisions now. We should have made more spending cuts to set ourselves up for the future. One of the things that we've been told throughout this process is that we simply can't cut our spending any more than we have. We simply can't cut critical state services, whether it's Life Star -- I think my good friends in the Democratic Party had three press conferences at Life Star, two of which occurred after we agreed on budget negotiations that Life Star would be saved, but still three. And we simply can't cut to the bone anymore.

We have a million dollars we're going to spend it here on a brand-new program to teach the elderly how not to trip and fall. I have a hard time saying that with a straight face. A million dollars, \$500,000 in each of the next two years. Now, instead of putting it into the general fund, which I think it was in one of the earlier iterations of the Democrat budget, it's now been shifted into the insurance fund for it to be paid for in there, but a million dollars in a brand-new program that's going to educate the elderly in the state of Connecticut how not to trip and fall. Contrast that new program with the statements that we simply can't cut any more, and I think you'll come

rgd/gbr/md
SENATE

109
August 31, 2009

away with a conclusion that I have that it's not that we can't cut any more, it's that people are unwilling to cut, and people simply don't want to give up their little pet projects, their little pet commissions. We're increasing spending some 24,000 on a new commission that's been created in the last three years.

The worst economic crisis of our lifetime. Seventy thousand people have lost their jobs in the state of Connecticut, families have been impacted. We're increasing spending, starting new programs, funding new commissions that don't do anything to help the people who've lost their jobs or more importantly, find them a new job.

The Governor came out last week and offered a compromise, agreed to raise the income tax on the highest wage earners in our state in exchange for a couple of things, one of which was some real reductions in spending. I give the Governor a lot of credit for coming out with that compromise because it truly was not her position to want to raise taxes, but it was a compromise. And I'm sad that tonight the majority has failed to meet her halfway on that.

Five-hundred million dollars in cuts is not an

rgd/gbr/md
SENATE

110

August 31, 2009

easy chore, but we didn't even get halfway. There are claims that there have been 385 million in cuts put on the table, but we know when you net them out, because when you cut federal programs and we lose federal dollars, that's not really the State saving money. It nets about \$180 million. That's the best we could get. That's just simply not good enough.

I hope at the end of the day the Governor will take a long look at this budget and decide it needs to be vetoed. I don't know if that will be happening, but we need some real spending cuts. I can't go to the people of the state of Connecticut and say, guess what? I know your family budget is down. I know you -- if you haven't lost your job, maybe your employer has asked for an increase in your health care, maybe your employer has ended their match on your 401(k) plan, maybe your employer has cut your hours from 40 hours a week to 32. Stories that we've heard across the state of Connecticut talking to small business owners and towns and cities throughout the state, they've all told the same story -- we've let employees go.

One company we met with -- one company we met with in Winsted, Connecticut had to let two employees

rgd/gbr/md
SENATE

111

August 31, 2009

go who were there since the start of the company. Had been in Connecticut, started 27 years ago, and the woman told us that she had to go and tell two people who had been there for the entire 27 years that they were let go and losing their jobs because they couldn't support them in this economy. And we asked her, what are higher taxes going to do to your company? We're only going to have to let more people go. Is there anything in our budget that's going to cause you to spend more money on capital equipment, hire more people, get more investments going? The answer was no. The things that we would need you're not going to do.

Those other stories we've heard all across the state. People are hurting. Our economy is not getting better. And in the wake of that, in face of that, we still have the audacity to do things like spend a million dollars on a new program for fall prevention or add \$24,000 to the Pan Asian Pacific Commission or do some of the stuff that we're doing in this budget. Fund somebody's food pantry. How many of us don't have a food pantry in our districts? Raise your hand. Not a single hand went up because every single one of us does, but one person is going

rgd/gbr/md
SENATE

112
August 31, 2009

to get \$75,000 a year for their food pantry, and there are little pork projects like this littered throughout the budget.

People have lost their jobs. People have had their pay cut. People have had their health care limited, all because of what our economy has done to them, and in the wake of that we still fund pork projects, we still create new programs, we still fund little commissions, and we're unwilling to make big decisions like close down inefficient hospitals, close down psychiatric facilities that cost us money that could be done for half in the private sector.

I'll continue to talk about Riverview Hospital until we have a solution and we close it, but I'll say it one more time: It costs us \$862,000 per year for every child at Riverview Hospital. And that's not John McKinney's number. That's not a Republican number. That's the child advocate, Jeanne Milstein's number. \$862,000 per year per child, and we're going to continue to fund it because we're unwilling to privatize those services. No, we have to have a state hospital for psychiatric children. We have to do it, even if it costs us twice as much as it costs them to do it at Yale or at Hall-Brooke or any other private

rgd/gbr/md
SENATE

113

August 31, 2009

facility in New England. We have to do it because it has to be a state facility because we have to have state employees. That's the ridiculousness of some of the decisions we make in this budget in this building. And that's why I cannot support this budget, not because I expected a good budget -- because the budget that I would support is a bad budget too, because any budget was going to be a bad budget -- but because we're spending too much, we're borrowing too much, and we're taxing too much. This is not the best budget for the people of the state of Connecticut, and I would urge rejection.

Thank you.

THE CHAIR:

Thank you, sir.

Will you remark further on House Bill 6802?

Senator Williams.

SENATOR WILLIAMS:

Thank you, Mr. President.

I rise at this late hour to support the budget. I want to begin by thanking some folks who've been involved. First of all, our Majority Leader, Senator Marty Looney for his dedicated work starting back in January all through this process. Also, our Chairman

rgd/gbr/md
SENATE

114

August 31, 2009

of the Appropriations Committee, Senator Toni Harp, who's been a champion and a fighter and an expert in state spending and being able to lead this State in a responsible way when it comes to crafting a budget; Senator Eileen Daily, another champion who protects taxpayers' dollars and has led us to this point, where I believe that, even in these extremely tough times we have a package before us on the revenue side that is progressive and that can move the state forward; my other colleagues around the circle, Democrats and Republicans, our staff, the nonpartisan staff. And Senator Daily asked me to mention two folks that she wanted to mention and forgot -- at this late hour, that's understandable -- Attorney Anne Carroll and researcher Judith Lohman. And I want to thank Governor Jodi Rell. It's been a long journey since January for all of us in this, the most difficult budget year in the State of Connecticut in our lifetime. It's been a difficult journey for the Legislature and for the Governor. Folks have seen the Legislature consider numerous proposals and struggle with finding the right combination, the right solution for our families and our communities across the state.

And we have worked with the Governor in that

rgd/gbr/md
SENATE

115

August 31, 2009

struggle, in that process of lifting up different solutions, turning them around, holding them up to the light, seeing if various proposals can be part of a final budget if it gets us where we need to go in this difficult year.

I respect that the Governor has tried different ideas and that she has been willing to work with the Legislature and to reach out to both sides of the aisle. She has not been wedded to strict ideology, but she, as many of us around this circle, recognizes that in tough times you have to find some tough, hardheaded but practical solutions. And you find them from a variety of sources and a variety of ideologies. So this has been difficult. And Governor Rell, thank you for being willing to work with both sides of the aisle on those ideas.

A budget for the state of Connecticut is in part about numbers. For example, you've heard about discussions of cuts and how -- how many; in terms of dollars, we find in this budget. It's more than \$3 billion of cuts to state spending in this budget. You've heard some of the speakers who've been critical of the budget say, Well, gee, about 500 million of that is made up of something called "lapses." And

rgd/gbr/md
SENATE

116

August 31, 2009

they've questioned whether that's a real cut. Well, I didn't know what a lapse was when I came into the Legislature, but what it really is it's a bottom-line cut to an agency or a department. It is a cut. It's saying they can't spend that money. We are cutting that money and taking it away from them.

And when the legislative Republicans came out with their budget earlier this year, they didn't have \$500 million in lapse. They had about \$800 million in lapse, hundreds of millions of dollars more than the Democrats in lapse, and they called them cuts. It was part of the overall cutting of state spending. So when we get on the same page and we use the same definitions that all of us have used, the legislative Republicans, the Governor, the Democrats, and use that same standard and apply it to the budget that's before us right here, it cuts more than \$3 billion in state spending. It's part of the story of the budget here tonight.

You know, there were two other downturns that most folks can recall in our economy in the state of Connecticut where we had significant deficits: In 2003 and in 1991. Now, make no mistake about it, the deficit this year is far worse than 2003, and

rgd/gbr/md
SENATE

117

August 31, 2009

significantly worse than even 1991. Now, how do we resolve the deficit in those years when it comes to taxes and revenue? Because you've heard a fair amount of discussion about this big tax increase that's in this budget.

Well, in 1991, 35 percent of the deficit was made up through tax increases, 1991, 35 percent. In 2003, 40 percent of the deficit was made up through tax increases, 40 percent in 2003. In 2009, in this budget that's before us, about 12 percent of the deficit is made up through tax increases, not 35 percent like 1991, not 40 percent like 2003, about 12 percent.

You heard some discussion earlier around the circle by critics of the budgets, and I heard the phrase "spending like drunken sailors" and that this was a spending problem, not a revenue problem. You know, I've been reading in the last couple of months about the worst global recession and the worst economic downturn in the United States since the Great Depression. What we have here, as we know, is not a spending problem where state spending has increased approximately by about 4 percent per year in recent years but a dramatic decrease in revenue. And in the

rgd/gbr/md
SENATE

118

August 31, 2009

budget that's before us, spending actually goes down about 1 percent in year one and then up about 1 percent in year two. It's about a wash. There's no dramatic increase in spending. Those are some numbers.

A budget for the State of Connecticut really is about a lot more than numbers. It's about families, it's about men, women, children, senior citizens, police officers, firefighters, teachers, social workers. It's about our young people. It's about their education. It's about their aspirations and where they are going. It's about how it all fits together in terms of where we are going as the State of Connecticut. That's what the budget of the State of Connecticut means.

And first of all, in this economic downturn when people are suffering because of the recession, suffering because of the financial crisis that was caused, in my opinion, because of poor decisions by the top folks making tens, if not hundreds of millions of dollars, in our financial institutions and just about took this country over the cliff in terms of a new Great Depression, and luckily that didn't happen, because in Washington Republicans and Democrats came

August 31, 2009

together to pull this country back from the cliff, and as a result, we didn't go into a depression, but we are in a severe recession, nonetheless, and has hurt people. There are folks who have lost their jobs. There are folks who are having trouble paying the rent. There are folks who, yes, depend on food pantries to put food on the table for their family and their children. And this budget does not shred the safety net that keeps a roof over their head, that keeps them in their apartment, that puts food on the table to feed children in the greatest need in the state of Connecticut. Does not shred that safety net.

It continues to provide, for example, preventative dental care for those in the greatest need instead of taking it away, which as we know, costs more in the long-term. Doesn't save money in the long-term, costs more in human terms, but also in dollars and cents when people present themselves with emergency conditions that are much more expensive.

You know, the last couple of weeks we've had an opportunity to talk about what's important in the State of Connecticut. I've had a chance to go all around the state. I talked with folks who worked for a program called STRIDE. It's a prisoner reentry

August 31, 2009

program. The vast majority of folks who go to prison in the state of Connecticut get, at some point, released from prison. They come back into the communities. It's a question of can we steer them on the straight and narrow and keep them from reoffending and victimizing more people in the future? That ought to be the primary goal of our correction system. Unfortunately, the reoffender rate in Connecticut is about 40 percent for the average person coming out of prison.

For a prisoner who goes through the STRIDE program, it drops from 40 percent to 6 percent. Think of what that means, not only in terms of inmates who come out after they've paid their debt to society in getting their lives on track, and they pay their taxes and they become a law-abiding citizen, that's one part of this.

Think of the folks who are not the victims of crime in our communities, because the reoffender rate drops from 40 percent down to 6 percent. That program could have been cut. That wouldn't have been a smart cut. That program is protected in this budget.

I had a chance going around the state to talk to students from working-class families. They want to go

rgd/gbr/md
SENATE

121

August 31, 2009

to college. They want to go to college in Connecticut so they can raise families here and live out their dreams in this state. There have been proposals to cut financial aid for the students of our families in the state of Connecticut. That, I believe, would have been a mistake. We owe it to our children to keep the doors of opportunity open. And yes, in tough times we have to make tough choices, but if we want our young people to be prepared for the jobs of today and tomorrow we need to offer them that opportunity, and we've got to provide that financial aid for colleges, we have for previous generations. This budget does that.

I met George Swanson, George Swanson, who came to the capital, one of those LIFE STAR helicopter press conferences. Senator McKinney is right. We had three of them. We should have had 50 of them. George Swanson's life was saved by the LIFE STAR helicopter. For those who don't know about it, our emergency medical transport, it's flown to every town in the state of Connecticut. It serves young and old, rich and poor. None of us know when we may need emergency expert medical care and we need it in a hurry. In the state of Connecticut we have that option because of

August 31, 2009

the Life Star helicopter. This budget preserves that critical service for all of us.

I had a chance to meet women and their children at school-based health centers. One in particular in Norwich, a woman, single parent, two children, she works two jobs, works very, very hard. One of her children has asthma. And this school-based health center is open year-round. And her son is able to keep his asthma in check and cared for and treated adequately, which then helps this mom keep her family together because of this school-based health center, which could have been eliminated, but it is preserved in this budget.

I, like most of you around the circle, have met senior citizens who, you know, want to continue to be a part of their community and want to continue to have transportation to take them where they need to go, so they can still be self-sufficient and live in their homes and live in their communities and meet their obligations. And Dial-A-Ride does that for them in this state, and we could have lost some of our Dial-A-Ride options for senior citizens, but we have protected that in this budget.

You know, in tough times, state government is a

rgd/gbr/md
SENATE

123

August 31, 2009

firewall that helps protect those in the greatest need. And in tough times those in the greatest need are not necessarily just the poor. They're working class and middle-class families, folks who depend on our state colleges if their children are going to have a chance for a college education, folks who depend on programs like family resource centers and school-based health clinics to make sure that their children have access to preschool and afterschool education, to health care. You know, they say that another swine flu epidemic is, perhaps, right around the corner. What a terrible time it would be to cut back or shut down school-based health centers.

And then we've got economic development. People talked about focusing on jobs. And there are proposals to cut some of the programs that help grow our startup businesses. We know that the small and startup businesses create the jobs in the state of Connecticut. That's been the tradition over the last 15 years. We have programs like incubators that help provide support for these startup businesses. We thought it was wrong to cut those initiatives that support startup companies, that support innovation, and this budget protects that growth engine for our

rgd/gbr/md
SENATE

124

August 31, 2009

state.

So, Mr. President, a budget is about numbers, but it's also about men and women and children, seniors, families. It's about the thing that weaves our communities together, that goes beyond individuals but creates communities, that takes us where we need to go as a state. Not every man and woman for himself or herself, but people working together cooperatively so that we can strengthen this state and so that our children have a place where they can raise their families.

In closing, Mr. President, I again want to thank those who have been involved in this process. And again, thank Governor Rell. I know she's considering what she will do with this budget. We've all been through a very long -- what is it, Mr. President, seven months, eight months? The State of Connecticut needs a budget. There will be no perfect budget in this -- the worst budget year in our lifetime, but I'll tell you, this budget does about the best we can possibly do in these tough times. It makes tough choices. It makes tough cuts in state spending, but it makes the smart cuts, and it protects critical services that our families that our cities and towns

rgd/gbr/md
SENATE

125
August 31, 2009

and that our communities depend on.

So, Mr. President, I support this budget. I ask for my colleagues to support it. And Governor Rell, if you're watching, I ask that you support this so that we can all finally have a biennial budget in place and we can go on meeting our other challenges that we need to meet.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on House Bill 6802? Will you remark further?

If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

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

THE CHAIR:

Have all Senators voted?

If all Senators have voted, please check the board. The machine will be locked. The Clerk will

rgd/gbr/md
SENATE

126
August 31, 2009

call the tally.

THE CLERK:

Motion is on passage of Emergency Certified
Bill 6810 -- correction, 6802.

Total Number Voting	35
Those voting Yea	22
Those voting Nay	13
Those absent and not voting	1

THE CHAIR:

The bill passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Move for immediate transmittal of Emergency
Certified House Bill 6802 to the Governor.

THE CHAIR:

Without objection, so ordered.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President.

Mr. President, for a journal notation, Senator
Maynard was absent today because he is traveling
outside the United States, Mr. President.

THE CHAIR:

H-1071

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
2009

JUNE
SEPTEMBER
SPECIAL
SESSION

VOL. 52
PART 35
11000-11306

The House will please come back to order. Will the Clerk please call Emergency Certified Bill Number 6802.

THE CLERK:

Emergency Certified House Bill Number 6802, AN
ACT CONCERNING EXPENDITURES AND REVENUE FOR THE
BIENNIUM ENDING JUNE 30, 2011, LCO Number 9629.

SPEAKER DONOVAN:

The distinguished Chair of the Appropriations Committee, Representative John Geragosian, you have the floor, sir.

REP. GERAGOSIAN (25th):

Good evening, Mr. Speaker.

SPEAKER DONOVAN:

Good evening, sir.

REP. GERAGOSIAN (25th):

I move acceptance and passage of the emergency certified bill.

SPEAKER DONOVAN:

The question is on passage of the bill.

Representative Geragosian, you have the floor.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker. This has been a long, hard road. It started on a very cold day in January

for me with the first deficit mitigation plan that I was involved in. And hopefully we're coming to the end of this road and setting the budget for the State of Connecticut in the next two years today.

And I think we have -- what we have before us is a good compromise. We spent a lot of -- many, many hours going through the budget line by line, meeting with members of the administration and the Governor, and I think that this is a worthy compromise. And in any compromise there are things you like about it, there are things you don't like about it. And I can say that's true for me, and I can probably say that's true for the members across this chamber.

We were criticized for not having enough cuts in our budget. This budget cuts -- has net cuts of about \$407 million from our budget, 1801, that we passed here a couple of months ago. Most importantly, from my standpoint, this budget protects important services for the people of Connecticut: Education, higher education, the -- social safety net, our libraries, our job training, student financial aid, nursing homes, people with disabilities, the mentally ill, Head Start, early childhood education, family resource centers, community health centers -- that was for

Representative Thompson -- and school-based health clinics, and Dial-A-Ride for our seniors.

It also protects our judicial system. We are concerned about many cuts to courthouses across the state. This budget does not project closing a courthouse. It continues to cut much of the bureaucracy we are concerned about. We decided we were to cut administrative costs rather than go to programs that help people. It reduces State contracts, equipment, and leases. It merges and consolidates various agencies, something we are all concerned about. It restored important watchdog agencies like the Health Care Advocate, the Consumer Counsel, the Child Advocate.

And as I said, Mr. Speaker, I think we used a balanced approach. This budget has some cuts, like I said, \$407 million beyond what we had in Senate Bill 1801, and it has reasonable revenues. So I urge the members of this Chamber to join me in supporting this budget bill. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Chairman of the Finance, Revenue, and Bonding Committee, Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Mr. Speaker, I rise in support of the bill before us. In line with the comments of Representative Geragosian, I can recommend this to my colleagues as a balanced approach to the most challenging fiscal climate that any of us here have found ourselves in. On the revenue side we have a balance of -- of one-time revenues from federal sources, from our Rainy Day Fund and from some other one-time charges. We have some ongoing revenue increases, and we have some borrowing, some of which we did earlier today in the form of the economic recovery notes, and some of which are in the bill before us in the form of securitization.

On the revenue side, as on the spending side, it was the commitment of the majority party to try to find a balance to ensure that the programs that were vital to our citizens of this state would not be so ravaged over the next couple of years of a downturn to impact the quality of life for all of our citizens. At the same time, on the tax side, while we needed to raise revenue, we also did not want to raise revenue to the point that it would be imposing hardship or difficulty on residents of this state.

Consequently, we also agreed with the Governor that there is a need for some borrowing and some securitization to lessen the impact of the spending cuts and of the revenue increases. So we have a package that is quite balanced. On the revenue side I think we see a shift toward a more progressive tax structure, which is something that, we, on our side of the aisle have been arguing for many years, with an income tax on higher-income earners, with a slight reduction in the sales tax, a modest corporate surcharge over the next three years of 10 percent, and a slightly reduced estate tax. The overall tax burden has been spread across to people that we think have the capacity to afford the increases and also has adjusted our tax structure to make it more progressive.

Mr. Speaker, I think that we can all find elements of the legislation before us that we would like to change. This does represent an effort to accommodate the interests of the Governor. The Governor and her staff and the OPM staff have worked very closely with us on crafting provisions that we hope at the end of the day will be -- will be successful in achieving her support. We know it is

not everything she hoped for. It is not everything we hoped for, but it's a good and fair budget that we think will serve the interest of our state for the next two years.

At this point, Mr. Speaker, I have an amendment, and I would like to ask the Clerk to call -- it is LCO Number 9648. I would ask the Clerk to please call the amendment, and I be permitted to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 9648, which will be designated House Amendment Schedule "A".

THE CLERK:

LCO 9648, House "A", offered by Representative Staples and Senator Daily.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Objection?

Hearing none, Representative Staples, you may proceed with summarization.

REP. STAPLES (96th):

Thank you, Mr. Speaker. The amendment before us is the embodiment of the revenue estimates that were adopted earlier today by the Finance, Revenue, and

Bonding Committee. They show the revenues for each category of state taxes as adjusted by the policy changes that are reflected in the bill before us. It is a clear statement that the budget will be in balance for the next two years based on this revenue proposal before us, and I would urge my colleagues to support the amendment.

SPEAKER DONOVAN:

Question is on adoption of House Amendment Schedule "A." Will you remark? Remark further? Remark further on House Amendment Schedule "A"?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. If I may, just one question to the Chairman of the Finance Committee.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I see we have the amendment that is put on the underlying bill, and I know when we voted on the revenue estimates today -- I guess my question is what are the changes from the original revenue estimate that was attached to this budget? Were those different than the revenue

rgd/mb/md
HOUSE OF REPRESENTATIVES

40
August 31, 2009

estimates that we voted on, I guess, in Finance?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. If I understand correctly, is there any -- you're asking if there is anything different between the revenue estimates before us now and those we had approved earlier today? Or anything different about the estimates that we approved when we adopted Senate Bill 1801?

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. More specifically, today we adopted the revenue estimates, and I see that this amendment accurately, as far as I can tell, reflects the revenue estimates that we adopted in Finance. And I guess my question is the -- I guess, did the underlying bill have these revenue estimates attached to it, or are we incorporating it now into the budget bill? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

rgd/mb/md
HOUSE OF REPRESENTATIVES

41
August 31, 2009

REP. STAPLES (96th):

Thank you, Mr. Speaker. The underlying bill does not have the revenue estimates. It's our -- it's our tradition to adopt those estimates at the Finance Committee and add them as an amendment to the budget bill, which is what we're doing here.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. That's all my questions. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative Candelora.

Will you remark further on the amendment? Remark further on the amendment?

If not, let me try your minds.

All those in favor of the amendment please signify by saying, aye.

VOICES:

Aye.

SPEAKER DONOVAN:

Those opposed, nay.

VOICES:

Nay.

SPEAKER DONOVAN:

The ayes have it. The amendment is adopted.

Will you remark further on the bill as amended?

Will you remark further on the bill as amended?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. If I may, a few questions to the Chair to the Finance, Revenue, and Bonding Committee.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I -- first, to start out, I had a few questions, basically, specifically dealing with the revenue package. I -- in -- under the sales tax provision, we are seeking by January 1, 2010, as I read this, to reduce the sales tax from 6 percent to 5 and a half percent. However, as I read it, if the revenue estimates are off by one percent, greater than one percent, that that revenue reduction, tax reduction would not go into effect automatically?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

rgd/mb/md
HOUSE OF REPRESENTATIVES

43
August 31, 2009

REP. STAPLES (96th):

Thank you, Mr. Speaker. Through you, yes, that's correct. If the -- if the tax revenues drop by more than one percent between now and January 1st, they would not go into effect.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And conversely, if -- we have many lapses here that are identified in the budget, many reductions we're looking to, such as the agency outcomes where we're seeking to generate some savings, about 53 million, sales of assets to the tune of 50 million, and if, in fact, we are unable to obtain those type of savings that we're projecting in this budget, are there any automatic clawback provisions for this sales tax? Or would we need to come back in and possibly balance the budget through a deficit mitigation and an affirmative vote of this assembly? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Through you, no, there

are no provisions. It is solely if gross tax revenue drops by one percent. It is not related to whether there is a deficit during the fiscal year. That was item of a lot of conversation, candidly, between the majority party and the Governor's office. The Governor's office -- the Governor, herself, felt very strongly that this was the only trigger that -- that she would agree to. So that is -- there is the potential concern that, you know, that we might have to come back and revisit it if we have other causes of a deficit during this fiscal year.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, there is a section where we are essentially removing the exemption from the conveyance tax for foreclosures that go by sale in Connecticut so that if a -- a house is sold through a foreclosure sale, it would be subject to the conveyance tax. And my question would be, who -- who is the payor of that tax? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

rgd/mb/md
HOUSE OF REPRESENTATIVES

45
August 31, 2009

REP. STAPLES (96th):

Through you, Mr. Speaker, the -- the tax would be paid from the proceeds of the sale. I mean a seller -- a seller is ultimately the payor. If -- if there are no -- if there are no assets from the sale, then the bank would presumably be responsible for that fee.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. And through you, Mr. Speaker, I know that a lot of times in these mortgage documents the banks are able to collect the cost of collecting on their debt, including attorney's fees, things of that nature. Would a bank then, if they are the seller of that property or it goes by foreclosure sale, would the bank then be able to seek to recoup that tax against the original debtor pursuant to those loan documents? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker. I believe they could, yes.

SPEAKER DONOVAN:

Representative Candelora:

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And I guess I do have some concerns with this particular tax provision in the budget. I was surprised to see it. I know it was a bill that was proposed this session that did not receive a public hearing and didn't see much debate. And my concern is that we are essentially going to be shifting an additional burden onto debtors in the state of Connecticut. This is a huge policy change, and we're doing so without any type of a public hearing.

My understanding is the way Connecticut law is that we have a strict foreclosure process, and if there's equity in a home it could also pass by a foreclosure by sale. By the state of Connecticut now choosing to tax that particular transaction, I think it's going to have two impacts in Connecticut.

One is going to be that the banks are going to want to avoid having to pay this cost, and they're going to seek to try to get a strict foreclosure. That means that they're going to look for lower appraisers -- appraisals, and the homeowners are going to get hurt. If they're stuck in a foreclosure

situation, what little equity may be in their property is certainly going to be wiped out by this particular tax because not only will they have to pay the tax, but the banks are going to try to essentially get lower appraisals in this market in order to avoid a foreclosure by sale.

And so I think I am very concerned on a policy level what we are doing here. These individuals have hit hard times in the state of Connecticut. Many homes are going to go by strict foreclosure so I'm not even sure it's going to raise the 25 million that we're projecting it's going to raise. But on top of these individuals being hit on hard times, we're now going to sock them with a tax that could be upward of, you know, 2 to 5,000 dollars. And I'm certainly concerned by that particular policy. And I'll move on.

We're also imposing the corporate surcharge, I guess at 10 percent as I read this, and my understanding is, as I read the bill, that this is a tax that's going to only go into effect for businesses that have a gross income of over a hundred thousand dollars. Is that correct? Through you, Mr. Speaker -- under a million, excuse me.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

I'm sorry, Mr. Speaker. I didn't hear the question. If you could repeat the question.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I guess my question is what the triggering mechanism would be for our corporate surcharge. As I read it, it seems to be that businesses that earn a gross income of over a hundred million would be subject to the tax and anything below would not. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Yes, that's correct. That's the threshold for the tax. So it would just be imposed on the larger businesses of over a hundred million dollars of gross income.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker, and through you, where do we come up with that threshold? Was there -- how was that number derived at that businesses that have a gross income of a hundred million could sustain this and maybe under a hundred million could not? Was there some policy behind that? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Through you, that was the Governor's proposal. The proposal that the Finance Committee supported did not distinguish between businesses at any level. It was just a surcharge on all businesses.

So this, the Governor, in her recommendations last week for tax policy changes recommended that their analysis showed that it did not reduce the amount of surcharge dramatically by limiting it to the largest businesses. And so that was the basis for it to protect small businesses, and we went along with that determination.

SPEAKER DONOVAN:

Representative Candelora.

rgd/mb/md
HOUSE OF REPRESENTATIVES

50
August 31, 2009

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And under this bill, we're also seeking to securitize some of our debt, which is, I guess, essentially committing revenue streams, future revenue streams in order to borrow. And it was around one point -- 2 billion, roughly that I believe that number was.

I also saw in the bill, I guess, if I could get clarification, there seem to be other mechanisms by which we could loan money through this provision, not just securitization, but as I read it I believe it also dealt with the possibility of selling assets or bonding. Am I correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. There is a -- yes. There is a specific target in our budget for asset sale. This provision that you're referring to around securitization requires that there be a plan developed by the administration and brought back to the Legislature next session for closing the gap -- that \$1.3 billion gap.

So that proposal could cover a wide range of

issues or proposed methods of covering that gap, and then we will have to consider it and pass it next year.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And through you, Mr. Speaker, that particular exercise is apart and separate from, I guess, another provision that we've identified, an aggregate over two years of 15 million in asset sales that OPM would to identify. That would be then a separate exercise that they would go through aside from this one. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Yes. That's correct. That would be a separate exercise that would be required to reach the \$1.3 billion.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And then moving onto -- I know the school construction piece. We do have some

rgd/mb/md
HOUSE OF REPRESENTATIVES

52
August 31, 2009

provisions in here addressing the issues of school construction. And it was my understanding that what we are doing is funding the ongoing projects, and over the course of the past two months. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Yes. Through you, to bring school districts current through the month, I believe it's into mid-October for all their progress payments that -- for any pending school project that -- where the state share has not been paid, that this would cover those payments and would bring us to a point, where once we're able to do a bond act and to do the remainder of the allocations, we can cover the school construction costs for the rest of the year.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. And then also getting back to the sale of assets, the 50 million, does that plan also -- once OPM identifies those assets, does that plan also need to be approved by the General

rgd/mb/md
HOUSE OF REPRESENTATIVES

53
August 31, 2009

Assembly prior to the sale of those assets? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. I'm just going to take a quick look at that. I don't recall specifically, and I will take a look at that provision.

It requires the treasurer and the OPM secretary to jointly establish a plan and then submit that, yes, to the Appropriations and Finance Committees. At the same time, which the beginning of next session -- at the same time they would be required to submit the plan for the securitization.

SPEAKER DONOVAN:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Mr. Speaker, I don't believe I have any further questions for the good Representative. And I guess I just have a few comments on this package.

I appreciate the work that has gone into this tax package. And I guess, being in the minority here, I do recognize the different roles that we all have,

certainly, and the effects of what taxes have on Connecticut and what it does to the ongoing revenues for the State as opposed to making the operational cuts to the budget.

I think those are the two areas that actually solve the problem in the long-term for the State of Connecticut. But I have to say, for me, it's a very sad day today, given the proposal that is set forth, because while I understand that these taxes are going to give the State of Connecticut ongoing revenues, I'm concerned at the public policies that we've created with these ongoing revenues.

We've seen state government grow in Connecticut in part because we've enjoyed the increases in the stock market and that wealth that was generated out of that stock market. And what we've done here by the progressive income tax is -- granted these individuals may have the ability to pay, I don't doubt that, but we've now increased our bad behavior and we've shifted more of the burden onto a smaller segment of society, onto a revenue stream that is extremely volatile. That's what got us here in the first place.

And I am concerned that we are only going to exacerbate this problem. And if we don't take steps

to correct that behavior in the future, we're going to be in an even worse situation two years from now.

And the concerns I have is, being deeply involved in this budget process, is I don't think we made the operational cuts that are the -- is the other side of the equation that helps us get out of the situation that we're in.

So my concern certainly is that two years from now we're going to be faced with a \$5 billion deficit, and we're going to need to try to balance that budget. And the exercise that we've gone on this year hasn't come close to making that better. I'm concerned that with the securitization and the borrowing that we're putting in place today, and I think everybody should really think about this, those two pieces of borrowing that we're doing is taking away up to \$500 million of our future revenue streams in '12 and '13 and '14 and '15.

So on top of the loss of the Rainy Day Fund, two years from now, of the federal stabilization dollars, we are now building into our debt service our operation costs. So we're just delaying the hard decisions for another two years.

And I think that the State of Connecticut, while

they may be a little bit relieved if we do obtain a budget in the next week or so, I certainly think that they are going to remember this, and they are going to hold us accountable for this. And it is not a bill that I'm comfortable voting on.

Again, it's disappointing. I wish we were able to roll our sleeves up, make the organizational decisions that we needed to make to try to restructure government. We've put a lot of that -- those activities with the sale of assets, with the agency outcomes commission. We've delayed a lot of those decisions into '11. Maybe that will help us for '12 and '13, but I think we've already fallen behind the eight ball, and I think that this budget is a mistake for Connecticut. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And good evening.

SPEAKER DONOVAN:

Good evening, sir.

REP. MINER (66th):

Mr. Speaker, for me this process began more than

a year ago, and I think the Chamber will remember that many of us looked at the information provided by the Office of Fiscal Analysis and the Office of Policy and Management and recognize that we had already begun the recession that we are here trying to deal with today. So that was more than a year and a half ago.

More than a year and a half ago many of us said we need to reconsider our expenditures and reconsider our revenues. We could not wait. But Mr. Speaker, what we did was we waited.

In November we got called back into this chamber to deal with the first deficit mitigation, and we didn't do it. And as I said earlier, as part of the other piece of legislation, at each step of the way we failed to hit the goal. We fell short each step of the way. When many of us advocated that we should be reconsidering expenditures, not August 31st of this year, but November, December, January, February during the last budget session, we were sending a signal that we knew we were in trouble, that we knew without adjustments back then today was going to be almost insurmountable.

And as the Chairman of Appropriations Committee said, there have been meetings. Some might qualify

those as meetings in earnest. Others might say, we got together. But I don't think anyone would quantify or qualify -- classify this as a compromise.

Mr. Speaker, this is not a compromise. This is heavy on one-time revenues, heavy on anticipation for federal stimulus money, heavy on the use of our Rainy Day Fund because we already voted to borrow money for last year's deficit, and with very few examples, spending as usual. I think the Chairman of the Appropriations Committee, and I'll ask him in a minute, indicated that there were about \$500 million in cuts. \$500 million in reductions off of a 35, 36 billion-dollar budget.

I think people at home will look at this and say, wait a minute. We've made decisions to recall our children from college, recall our children from private education, we've forgone buying a car even with the federal program. We've made all sorts of decisions that have affected our budget way more than the State is talking about doing right here.

And to be sure, these cuts are not easy. They're not easy for us as Republicans. They're not easy for you as Democrats. They're not easy on the people that are going to be affected by cuts. But what are we

doing here tonight? We're reaching out and we're saying we're going to put more of our eggs in one percent of the population in the state of Connecticut.

I don't think there's anybody in this chamber that would disagree with the statement that the worst thing we could be doing right now is limiting -- limiting the amount of money that we get from the broadest spectrum of the people, but that's what we're doing. Because they're the smallest population, they have the smallest voice.

So what concerns me about this budget also, Mr. Speaker, is the anticipation in this budget that we're going to reorganize government. Last November, last January, last December, last February I heard time and time again where we have a public hearing process and we're going to take all that stuff up in the a public hearing process.

What are the odds, Mr. Speaker, that the State of Connecticut is going to change the way it does business? And we've got some big numbers in here. I think it's \$53 million over two years to reinvent government. Who thinks we are going to reinvent government for \$53 million in two years? I've heard

members of both sides of the aisle stand up in forums across the state criticizing one cut the other. I heard someone the other day say, if he knew we were going to be cutting facilities, he wouldn't have supported the SEBAC agreement.

Mr. Speaker, this budget is full of decisions. Some of them, I think, were concepts floated between parties, floated between the Governor and the parties to try to facilitate a conversation. And what I see here is the concept stuck. The dreams stuck. Had a number of people have come up to me since my comments of the last bill and say, you're right. We're going to be back here again. We'll probably be back here in November and December dealing with the deficit mitigation. And why, why will we be back here again? I say we will be back in here because we don't have a mechanism in place to make these adjustments.

So through you, Mr. Speaker, my first question to the chairman of the Appropriations Committee, if I might, please.

SPEAKER DONOVAN:

Please proceed, sir.

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, as I

rgd/mb/md
HOUSE OF REPRESENTATIVES

61
August 31, 2009

understand this budget, it anticipates an expenditure of something on the order of almost \$35 billion over two years. Is that correct? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker. Well, all funds, approximately 37 and a half billion dollars, through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And as I indicated earlier in my comments, one area of the budget that I think is part of this proposal is that there will be efficiencies gained in the way we do business here in the state of the Connecticut. If the gentleman could tell the Chamber what's anticipated in that. Through you, please.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, are you referring to the enhanced agency outcome line? Through you, Mr.

rgd/mb/md
HOUSE OF REPRESENTATIVES

62
August 31, 2009

Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. To be clear, yes, sir, I am.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Well, through you, Mr. Speaker, as you alluded to there was -- there's been a commission established that I was able to attend some of the meetings as were you, I believe, to look at various aspects of state government.

Some of the major things that they talked about were restructuring agencies. We floated an idea to totally restructure the Motor Vehicle Department, for instance, as one of the ideas that was out there, and make it more user-friendly and move it into the 21st century where folks can access it in their town halls or their malls or their supermarkets and the like.

I know there was discussion within that commission about our whole information technology structure, something that we've struggled with

rgd/mb/md
HOUSE OF REPRESENTATIVES

63
August 31, 2009

throughout the years to get right, that we could do better moving government into the 21st century so that folks can do more stuff online and -- I mean, some -- we're doing well in some of those areas, not well in others of those areas.

So those are some of the efficiencies they talk about. And the reason most of these savings were in the second year is obviously, it would take time to flesh out these proposals. Dismantling the Motor Vehicle Department is a major step if we decided to go down that road, excuse the pun, it would take a lot of planning. So that's why you see most of the savings in the second year.

Conversely, though, in a 17 -- 37 and a half billion dollar budget, if we can't find \$50 million in savings through efficiencies and other things, I think it's shame on us. It's something that we should work towards. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And so if I might just kind of flesh that out a little bit, is it anticipated that there will be ideas to achieve this goal floated

to that group or are they going to be floated through the appropriations process?

Time is kind of ticking away here. We're two months into this current budget cycle, and I applaud the low number in the first year, but I guess if I was at home trying to imagine government reinventing itself or trying to find efficiencies, I'm not so sure I'd be moved by what's going on here right now.

How are we going to achieve that goal of \$53 million? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I think it's by fleshing out some of those larger ideas, but taking time to do it. And taking time to do it in the absence of this budget crisis, quite frankly, because we've been mired and gone through this budget crisis. And to take a step back and let the committees of cognizance as well as the commission -- I believe the commission has either extended in this legislation, it will be extended in an implementor to follow at some point -- but to really look at these ideas, absent this budget crisis, but look at them in their totality

rgd/mb/md
HOUSE OF REPRESENTATIVES

65
August 31, 2009

and take the time to flesh them out and see what we can find. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And if I might, through you, another question. In the area of personal services the budget proposes a reduction of some 193 and change million dollars. Could the gentleman tell me how that's achieved? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I assume much of that reduction is due to the early retirement and savings there. I think that's how it's accounted in our budget. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And so for those not involved in the early retirement package or any retirement incentive, is it anticipated that we are not going to fill all the

rgd/mb/md
HOUSE OF REPRESENTATIVES

66
August 31, 2009

positions from people who retire, and does this number reflect additional reductions in workforce? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I think that the administrative side has been flushing that out based on the retirements in the last month or so. And now they have an idea of how many people have retired. I guess the next question is where they retired. For instance, this budget contemplates a new police trooper class because we're -- because of the early retirements that have affected the amount of police troopers, state troopers.

Also, I've read that the Department of Corrections, due to early retirements, is going to have to hire more corrections officers. So therefore, there will be a class for new corrections officers. I've heard anecdotally that the refill rate is approximately 30 percent, but obviously in the more direct services, public safety areas, it's higher.

And we achieve quite a bit of savings in this budget from the higher education units and -- but many

of those refills are even higher, but those are one-time savings for the biennium to be able to save some dollars there. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And Mr. Speaker, through you, there's a representation in a number of places here within the operating budget also of reductions of outside consultants' contracts. Who will have the responsibility for undertaking that exercise? Through you, please.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that will be done by the administration. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. So through you, we're going to tell the administration that they have to reduce the number of outside contracts by something on the order of \$95 million. Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

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

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And Mr. Speaker, if I might, through you, I know we're obligated under state law to propose -- provide a balanced budget. Am I correct that if I read this budget document, that this budget is in balance by something on the order of 1.1 million? Through you.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I believe that's true. I don't have the summary anymore. Somebody took that away from me, so I'll -- yes, approximately 1 million.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. So just so we're clear here, we've got a -- about a \$37 billion budget that's

rgd/mb/md
HOUSE OF REPRESENTATIVES

69
August 31, 2009

in balance by 1 million, and just one facet of this budget, we're going to tell the executive branch that they've got to reduce the operating budget by 95 million in the contracts area alone. I don't know about you, but there's not a lot of free board there, as far as I'm concerned, Mr. Speaker.

Mr. Speaker, if I might, just a couple questions to the gentleman Chairman of the Finance Committee. Through you.

SPEAKER DONOVAN:

Please proceed.

Representative Staples.

REP. MINER (66th):

And I thank the gentleman from the Appropriations Committee.

SPEAKER DONOVAN:

Please proceed, Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, if I might, through you, the total federal revenue anticipated to balance this budget, the gentleman would know what that number is, please? Through you.

SPEAKER DONOVAN:

Re_resentative Sta_les.

rgd/mb/md
HOUSE OF REPRESENTATIVES

70
August 31, 2009

REP. STAPLES (96th):

Thank you, Mr. Speaker. The total federal revenue -- there's existing federal grants which are not listed in the sheet that I'm looking at right here that -- you're referring to the federal stimulus dollars? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. Yes, through you.

REP. STAPLES (96th):

Okay. Thank you. Yes, the federal stimulus dollars are \$1.47 billion over the two-year period.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And, if I might, the Rainy Day Fund that we are not using in the '08 budget -- the total expenditure out of the Rainy Day Fund, if I might, through you, for the fiscal years of '10 and '11.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you Mr. Speaker, that's approximately \$1.4 billion.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And then if the gentleman could tell me also, I know there were a number of sweeps and transfers anticipated in this budget that are used to balance the \$8.55 billion deficit, if the gentleman can tell me approximately how much those are in this budget.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Through you Mr. Speaker, I don't see a specific line item for sweeps and transfers. We have -- we have revenue adjustments.

Thank you.

Representative Geragosian gave me the sheet which shows about -- let's see \$139 million of sweeps -- general fund sweeps over the two year period.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And the last question on the revenue side, I know there are two entries in this budget anticipated in raising revenue in the area of smoking and tobacco. If I throw out an estimate, I think it's about 217 million to be raised by the new tax policy of the State of Connecticut. Would the gentleman say that's close? Through you.

REP. STAPLES (96th):

Yes. Through you, Mr. Speaker, that's the number for the cigarette tax. The other tax products is about \$3.6 million over two years.

SPEAKER DONOVAN:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And I thank the gentleman for -- for his answers.

Like others here in this chamber, I know that many people have worked very hard to put together their ideas of what's the appropriate budget for the State of Connecticut. Mr. Speaker, this is not my idea of an appropriate budget for the State of Connecticut, and I'll say that for a couple of reasons. One, which I already mentioned, I think in this budget we're putting an even greater burden on a

smaller population. I'm not going to argue whether or not they can afford to pay it. I think the argument that most people understand is that is a very small population that only needs to move by a very small number, and the numbers don't work. The gentleman talked about, what I call the freeboard, the balance of this budget is being something around a million dollars. If you think about it ladies and gentleman, if we don't get one estate in the state of Connecticut, in some cases we're out of balance. If we end up with one significant taxpayer moving out of the state of Connecticut, we're out of balance. And frankly, we haven't shown that we have the ability to react to that situation. We haven't called ourselves back in and made reductions in spending. We haven't called ourselves back in and made changes in our tax code. We've accumulated a deficit of almost another billion dollars, which we borrowed -- or will borrow for if the Senate takes action and the Governor signs it.

What this budget represents is a dream. A dream that our committees will fulfill a process that we hope that they'll fulfill. That our agencies will make reductions. There are managerial cuts in this

budget, very significant managerial cuts. Not arguing on behalf of keeping all the jobs, but ladies and gentleman, I know what's going to happen two months from now, three months from now when somebody recommends reductions in workforce, there's going to be somebody in this chamber that's going to stand up in front of Channel 8 News and say, I never thought I was voting for that when I voted for this budget.

That's what's going to happen. When there are reductions in expenditures for nonprofits, and there are many of them in here, reductions in services, I know they hurt, but what's going to happen? What's going to happen is when the phone rings at your house, at your office, you're going to pick up the phone and call the newspaper and there's going to a newspaper article. This budget is a recipe for disaster. We are going to be right back in here in two months deficit mitigating if the revenues don't stay where they are and we don't have one blip in one wealthy person in the state of Connecticut. Nevermind if the State of Connecticut decided that 50 percent or 25 percent of them wanted to stop smoking. Could you imagine? Our budget would be under water by a significant number just because people made the right

healthy decision, one that they find very difficult making, and I frankly don't think many of them are going to make because another dollar a pack tax.

So, Mr. Speaker, rather than go to the individual items in this budget, because we all have our choices about where we think the cuts should be made or the revenue should be raised, the point that I'm making tonight is we have yet to show the state of Connecticut that we have the wherewithal, the will, the power to make the kind of decisions that this budget anticipates. Ideas that were put on the table seven months ago in an effort to jump-start a discussion are now the backbone of what this budget is built on. Like you, I hope -- like you, I hope, ladies and gentleman, that we find the will to do what needs to be done in this budget.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Schofield.

REP. SCHOFIELD (16th):

Thank you, Mr. Speaker. You probably all know I'm not a person who speaks very often in this chamber, but I feel I need to explain why I'm not

rgd/mb/md
HOUSE OF REPRESENTATIVES

76
August 31, 2009

going to voting for this budget. Like many of us, I'm embarrassed and appalled that we are tied with Pennsylvania for being the last state to get it's budget done. So obviously, I, too, would love to get a budget done.

I went to a number of events over the weekend, including a couple of Democratic fundraiser -- a couple of fundraisers where to a person, everyone I spoke to chastised me for the fact that we do not have a budget. And to a person, they all said, you need to compromise. You need to get a deal put together. You need to meet in the middle. I'm tired, like all the rest of you, of being beat up for not having a budget done, but I think our constituents expect us to lead with a responsible and balanced budget.

My constituents have told me repeatedly, they think we should not spend more than we take in in revenue. In my opinion, this budget does not achieve that kind of balance. There's a constitutional requirement for us to have a balanced budget, and I don't see that here. This budget us has us spending far more in annually recurring expenditures than we collect in annually recurring revenue. There's stimulus money in here from the federal government,

rgd/mb/md
HOUSE OF REPRESENTATIVES

77
August 31, 2009

rainy day funds, and one-time sweeps that we all know will be gone in two years, leaving us with a gap between expenditures and revenues of, by my estimation, about \$3 billion. I might be a little off on those numbers. I haven't had a chance to read all 700 and whatever pages of this budget, but it's a big number.

In addition, this budget calls for \$1.3 billion, in quote, securitization.

Can you turn that down, please?

This budget calls for 1.3 billion in securitization against a, quote, future revenue stream. When you actually look at what that future revenue stream will cost us, in total it's \$1.7 billion. And we don't really know where that's going to come from. It's securitization against an unidentified future revenue stream. And that's inevitably going to have us back in this chamber, unless there's some magic that happens between now and the next 12 months, voting on increases in taxes in order to create that future revenue stream or alternatively on serious and deep cuts.

You know, Connecticut used to do a lot of it's budget -- almost of it's budget annually without

bonding for everything. Then we started bonding for schools. Now this budget also includes bonding for road construction. We've gotten more and more creative over the years in defining what's an ongoing expense versus a capital expense so that we could borrow more and more. Our budget, if you look at it now, shows that the Treasurer's department is going to be spending \$1.7 billion a year on debt service. We're the third most indebted state in the nation just for our bonded indebtedness, and that doesn't even address the unfunded liabilities of \$40 billion that we face for pensions, and retiree -- other benefits. We are dead last in the nation for prefunding those unfunded liabilities, which are required to be funded under GAAP accounting principles that we don't follow.

Like all of us, I would love to avoid cutting services to people, and I would love not to have to raise taxes, but this budget, which does relatively not enough of either of those to make it balance, is just not reality. It's a budget that says we can put a chicken in every pot, and it doesn't have to be paid for. I don't think it's a good thing for us to be borrowing our way out of this problem. It's politically expedient but is not fiscally prudent. We

can pay the piper now or we can pay the piper later, but at some point we will indeed pay the piper. I don't want to be back here in months to create that tax stream that's going to be necessary to cover this new debt. Personally, I'd prefer that we balance the budget now, take our medicine once, make the cuts that are necessary, make the taxes that are necessary to do this and do it right the first time so that we have a sustainable budget.

So for those reasons, I'm sorry, but I feel I can not support this budget. I don't feel it's a fiscally responsible budget. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Mike Albert.

REP. ALBERT (50th):

Thank you, Mr. Speaker. Thank you, Mr. Speaker.

In late July, it was announced by United Technologies that up to 1,000 jobs might be eliminated at two manufacturing plants in Connecticut: One plant in Cheshire and one plant in East Hartford. And as a result of that announcement, there was a meeting of the Commerce Committee, and I need some additional information, if I may, Mr. Speaker, pose a question to

the proponent of the bill.

SPEAKER DONOVAN:

Excuse me, Representative.

REP. ALBERT (50th):

Thank you, Mr. Speaker. To the proponent of the bill.

SPEAKER DONOVAN:

Please proceed.

REP. ALBERT (50th):

Thank you. I haven't been able to go through the budget in its entirety since it was presented to us today. The 702 pages is a little bit too much for my quick reading. Is there anything in this budget that would somehow provide some exemption from the proposed corporate surcharge for United Technologies or its subsidiaries in light of those proposed adjustments in staffing. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker. Through you, the surcharge has no exemption language except for businesses that have less than \$100 million in gross income.

SPEAKER DONOVAN:

Representative Albert.

REP. ALBERT (50th):

Thank you, Mr. Speaker. And I thank the gentleman for his answer. That's my perspective as well. I didn't see anything in the text of the document. I think Representative Miner opined a little bit earlier that at some point we would rue the day that we would be considering and potentially passing this legislation and enacting it into law. And I think the United Technologies example is a good one. As I recall, the opinion of United Technologies, as least as it was presented in the press, was that the State of Connecticut was basically at a loss to protect these jobs because of the high cost of these jobs in the state of Connecticut, that in fact moving these operations, these manufacturing operations, to the state of Georgia would save 40 percent. Forty percent, and it's against that backdrop that I believe negotiations are still ongoing between the State, between the unions that actually have, I believe, 850 members of that 1,000 population workforce and also the corporate environment as well.

So I guess my perspective is that with this

corporate surcharge that's before us, what we've essentially done is make the job of protecting these jobs all that much more difficult, and I would ask that when we do vote on this that we consider that not only are we directly looking at 1,000 jobs of, you know, very highly compensated United Technologies employees, we're looking at all the affiliated jobs that go with that. This past week I had the opportunity to travel past Kaman Aerospace in Bloomfield, and I was struck by the dozens of small tool and die operations that ring that area. And it struck me that if we lose these jobs, these 850 jobs in Cheshire and 150 jobs in East Hartford, not only are we going to lose those jobs directly, we're going to lose all the jobs of those other shops that are nearby. Those jobs aren't going to be -- that work isn't going to be outsourced from Georgia to Connecticut. There's just no practical way for that to be.

So there is a huge ripple effect in this. So this corporate surcharge is a bad idea, and that is one of the reasons why I'll be voting against this budget.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Hamzy from the 78th District.

Good evening, sir.

REP. HAMZY (78th):

Good evening, Mr. Speaker. Thank you. Mr. Speaker, a lot of people have asked me how do we get to where we are today. How do we get into this predicament? And the easiest way for me to answer them is that for nearly the last two years we have made not one material reduction in state spending, even though everyone knew the state of our economy and what we were going to be going through as far as this economic crisis goes. And what do we do? There was a conscious decision made to ignore it, ignore it and watch build and build and build to an \$8.5 billion projected deficit.

And where do we go from here? How do we react to the problem that's been presented or that's been created? We postpone the difficult decisions yet again, hoping against hope that there's going to be some miraculous economic turnaround, which is going to allow us to overcome one-time revenue sources that we're relying on to plug a hole in the next two fiscal

years: \$1.4 billion Rainy Day Fund, \$2.3 billion in borrowing, nearly \$3 billion in federal stimulus money.

And I believe truly that we are mistaking this economic crisis for a budget crisis. What we are facing is an economic crisis. I don't have to tell anyone in this room the effect it's had on friends, neighbors, constituents: People losing their jobs, having to take furloughs, cutting back on regular everyday expenses, because of the economic situation that we find ourselves in. And what are we doing to address that economic crisis? What are we doing to make Connecticut a more attractive place for employers to stay here or locate here so that they can employ more people? We're increasing taxes by \$1.2 billion. We're imposing a surcharge on employers who employ people who live and want to stay in this state.

We're postponing difficult decisions yet again to make government efficient and to make government affordable to the people that live here. If anyone thinks that we have solved this economic crisis with this budget bill and thinks that we're not going to be here in probably a few short months to plug another hole in a projected deficit, you're kidding yourself.

We had an opportunity to take advantage of this economic crisis by making Connecticut a place for people to come, for employers to locate, to create jobs in this state. And I'm sorry to say that we missed that opportunity with this budget.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Larry Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. Ladies and gentleman of the Chamber, January of this year was an exciting year -- exciting month, excuse me, for all of us in this chamber. All of us had been elected in November and stood in this chamber with families -- family and friends and took an oath to represent our constituency. And whether you were Republican or Democrat, you had to admit that there was change in the air. Yes, even those on this side of the aisle could not be helped -- help but be swept up with the excitement of change.

Republicans, too, looked at a brand new president, a young, handsome, intelligent, articulate man, who promised this country hope and change. And

I'll speak for myself, as a Republican, a man who did not vote for Barack Obama, I felt that hope. I felt there was going to be a change. I felt that we elected a change in administration at a time when this country needed a change. I felt that we were hurting. We were in crisis as a country, and if this young bright man can inspire us in government, whether we're Republican or Democrat, to have hope and to change the way we do business, then guess what, I was all for it. And that's the way we started here in January with that promise.

How many times did you hear all of us -- certainly the leadership of the General Assembly, talk about when there's a crisis, there's an opportunity, an opportunity to change the way we do business in the state of Connecticut. How many times did you hear those words sincerely put forth? Whether it was at Rotary clubs, or Kiwanis clubs, or PTO meetings, or in this very chamber at press conferences, we said we have to put to partisan politics aside. We have to change the way we do business. We have to do more with less, because that's what people are doing in the real world. That's what families are doing around the kitchen table. That's what businesses are doing

around the conference table. But if we work together, we think outside the box, if we reach across party lines, we can do it. We can make change. That was January.

Today is August 31st, as Representative Schofield indicated, we're one of two states in the United States of America that does not have a budget. It is the hope of the majority party in this chamber that we end that distinction today and adopt a budget. And in doing so, Representative Geragosian, the distinguished Chairman of the Appropriations Committee, came out, and said as did Representative Staples, the distinguished Chairman of the Finance Committee, that the document that's before us is a compromise. It's a balance. It's a balance between borrowing and tough cuts and revenue increases. If you are at home watching the proceedings tonight, why would that bother you, those words. Because if you remember back in April when the Appropriations Committee adopted their budget that had \$3.3 billion in tax increases, it was said to the press and the public, this is a balance, it's a compromise. It is the best course for the state of Connecticut. We raise some taxes. We cut some spending. We do a little borrowing. It is a

compromise and it is the best road or strategy for the state of Connecticut.

And nearly two months later, the same people came out with another budget. It had \$2.5 billion worth of taxation, and it a little bit borrowing this time, about \$335 million worth. And we were told, at that time, that was a real compromise. That was the best budget for the state of Connecticut. That represented a balance between taxation, between cuts, between borrowing. That was the best compromise course for the state of Connecticut. And nearly a month after that, we had another budget before us, raise taxes by \$1.8 billion. And we were told by the same people that was a compromise. That was the best course for the state of Connecticut because it represented a balance between borrowing and cuts and taxation.

And here we are two months later saying this is a compromise. I guess I would ask the question, a compromise with whom? With whom? If in fact this is a compromise with the Republican Governor of the state of Connecticut, I think we would have heard loud and clear that Republican Governor announce that this is a compromise, announce her intention to sign this bill. I have not heard that. So I don't quite understand

with whom this is a compromise.

And if it's not a compromise, what is it? What is it? With all due respect, it is one party, the majority party's view of how to solve the problems of the State of Connecticut, of how we can extract ourselves from this financial mess, of how we as a state can move forward. And yet what does it do? It raises taxes by \$1.2 billion. Yes, there's a caveat, that if a certain thing falls into place, maybe, just maybe, that will be reduced come January. And even in January, if we reduce the sales tax from 6 percent to 5.5 percent, and give much needed relief to consumers and businesses and people, it might not last long because, if our revenues tip more than 1 percent, we're going to terminate.

The one thing in this budget that did give some hope for businesses that are struggling, for people and families who are struggling, we make a maybe, a contingent, not definite. Does this document represent that opportunity we were going to take in January? To make an opportunity out of a crisis, to consolidate agencies, to do things a little smarter, a little better, a little leaner. No, it doesn't.

As a matter of fact, if you're watching at home,

rgd/mb/md
HOUSE OF REPRESENTATIVES

90
August 31, 2009

you might be confused because the last budget put out by the minority party, at very least, made some consolidations. For instance, the six legislative commissions that we have. And with all due respect to them, there's probably not five people outside this chamber that can name who they are and what they do. I don't say that as an insult. I say that because they are legislative commissions that are not on the tip of the tongue of most people who live in the state of Connecticut. And there was a plan by the majority party to, at very least, take those six and bring them down to three, and yet the budget before us undoes that. There's six still left.

There was a cause celebre made by the majority party of how they were going to revamp the DMV, make it different. Smart government. Reinvent government. They were going to change the way we got our license, and our pictures, and our registration. You can go to a Stop and Shop, and into a gas station and every place else. We were going to do all these great things. None of them, none of them are reflected in this budget. So what did we do. We talked about doing no harm to those who are the neediest among us. All of us to some degree represent constituents that

are needy, that cannot help themselves and that need the help of government. All of us do. Some more than others.

Ask yourself, does this budget give them hope? Does this budget change their lot in life? Does this budget create a job opportunity for them? Does this budget make their educational experience for their children better? Does this government make -- this budget make the government they live under leaner, meaner, smaller, more effective, more efficient, without waste? The answer is no, because we've changed nothing. We've changed nothing.

We raise revenue to balance this budget two ways. We borrow it to the tune of \$1.3 billion, and that was just four hours after we borrowed \$1 billion to balance last year's budget. And then we raise taxes. Now, we don't raise them on everybody, just certain people. And I guess that's a good thing, I guess. First, it's we raise over \$200 million for people -- on people who smoke cigarettes. If they quit smoking, we lose the money. We have programs. In fact, we have gone to court, in fact, we have advocated for more smoking cessation programs, and yet we have a budget that has a conflict. On the one hand we need

rgd/mb/md
HOUSE OF REPRESENTATIVES

92
August 31, 2009

people to smoke so we can balance the budget, and on the other hand we take part of that revenue and pay for programs so people will quit smoking. Go figure. Go figure.

We put a tax on high income earners, 500,000 bucks for a single, a million dollars for a couple, the rich people. You're not going to hear me defend them because god knows they can defend themselves. They do it everyday. They do it through their accountants. They do it in their jets and their limos. Sometimes they just get out of this state. But what we're going to do is take more of the tax freight, more of the cost of government, and we're going to put it on one percent of the people. Tough. They can afford it. Maybe they can, but if they don't want to, they don't got to stick around, and when they leave, if they trip, if they fall, if there's another September 15th, that 1 percent that's juggling about 33 percent of the freight, when that spills out, guess whose going to get it? The middle class.

When we come back to this chamber and say, oops, we didn't raise enough money, we need more money, who do you think we are going to get it from? The rich? Oh, been there done that. Now, who's going to get it?

Maybe people that aren't so rich, maybe people that make \$200,000, or \$100,000, or \$70,000, maybe they're going to pitch in.

I had the opportunity with many of my colleagues to tour this state and speak to people who run their businesses. Seventy-three percent of the businesses in the state of Connecticut have 9 or less people. Fifty-three percent of the businesses in the state of Connecticut employ four or less people, and they're hurting. You look into the eyes of these men and women, some who are running businesses in their fourth generation, who don't look at the people they work with as employees. They look at them as family. People who have had to sit across the table and look at a 55-year-old man in the eye, who's been working there for 15 or 20 years, and say I'm sorry, Joe, I've got to let you go. You no longer have a job here, Joe. Tears in their eyes and they've done it more than once.

That one gentleman out of Waterbury had a small manufacturing business. Believe it or not, anything under 500 employees is considered small. This particular gentleman had 120 employees, been in business for several decades. He had to lay off 120

people one by one. And when he was done with the last one, he shut the door because his company went out of business, and now he is unemployed. He has no way to support his family.

He's one of 7,000 businesses that have closed their doors since January. Think of that, folks, 7,000 Connecticut businesses since January of '09, when we took that oath of office, have had to close their doors; 26,000 businesses in two years, 70,000 people unemployed. Does this budget help them? Does this budget give them hope? Does this budget give them change? Does this budget even give them a hint of an opportunity that jobs will be created that they can use in the state of Connecticut? The answer is clear. No. No, it does not.

You talk to people who, like me and all of us, had that hope, that hope for change, and they're a little disillusioned right now. Yes, even on the national level, we're numb to the numbers. We heard about bailouts and stimulus. Millions upon billions upon trillions of dollars, our tax dollars, being given out, we were told, to stimulate jobs, to stimulate the economy, to get loans, to get businesses started for creating jobs and yet, a lot of people

haven't seen it. They haven't seen it. That's what they count on government for, that kind of help.

So here we are on August 31st passing a budget that purports to be that help, purports to be a fiscal road to stability that is going to change the way we do business, and yet it doesn't change. It doesn't change. And you know, it would be one thing if we could say yes, it's a tough pill to swallow, but if we adopt this we'll be on a stable revenue stream for the next five years to come. That's not the case. We all know there's over \$5 billion of money that's built into this budget that's not going to be in the next budget. Five billion dollars. What are we going to do then? Whose fair share are we going to get then? How are we going to pay for that? Those are the kind of things that should have been incorporated in this budget, but they're not.

So when people at home, Republican, Democrat, independent, unaffiliated, people who couldn't care less, when they're cynical about their government, when they say, what's the use, what have you done for me, how are you helping me, do we hold up this budget and say, here's how? I don't think, so ladies and gentlemen. There is a better way, a far better way

than this.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Shawn Johnston.

REP. JOHNSTON (51st):

Thank you, Mr. Speaker. To the General Assembly, I apologize for speaking after the Minority Leader had wrapped up. I didn't realize he was speaking at that time. Okay.

I wanted to comment upon a quiet voice we heard from the back of the chamber a while ago. It might have been quiet in volume, but I think in substance it was an incredibly loud voice. And I think Representative Schofield got up to talk about why she probably could not support this budget. And I would just ask everyone in the chamber to think very carefully about what she said, because I thought she was entirely on target.

It's easy to say we need a budget for the State of Connecticut. It's easy to say we need to cut a deal, we need to get out of here. The public is fed up. We're just about the last state in the union to do it. But we are creating a hole, and Representative

Schofield talked about that hole that we are going to create. And I thought Representative Cafero also hit the nail on the head. You look at this budget, and we've heard so much discussion about the cuts, and there's a lot of cuts to programs, without a doubt, but at the end of the day over the two-year cycle of this budget, this budget is going to spend more money than we spent in the last two-year budget. It's going to increase. It's not going to decrease. It's going to increase spending by eight-tenths of 1 percent.

At the same time, where our revenue has fallen off dramatically, we built in a hole there, and we're filling that hole by borrowing. We just borrowed almost a billion dollars in a bill earlier today we're going to pay off. In this bill, we are going to securitize, which is nothing more than another term for borrowing, we're going to borrow one to \$1.3 billion. It's not going to come back before this General Assembly at least by this legislation because that plan has just got to be sent to the chairs of Appropriations and the chairs of Finance. It doesn't say it has to come back before the General Assembly for a vote.

So we are going to borrow another 1.3 billion.

We get stimulus money from the federal government. We can make a great case that we just borrowed that money for them -- from them because there sure in heck isn't going to be a chance that there's going to be stimulus money in two years, three years, or five years. As a matter of fact, I'd make a bet that there's going to be some major tax increases on the federal level because they've spent way beyond their means. We've spent the Rainy Day Fund. We borrowed that. We're going to spend that now. That's never going to be available. We are digging ourselves a hole that we're not going to be able to climb out of.

We saw major corporations in this company and major banks go belly up. People think it's inconceivable that a state government can go under. It can happen, folks, and the decisions that we have to make in here are not easy decisions. Quite frankly, the decisions we have to make are between bad decisions and even worse decisions. But I think if we adopt this budget today, that this General Assembly in future years trying to craft a budget is going to have its hands tied incredibly, and some of the very programs that we are afraid to cut today, we put in jeopardy in future years by not being responsible

enough to -- today to bring our expenses under control.

And I just want to again, wrap up that at -- that sometimes when someone doesn't get up and speak on an issue in this chamber, the day that they do and the day that they quietly get up and explain to, maybe, an audience that doesn't want to hear what they have to say why it's important to them, that maybe we give that person some very strong consideration of their views.

And Representative Scofield hit the nail on the head. This is unsustainable for the State of Connecticut. It can't continue. And quite frankly, a big part of the reason that we're here today is because we made some of these very decisions over the last eight and ten years. There was a period for six out of eight years that, in the state of Connecticut, we declared an exigency, and no one else in the state of Connecticut other than the legislative chamber, I think, knows what exigency means. It's an emergency and that emergency that was declared by the Governor and voted on by a super majority of us was that we have so much money coming in to the state of Connecticut that we want to spend that surplus that by

law the spending cap of the state of Connecticut doesn't allow us to do.

We were building in holes at that point in time. That was money that we knew that was one-time money. That was money above and beyond what we thought would roll in. And instead of taking that money and paying down debt, and instead of using that money responsibly, we spent every bloody penny of that money on ongoing programs. Well, it's caught up with us and it caught up with us, at the very exact time that the federal economy went in the tank.

Mr. Speaker, this budget is incredibly well intentioned. It gets us out of this building. It gets us a budget, but I think it causes great havoc in the future, and I think it causes more harm in the long run to the very programs that we're trying to help today. And I will be voting no on this measure before us today. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, the Clerk has Amendment LCO 9651. If you would call it, please.

rgd/mb/md
HOUSE OF REPRESENTATIVES

101
August 31, 2009

I asked if he'd call it and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 9651, which will be designated House Amendment Schedule "B."

THE CLERK:

LCO number 9651, House "B," offered by Representative Cafero, Hamzy, and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection on summarization? Hearing none, Representative Miner, you may proceed with summarization.

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, this amendment is a strike-all amendment to the budget currently on the floor. What the budget -- what this amendment does is puts in a place, a new biennium budget with reductions in spending, no increases in taxes, maintenance of our efforts in terms of trying to fund important general assistance programs, some municipal mandate relief, revenue streams, which are laid out in the budget. And I ask adoption.

SPEAKER DONOVAN:

The question before the chamber's adoption of

rgd/mb/md
HOUSE OF REPRESENTATIVES

102
August 31, 2009

House Amendment Schedule "A." Will you remark on the amendment?

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, what we have here is two different notions about how we should settle the problems -- the fiscal problems of the state of Connecticut. We have the underlying bill which has been stated to be a compromise, and we have this amendment which we believe is another valid and important alternative. We heard Representative Cafero talk about jobs. We heard Representative Alberts talk about jobs. The underlying bill purports to put a surcharge -- a surcharge corporate tax on the very people that are currently talking about reducing employees and moving jobs. Why? Because we are not competitive in the state of Connecticut.

Amendment 9651 increases no taxes on corporate taxes. The underlying bill raises about \$1.2 billion in new taxes. Ladies and gentlemen, the amendment that we have before you increases no tax. There are no tax increases in this budget. We're not going to balance the budget of the State of Connecticut on smokers at a dollar a pack. We're not going to try to balance the budget of the State of Connecticut of 1

percent of the population of the state of Connecticut. We're going to try to live within our means.

And how are we going to do that? We are going to consolidate agencies. We're going to try and shrink government. We're going to live within the confines of the SEBAC agreement, and we are going to try to become more efficient. We're going to try and pair agencies and commissions so that like functions make use of the personnel that we have on the payroll, and we can reduce the number of backfills. We think that's what the state of Connecticut expects us to do here in Connecticut, live within the revenue that we currently have.

Mr. Speaker, on this budget does in Sections 51, 52, 53, 54, 55, 56 through 72 is deal with municipal mandates. Every person in this Legislature is approached by a chief elected official, CCM, COST, you name it, they're all up here banging on our door saying, don't do anything to us that we can't afford. We put in place a number of mandate relief proposals in here which many of us have heard before. We call on DAS to handle services for municipalities.

We delayed the Raise the Age Program. I think we've all heard from our elected officials and boards

of education how much of a problem that's going to be. In-school suspension, posting of minutes and agendas, every one of those is included in our budget. We think they need to be addressed. We think they need to be addressed this year.

Mr. Speaker, we think it's important that we keep our promise. Just like you do, we think it's important to fund vital programs of the state of Connecticut, HUSKY A, HUSKY B, Connecticut Homecare, ConnPACE, state administered general assistance programs, temporary family assistance, they are all funded in this program. So how do we do it? If we don't have the revenue to live at 2009 values and costs, we have to find a value and cost that we can afford to live with, and we've chosen 2007.

This isn't new. It's not even news to some people, but it's reality, and people in my district, and I'm sure people in your districts have said, you've got to figure out a way to spend less money. You can't keep going to the well and asking for new revenue. We don't have it. Like Representative Cafero, I've sat in some of these meetings with business people, and I've seen them quiver as they relayed their stories just like we do here when we

talk about situations we know are difficult when they had to lay somebody off. And by the way, they laid them off after they cut their own wages and gave up their own benefits.

Mr. Speaker, this budget does not increase taxes. It doesn't cut aid to municipalities. It doesn't close libraries, family resource centers. It doesn't close parks and beaches. It doesn't close any colleges. Doesn't close any prisons. What this does is requires us to live within our means. We re-base our ability to pay here in the State Connecticut to what we can afford. We don't strike out on a new tax program of \$1.2 billion to feed the machine.

We know that two years from now, current projections are that we will be with a balanced budget this year and next year in deficit again to the tune of \$3.5 billion. The economy has yet to turn around. We think increasing taxes in that vein is exactly the wrong thing to do. To tell people that they've got to reach into their pockets and instead of making a capital investment, instead of continuing to employ people, we're going to raise their taxes. We think that's the wrong message.

So ladies and gentlemen, this is a balanced

budget, and I ask that when the vote be taken, it be taken by roll call.

SPEAKER DONOVAN:

The 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 DONOVAN:

The requisite 20 percent has been met. When the vote will be taken, it will be taken by roll.

Remark further on the amendment?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. I'm also rising obviously in support of this amendment. I would like to associate my remarks with Representative Miner and spare you all the repetition.

I believe that, you know, we heard tonight the talk about compromise, and I think it's important tonight that we demonstrate that there certainly has not been compromise in this budget process. And additionally, I think we're making a big mistake by not making the tough decisions today. I remember

rgd/mb/md
HOUSE OF REPRESENTATIVES

107
August 31, 2009

when, you know, the economy took a dive and the stock market crashed and the feelings of many people had, the antsiness, the anxiety, the uncertainty for the future.

And it seems to me as we went through the legislative process, we've sort of got into a routine. We talk to each other. We may or may not have gone to the district and actually spoken to enough people. And I know that this recession certainly is not over. Connecticut has lost 70,000 jobs. We're target to lose upward of another 30 to 40,000 jobs, and that's based on the projections of our current economy and the current government spending. And what we're doing here today with this budget is we are tinkering with our spending, and we're tinkering with taxes, and I'm not sure what the effect of that would be.

But I am concerned when I hear about UTC and the tax policies that we are putting forth where we're exempting small business, and I think that I understand that. The small businesses certainly have struggles. But somehow we think that larger businesses can afford to pay taxes, that they are not necessarily feeling the same hits that our small businesses are, and I'm just not sure about that. I

think that the big businesses are feeling it just as much, if not more.

And every day when we make policies like this where we seem to be creating carve-outs for the majority of our population and we seem to be hurting those select few, we're seeing that today with the progressive income tax where we're taxing, yet again, our upper 3 to 1 percent of our population. And now we're going to seek to target the upper populations of our business sector. We are creating the public policy that they aren't necessarily important and we can do without, and yet Connecticut continues to grow with its poverty gap.

And I think that the budget that we're putting forth in this amendment makes tough decisions. The cuts aren't taken lightly by this side of the aisle, but we certainly think that they're are important to make today because in two years from now we're going to be faced with an impossible situation where we have already risen taxes, we have not made the necessary operational cuts.

And additionally, I think we've also in this process fail to realize or recognize the plight of our municipalities. How many of us went back into

districts and heard from our board of educations to tell us what the unfunded mandate of the in-school suspension or from our police departments that talk to us about the infrastructure build-outs that will be required as a result of the raising the age or the cost and the aggravation associated with the publishing of the minutes on the websites.

So what do we say to them all? Yeah, we're going to take care of it. We're going to take care of it. I know I've heard that around the chambers. And every bill that came out just sort of evaporated. And these towns have now set their budgets. Some of them may have believed us and they have not budgeted in these items. Others I know have not or have budgeted them in, and they are now going to be faced with the problem of having a shortfall because they're going to need to come into compliance.

And I think we really owe it to ourselves to start addressing municipal mandate relief because anything that we do not do for them today, it translates to increased real property taxes. And we've talked a lot up here about reforming real property taxes, and we never seem to do it.

And certainly with a budget structure that we

have set up for today, it literally is an impossibility for us to do any type of real property tax reform for the next five years. So when the municipalities begin to ask, what are you going to do for real property tax reform, we have nothing to turn to. And this budget at least makes a -- budget amendment -- makes that step in providing the necessary relief for our municipalities, and I would urge its adoption. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of this amendment, and I will not be redundant as to mention some of the things that have already been discussed by my colleagues. But I'll tell you, Mr. Speaker, from experience, I was sitting here listening to some of the speeches that were being made before.

I heard Representative Alberts talk about the tool and die shops that are around UTC. I am sure Representative Alberts knows some of them by name, but when we talk about tool and die shops, Mr. Speaker, I

rgd/mb/md
HOUSE OF REPRESENTATIVES

111
August 31, 2009

am the tool and die shop. I work in a tool and die shop. I live in a tool and die shop. I get there to work in the morning at 7 o'clock, and sometimes I do not leave until midnight. That's the fact that we as small businesses do.

We know the circumstances. We know the problems. At one time or another, Mr. Speaker, in our tool and die shop, about 60 percent of our business was derived from Connecticut businesses, from Connecticut foundations, from institutions that were here in the state of Connecticut. Most of them have left, and right now we do business with companies in South Carolina and Hopkinsville, Kentucky. Businesses that were here in Connecticut, moved down South, and they have not been able to find a skilled workforce yet so they're still coming to us. They're still giving us business even though they are no longer here. God help us when they develop a skilled workforce down in Kentucky, South Carolina, and North Carolina. They will not come back to us.

Mr. Cafero spoke -- Representative Cafero spoke about the company in Waterbury that laid off 120 employees. I know the company. I know the people. I know every single one of them. I used to visit them

every other day. They were my customers. And the person who laid them off is my friend, Anthony, who lives in Representative Zalaski's district in Southington.

He said that I'm going to go home now and tell my wife that I do not have a job, because we can no longer compete right here in the state of Connecticut. And they closed their doors.

Representative Cafero talked about the employer who stood -- who sat down and gave pink slips to his employees and was crying because these people have families. What Representative Cafero did not say is that employer could be me and is me, did not mention any names, but I tell you, Mr. Speaker, that were Lou and Henry and Caesar that I had to terminate a few months ago. And right now I have not been able to bring them back.

Representative Candelora talked about people cutting their own checks, their own salaries. I have done that. In order for me to keep things going within the company I cut my own salary. My brother cut his own salary.

Mr. Speaker, it is now 9:25 and I tell you -- and I tell you with a lot of pain that as of midnight this

evening, our employees were going to be without dental coverage because the company could not afford to pay it anymore. And I swear, I can tell you that this morning my brother walked into my office and said, please don't cut the dental coverage. Somehow we'll manage. And we're paying for it. The company is paying for dental coverage for one -- for our employees 100 percent. The employees are not sharing a thing.

With our company, our little small tool and die shop, we have health insurance that is second to none that our employees pay almost minimum to it just as a token to say that they are sharing with the cost, and we have been trying to keep it and keeping it. And these past few months have been the most miserable last months in my experience in business. And Mr. Speaker, I've been in business in various capacities for 35 years. I have never seen it that bad. Never seen it that bad. Companies are moving. Our employers are closing within our own area, within one mile radius of our facility, three of my customers closed in this one year alone.

These are people who are giving me work which means I am not getting work from them. My people are

not working. My people are not going out shopping. My people are not going out to restaurants to spend their money. And this will be the ripple effect when manufacturing suffers. And manufacturing is suffering, and businesses are suffering in Connecticut.

What are we doing now? We are continuing to increase taxes on them. Small businesses, large businesses, cigarette smokers, people who are buying liquors, fees on everything, the realtors, real estate, landscaper, the one-man shop, the landscaper, we are increasing fees on him or her. We cannot do that.

I have received just like any -- all of you and many of you hundreds of e-mails and letters from agencies and social programs and -- that say to me, do not cut. Do not cut. Do not cut because we need to survive. And I don't think anybody -- I care about the vulnerable and the needy and the underprivileged as much as I -- anybody in this chamber cares about them. And do you know what I tell them? I don't tell them what they want to hear. I don't tell them no, I will not cut for you. I tell them the truth, and I say to them, within your own home -- within your own

home, have you had to reduce your spendings? And all of them say, yes. And I say to them, well, then we'll have to do what we can at the level of the funding of 2007 in order for us to survive, all of us to survive, the State of Connecticut to survive. And if we don't do that, we are going to come back with more tax increases, and more companies are going to be out of business. And who's going to be paying taxes here? These are the problems that we are facing, and sooner or later we must step up to the plate and say we can no longer afford to put more taxes on people and businesses and hard-working people in our state.

I got up my people at work the other day, and I told them I know that business is slow; we are running hand to mouth. By the time an order comes in, we shove it to the floor so that we can ship it and invoice it, and that's when I tell my people, even though business is slow we have to be efficient. We have to do our job to the best of our ability in order for us to save costs so that we can continue to be in business.

And my message to the state of Connecticut is just like each one of us in our own home is efficient and every small business in the state of Connecticut

is efficient, the State of Connecticut itself, our employees, the agencies of the state of Connecticut, from the Governor all the way down, we must operate in an efficient fashion so that we can save money so that we can come out of this recession that we are facing. We have no other way but to do it. We cannot get our way out of recession by increasing taxes. It's as simple as this. We're going to get further and further into the red. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Geragosian.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker.

Briefly, in opposition to this amendment. You know, we've been told that our budget is not moving forward. Well, this budget is obviously moving backwards and making reductions that will hurt our state, too. Some of the things that we also talk about, cutting the budget also hurts the economy. It hurts the economy for the vendors of the state. It hurts the economy for the state employees, the state contractors, the nonprofits. Those -- taking money out of their pockets is not helping our economy.

And we -- it would have been so easy, and I talk about this all the time, other than to have spent hundreds of hours going through the budget line by line with the -- my colleagues on the other side of the aisle and the administration, to just cut arbitrarily, cut a little bit across the board, but that's not how -- unfortunately, not how we do budgeting.

We talk about running government like a business or like a household. Unfortunately, that's not how it works because the demands on government, it's countercyclical. There's more demands on unemployment in tough times like this. There's more demands on human services and social services in times like this. There's more demands on health care in times like this. There's more demands on our municipalities in times like this. To simply make arbitrary cuts across the board, just doesn't work.

And it's interesting because a couple of things we were -- that were talked about from the other side of the aisle were the commissions, the legislative commissions and the consolidation. As I see this, this does not consolidate the legislative commissions and we recommended a 50 percent cut to those

commissions.

The \$95 million that I believe Representative Miner was talking about, the \$95 million in lapses for contracts and other things is in this budget. So we're all using similar types of line items to deal with this budget crisis.

Now, we talk about compromise, but we also have to look at what caused this problem. This is a revenue problem. Eighty percent of the problem -- this hole is caused by a lack of revenue, and we have compromised. The figure in new revenues in this budget is far less than the \$3.3 billion in our original budget. It's about \$880 million. And that's about 10 percent of the problem. Now, to solve something that's 80 percent with 10 percent is probably, you know, it's not the way I would have done it. And as I said in my original remarks, compromise requires us to do things that we wouldn't always do given our own values.

Even my friend, Representative Schofield, who doesn't particularly like this budget, said that we needed more ongoing revenues to solve the problems, and Governor Rell has come to that realization, too. And I urge my colleagues to reject this.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Hamzy.

REP. HAMZY (78th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of this amendment. And I rise in support of this amendment for a couple of reasons. First of all, as I was -- as was stated earlier in this debate, I think every single one of us to a person heard the pleas from chief elected officials, school superintendents, school board members, and municipal representatives across the state asking us to make some reforms to the mandates that we impose upon municipalities. Mandates that we impose on municipalities without providing the funding.

Unfortunately, in the budget before us there is not one mandate relief, with the exception of allowing the City of Bridgeport to skip some pension payments, that's been offered to municipalities who are our partners in government to help them deal with their local budgets.

We talk about property tax reform. We talk about property owners who are struggling to pay their

property taxes, yet nothing in the underlying budget is done to relieve municipalities of the cost drivers of property taxes in the form of mandates. Well, we address that shortcoming. There are a number of promises made to municipal officials throughout the past legislative session that unfortunately passed without any relief in sight.

The second reason I'm supporting this amendment is because of the hope that it offers to people in this state to once again go back to work. Why do I say that? I say that because again, we need to view this as an economic crisis and not a budget crisis. If we are able to get through this biennium without raising taxes, when all of the neighboring states around us have increased their taxes, we will now become a place where employers will relocate and employ people and provide jobs and opportunity. That's what this state was built on.

When we talk about the small manufacturers that we once had in this state that closed and moved to other states in droves, that's what the state was built on. It was built people who took risks and employed other people and provided opportunities, of people who have skills at all levels. We don't have

that anymore. We don't have that because of choices that were made over the years. This is an opportunity to revert -- reverse that trend and provide opportunities so that people can get back to work.

When UTC states that it costs 40 percent less to do the same work in Georgia than it does here in this state, that should send a message. Now, are we ever going to be able to compete with those low-cost states? No. Will we be able to compete with other states who are higher costs than us? Yes, if we choose this path. Does it involve making difficult decisions? Absolutely. There are absolutely difficult decisions made in this amendment.

There's also one very easy decision made. There's a decision made to take \$60 million out of an unconstitutional Citizens' Elections Fund. That's an easy decision.

I hope people in this chamber will give the people of this state an opportunity to get back to work and to provide for their families and vote for this amendment. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Jack Thompson.

REP. THOMPSON (13th):

Thank you, Mr. Speaker. If I can get my footing here.

I rise reluctantly to speak at this time. I would rather be speaking for the bill, the underlying bill, than speaking against something, but in a sense I want to identify my remarks with Representative Geragosian. I think he spelled it out. The cuts that are contemplated in this amendment would set us back at a very bad time in our history.

And I also want to point out that I disagree with the position that we are putting too heavy a burden on 1 percent of our population. You sell those people short, I think. I remember when I voted on the income tax way back when, that there were deals struck. And of course, the major one, and I still kid Bill Nickerson whenever I see him as being the architect of that major one, which effectively reduced, to a large extent, the tax burden that much of the Fairfield County, that 1 percent were carrying at the time, although I think it was a little better than 1 percent at that time. They actually made out better under the revised tax system than what they had with the high income on the unearned income, and so forth.

So -- and I did, like Representative Schofield, get up and speak against a budget, and that was six years ago. And I, like Representative Johnston, apologized to the Minority Leader at the time, Bob Ward, for getting up and speaking after he had summarized. And I can still remember very clearly turning to my seatmate, Jeff Davis, and said, is he really summarizing? I think he was the second or third Speaker after the chairs of the two committees had summarized and answered questions and so on.

So again, I'm doing that this evening, apologizing to Representative Cafero. But to Representative Cafero and to others who have made that argument about the 1 percent, recently I met with a group of public administrators, and they were talking about local governments, and that subject came up. And they were talking about Greenwich, of all places, and how sensitive they were to the needs of the people in their community. And one of them said at one time I worked for the Department of Finance and Control, the predecessor of the Office of Policy and Management, and he was visiting Greenwich and he was taken over to the almshouse and -- a facility, some people labeled it the poorhouse, but it was the

almshouse, and he said it was the first time I met someone who was 100 years old. And was he in good shape for -- at that time. This goes back many years. And he said that he was there because he couldn't afford to remain alone in his own home.

And Greenwich had established this residence that took in citizens, residents of the community. And I think also in Norwalk, where I have done some work, of a community that is full of volunteerism. In fact, they've been recognized for it. And our secretary of Office of Policy and Management, I think, was chairman of the board of ed down there when I think they were recognized as having the outstanding mentoring program for young people in the state.

And there's plenty of examples of other people in that community and other organizations and programs that they had developed to help their own community.

But in 2003, we cut, I think, unnecessarily severely, and we hurt people, and we spent the next two years working to get money back to those people and programs to them. And if anyone has watched the TV last week and the death of Senator Kennedy, couldn't help but be impressed by the outpouring of support for the Senator's programs and for his

initiative and working with the other side, and so on, and promoting programs that really help people.

And if you don't think we have a problem with our health care system in this country, then read the Robert Wood Johnson study that's out today that has compared our health care system with other countries. As you know, the World Health Organization has ranked us 37th in the world. You know, we are the most expensive -- most expensive health care system in the world. And there is, in the last 20 years, I believe we've gone from 30 million Americans without health care coverage to almost 50 million Americans without health care coverage. But that's just -- and they cite that in this report, but they sort of play that down. We have more, much more, serious problems in our health care system. And it's going to take a lot of the good old American spirit to come together and work on righting the wrongs that have occurred in our health care system, which admittedly, for those who have health insurance and access to health care, it's a wonderful system. But we've got 50 million -- we have over 300,000 people already in our community, doubled because of layoffs, and we're talking about layoffs and people losing their health insurance, and

we want to do something. We have to do something to make sure that those people have access to health care.

And I think some of the things we are doing now, with school-based, the hospitals, and the federally qualified health centers working together in a coordinated way, reaching into the community and working together, we are doing things.

But I want to say one other thing. Some years ago, I was an 18-year-old Marine on my way to Korea to join the First Marine Division, and unfortunately, it's 18 to 30-year-olds that wind up going to places like Korea, like Iraq, like other places, Afghanistan. I've got a grandson now sitting out in Camp Pendleton, another member of the First Marine Division.

But when I went to college after coming home from Korea, my roommate was a young man from Brooklyn, Connecticut -- I'm sorry, Brooklyn, New York. There are two Brooklyns. And we roomed together, and when I was married in my senior year, he was my best man. And lo and behold we used to talk about the Marines and service and all of that. He didn't join the ROTC, but he joined the Marines after he got out of college and he had a gift for languages. And he was sent off

rgd/mb/md
HOUSE OF REPRESENTATIVES

127
August 31, 2009

to Monterey to learn Chinese, and he spent time in Hawaii heading up an intelligence unit.

Then he was shipped off to Vietnam, 1964. Two weeks later, he became the first Marine captured by the Vietcong. He survived three years in a prisoner of war camp, where we had no idea where he was. His family had no idea. His wife and four children had no idea. Well, he died in that prisoner of war camp. And stories about his heroism -- wounded -- he was wounded when he was captured. He suffered various diseases, but he took charge of the military presence there, and he brought them together. He was a great morale builder. He gave up his medication. He was a true hero.

And those stories came back to us here in America. And my friend received the Congressional Medal of Honor -- I should say his widow, received it. Now, that's a sacrifice. And it's the young who make that sacrifice, and many of them are sacrificing right now. But there's an American spirit that came together to support those young men and young women, and that same American spirit is being challenged now. And I think we should support people who are living in poverty in our communities and our country. And we

should get behind the bill then -- the underlying budget here. And in all due deference to those who spoke for the amendment, I think you're honestly wrong. I think we ought to suck it up and work our way out of this economy. And our budget has a chance of doing that and certainly our opportunity to do something about our health care system and continue some of the other programs.

And by all means, the idea of taking dental services away from elderly people, that just struck me as all wrong and would not be tolerated by this Legislature. And I hope that's a thing of the past and we'll go on with the vote against this amendment and a vote for the bill under -- underlying bill.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker.

I rise in support of the amendment. There are two things that particularly cause me to support this amendment. One is the direction it takes on mandates and second is on eliminating the proposed tax

increases, or proposing no tax increases. I have heard directly from superintendents of schools and schools in my area asking that we do this particular thing; that is, that we suspend -- that we at least defer these mandates on in-school suspension and on raising the age, at least for the time being.

We can do this. This is a real help to our towns. This doesn't effectively cost the state anything. This need not be considered an appropriation. It's not. It's simply excusing our municipalities, our local school districts from doing what they would otherwise be compelled to do without compensation. And to the extent we relieve our towns of mandates, the two I mentioned and the others, we directly impact local property taxes and the affordability of homes in our towns.

And so I think that's very important we do that. I see no reason not to do that, and we should proceed to do that, and that is addressed in this amendment.

The second thing with regard to the absence of tax increases in the proposed amendment, I was in my doctor's office the other day and we were chatting about one thing or another. And he said, well, where does the budget stand? And I said, well, you know,

we're making some progress. We are now -- we've only got some tax increases, taxes on high-income folks and maybe not what we had hoped to do with the sales-tax. He said, well, why are we increasing taxes at all? And I was taken -- set back to think and -- because he's not going to be impacted by the one and a half percent increase, and I regret to say neither am I.

But you know, we represent those people who are at the high end of our income stream as well as others, and we represent those, not only because they're citizens of our state, but because they pay proportionately a very substantial share of taxes. And coupled with that, and something we probably don't often think about is that they are underconsumers in terms of state services. They don't rely on public transportation a lot. They don't rely on social services a lot. In general, they're very small consumers of state services. So in fact, looked at from a purely economic standpoint, proportionately they pay a lot and they consume very little. So those people are people we want to keep, and they do whatever else they do to benefit us by what they spend here, by the jobs they create, and so forth.

But the comment or the question really does

sharpen the question, why do we need to raise taxes at all? In 1991, when the income tax was passed, we had previously had no income tax at all. Up until 1991, which is roughly -- not really ancient history, but since the income tax was adopted, it's become our largest single source of revenue.

And in the time since it was adopted our spending has doubled. It's doubled even though the population of Connecticut has remained virtually static. And in recent years, certainly, inflation has been essentially flat. So with a stable population, with low or no rate of inflation, why has spending increased -- has doubled in the last 15 years? We don't need to continue that trend. We don't need to continue that trend. We can only need to arrest the process, perhaps to step back a year or two to where we were in our spending just a few years ago, and we will accomplish all we need to accomplish without raising taxes.

The point was made by the able chairman of the Appropriations Committee that when times are bad, governments are caused to spend more because governments have to in their spending, be countercyclical. Well, that is true of government in

general. It's not true of state government. It's true of the federal government. It's not true of the State of Connecticut's government, and the reason is basic: We don't have the ability to set monetary policy, and we have very limited ability to set fiscal policy. We cannot impact the credit markets. We cannot create money. All we can do -- all we can do is bear our responsibility to carry out the government of the state, to collect taxes, and to spend that money for the ongoing needs of the State.

Now, that doesn't mean we are indifferent to the needs of those of less fortunate status in our state. And we should do that -- ever mindful of that, but we do that in this budget, we preserve -- we preserve the basic programs. And doing that, we do what we reasonably can under the circumstances, and at the same time, we respect the taxpayers of the state, after all, for whom we are the stewards of this money.

These are the people, not in very small number of, the wealthy, these other people who work every day, pay mortgages, never accumulate great wealth, but provide the backbone of our state. And it's their wealth that we have a duty to administer in the most responsible way we can.

So this state -- this state is not the federal government. This state cannot turn our economy out of recession. Well, it can help. It can work with the federal government, but it can't bear the responsibility because it doesn't have the power that the federal government has to address direct economic change.

So I would urge the adoption of this budget. It does exactly what we need to do. It spares our towns, our school districts, the burdens of these mandates. It takes seriously our responsibility towards those who are in need in our state, but at the same time, it lives within our means. It lives within our means and, if anything, has taught us -- if we have learned anything in the last few years of our experience in this economy, that is a valuable lesson.

We don't need to continue on a road that doubles spending every dozen or so years, and unless we put a stop to that now, that's just what's going to happen. So I would urge, respectfully, the adoption of this amendment.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative Hetherington.

rgd/mb/md
HOUSE OF REPRESENTATIVES

134
August 31, 2009

Representative Caruso.

REP. CARUSO (126th):

Good evening, Mr. Speaker.

Mr. Speaker, I rise in opposition to the amendment this evening. And I have to begin by stating that I am not ashamed that the State of Connecticut is only one of two states in this country that have not yet adopted a budget. And the reason I'm not ashamed is because there has been a philosophical disagreement, if you will, between people of goodwill as to how the budget should be appropriately balanced.

There are those that feel tax cuts are inappropriate, and there are those that feel cutting services to those most in need is inappropriate. And I think that's the type of debate that the people of this state deserve. I don't believe that the amendment that's before us is realistic. And the criticism that has been made to the underlying bill this evening could be made about the amendment before us right now.

I believe that government exists to help people. Government is made up of people. It exists to lift the lives of those who are in need. It exists to help

those that are most vulnerable. It is there to assist those that, in their most troubling times, government can be of assistance. And I think that's what our budget does. Is it perfect? Absolutely not. If we wanted perfection we wouldn't be Legislators; we wouldn't be doctors; we wouldn't be lawyers. We are individuals, human beings that try to do the best that we can under the cards that, frankly, have been dealt to us.

There's no one in this chamber or anyone across this country that could have predicted the recession that we've all experienced. And yet there are people tonight that speak as if they have a crystal ball as to what the next two years will bring us and that our budget proposal this evening is irresponsible -- I've heard those words -- and that this recession will deepen and we'll find ourselves in a worse situation in the next two years.

What if those naysayers are wrong? What if the recession actually changes, the economy gets better? What sense would there be in deep and severe cuts that would put government in a position where we would have to catch up to meet the needs of the people from which we cut? It's easy to look at a spreadsheet and make a

decision about a cut of a program. It's much difficult to understand how that cut would affect human beings.

Every day in this government, we spend millions upon millions of dollars to assist business. We do it willingly. We do it to keep businesses in this state. And the belief that businesses are competing in this state and that some are moving out because of others, I think really doesn't give the true answer. The global economy that we're experiencing in the competition is one of the reasons Connecticut is losing its business. And that's affecting us just as much as anything else is.

It's not only because the state of Georgia is providing services at less cost. We are competing with China, with India, with other countries that provide those services at much less cost than many of the states in this country. And Connecticut is experiencing that problem as any other state is as well. And to leave that out of the equation is unfair.

What our bill does, what the underlying budget does is to address the needs of people in this state. I'm very proud to support it. I believe it moves in

the right direction. I believe that in these fiscal times, does it make sense to cut Head Start programs? Does it make sense to cut programs that provide training for people who are interested in going to work? Does it make sense to cut educational programs at our university systems? I think the answer is no.

And just as the amendment looks to address the situation just as much as the underlying bill does, the fact is, again none of us have a crystal ball, but we must move forward. We must take that chance. And as a budget is a series of projections, we will see exactly what happens, and we will probably come back to make adjustments accordingly.

But the time is not to retreat on the people who are most vulnerable and in need. It is not the time to retreat on working families. It is not the time to retreat on the middle class of this state. I have heard much spoken about the most wealthiest in this state and whether or not we should be taxing that most wealthiest population. Those people that are the most wealthiest should pay a share of the overall burden in this state.

Our budget does make cuts, and the comments that it doesn't and that doesn't seriously look at the

spending side is inaccurate. We do make cuts and the budget. They may not be as deep as what some would like, but nonetheless, they are cuts. They will affect programs. And as people who are experiencing those cuts, those people who are the most wealthiest must also pay their share. It has to be a shared burden in this state.

So for those reasons, Mr. Speaker, I oppose the amendment, support the underlying bill and ask the assembly to do the same.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Camillo.

REP. CAMILLO (151st):

Thank you, Mr. Speaker. Good evening.

Tonight I rise in support of this amendment, but I know at this late hour I'm not going to change any minds of the friends over on the other side of the aisle, and I do mean my friends.

I represent a town, Greenwich, Connecticut, 61,000. I represent a third of that. And I saw one study recently that said that over 50 percent of the people in Greenwich make less than \$50,000 a year, and

a lot of those people live in my district. And they're plumbers, electricians, masons, landscapers, and almost to a person, they're all hurting. Their work -- the work is not there anymore.

Why is that? Because a lot of the wealthier folks are not making the money they made, and in effect, that is not trickling down. I know I had a small business for many years, and that is exactly what happens, Mr. Speaker.

So to turn around and go after those people who aren't making that much anymore is going to hurt the people that I represent even more. And these are people, some of them are even in the union. They are not for this budget, and I know we all have different worldviews, but I can only tell you from my experience in my district that this here is something that they're wholeheartedly against.

As I look at the example of what happened in Maryland a couple years ago, they instituted a millionaire's tax, and within one year a third of the millionaires left the state. Today, that state still has a deficit. The same thing happened in Maine. And in 1991 here, Mr. Speaker, it took us over ten years to get back the jobs that we lost when we raised taxes

in a recession.

So again, I rise in support of this amendment. And as a first-year Legislator, I really enjoyed my first year. I made a lot of good friendships, and I think we've got a lot done. This is the one big disappointment and I thank you for your time, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Demetrios Giannaros.

REP. GIANNAROS (21st):

Good evening and thank you, Mr. Speaker.

SPEAKER DONOVAN:

Good evening, sir.

REP. GIANNAROS (21st):

I rise to speak a little bit on some of the facts that relate to how we got here and what are -- what is actually going on with relation to the state government and the size of our government.

As many of you know, I'm not the spend -- a tax type of person. I am very cautious about spending with my personal life, but I also am one individual that does not forget that those who are in need must be helped.

But let me start by talking a little bit about what we call in economics the business cycles. That is the fluctuation of the economy and how that is not in the control of the Governor or the State Legislature, and therefore, we cannot blame the Governor or the State Legislature for what has happened to the state of Connecticut's budget at this present time and in the last year and a half.

The national economy recessed starting December -- around November, December of 2007. And it had nothing to do with what we were doing in the State Legislature. It had a lot to do with how badly the banking practices were and how badly those in the industry of real estate were practicing -- not all of them by the way, excuse me, I don't mean to imply that, but a good number -- that brought us to an unprecedented financial crisis that resulted in the most horrific freezing of the banking system in September of 2008, and the potential of having the worst recession, and I think we are about to be classified as such, the worst recession since World War II, and we had the potential, in fact, of having another Great Depression. But because of the intervention that took place by the central bank and

the good actions that were taking place by my colleague, Ben Bernanke, who was the banker, the central bank president, chairman of the Federal Reserve Bank, we are not facing the kind of ten-year contraction that we could have faced versus the two-year contraction that we are likely faced this time around.

When the national economy contracts, automatically sales are down, business profits are down, incomes are down because people are not getting bonuses or not as much. People get laid off. And all of those result in loss in tax revenue to a state that had very little to do with the banking crisis for that matter. In fact, we are probably one of the best in terms of performance during that subprime lending crazy period.

So the -- to blame ourselves for what happened to our tax revenue is completely unfair and uncalled for. And I understand my good friends from the other side, their concern about excessive government spending and taxing. I empathize with that to some degree, but we have to have some facts that are stated here, not only for ourselves so that we can make the right decision, but also for the public that listens to us.

We have to be factual because people make their own decisions out in the private sector partly based on what we say in this chamber, but partly also by what is said by people in Washington D.C. and then they go out to spend privately, invest privately, et cetera, et cetera. So we have to be a little cautious about what we say because we are impacting negatively the private sector and therefore the economy if we are misleading, misrepresenting facts and causing an indirect harm.

Having said that, let me just talk a little bit about the facts relating to this State of Connecticut's size of government. Again, some of you call me a moderate Democrat for my fiscal responsible positions. And at times I take very hard positions, especially in the Finance Committee, and I have no apologies for that, but I don't really like to hear facts, statements that are not factual. So I'm reading now from the Office of Fiscal Analysis data that was calculated on my -- for me when I asked them to calculate spending and taxing overtime as a percentage of the state's size of the economy, as a percentage of what we call the gross domestic product of the state.

In all three statistics that I will read to you, you will see that the state government since the tax, income tax was introduced and went into effect in 1992, all those three variables, statistics that I will read, indicate that the state government is the same size as it was in 1992 -- has not increased hardly at all.

With relation to spending, and I'm reading now and I can send this data. I have it on my computer. I can send it to anybody who wants to look at it. As a percentage of the gross state product, spending in 1992 -- this is the general fund -- was 6.96 percent of the economy. In 2008, it's 7.5, approximately half a percent. It's almost the same.

When you look at the general fund and transportation combined, we used to be 1992 spending at the rate of 7.58 percent of our GDP -- or GSP, that is the state's economy size. Now we are at 8 percent, less than half a percent difference.

With relation to taxing, I heard people saying we are going crazy with taxing over the years, and I think we should be -- to some degree both sides of the aisle should be proud that we didn't do that. Because the data shows that for every dollar earned in 1992 we

were taking 6.59 percent from the taxpayers of their average income or 6.59 percent of the overall economy. And in 2008, we are collecting 6.67 percent, almost identical; that is, the percentage of tax liability has remained the same over the period since the introduction of the income tax.

Now, many references were made, and my good colleague from Simsbury made a reference to our debt liability. Let me just talk a little bit about that because I have said even in -- in op-ed in the Hartford Courant that during recessions you don't increase taxes excessively and you don't decrease spending excessively because you will make the recession deeper, longer, and more painful.

Debt, outstanding debt is a percentage of the state's economy. Okay. In 1992, we had outstanding debt which was equivalent to 7 percent of the size of the economy, the state economy, or 7 percent of every dollar earned -- that's another way of putting it. In 2008, it's exactly the same, 7.02 percent of the size of the state economy; that is, all these three statistics indicate that the state government did not increase at all in size when you take it as a percentage of the overall size of the economy, whether

it's taxing, spending, or outstanding debt.

And one of the reasons that I referred to the debt, I am not happy with everything that is in this package, and I know that my colleagues on the other side, they have good intentions, but on the other hand the last two recessions, '91, '92 I believe it was, in the early 90s and then 2001, 2002, we borrowed -- we borrowed 1.3 billion, if I remember correctly, in 1991 to close the gap, which is, by the way, equivalent to about two and a half billion dollars in today's dollars if you adjust it for inflation.

And guess what? The economy came back. It grew. Our state tax revenue was increasing at a faster pace than the economy because of some progressivity in the tax system. We paid back all of that economic recovery fund even before it was due for final payment, if I recall correctly or about the time it was due. That is we repaid to the whole thing, and we still had some surpluses left over.

In 2001, 2002, if I recall correctly, and I'm roughly speaking from recollection -- I don't have the numbers in front of me -- I believe we borrowed around \$400 million. The economic recovery fund, the bond that we floated was for five years, I think. We

repaid all of that in three years after the recession ended. That is probably about two years ahead of time.

Now, and I'm saying this because I hear some statements that people are concerned. I know I would be too, but you have to really look at the facts and talk to us and the people out there factually because it affects the private sector. When they think we're going crazy by increasing the size of the government -- the government as a percentage of the economy, the private sector doesn't like that. They may actually do the things that you're suggesting. They may take off and go somewhere else, but it's not a fact. We have to be careful. It's not a fact.

The other thing that I'd like to talk a little bit about is -- and I'm saying this because the amendment that is before us and the good friends of ours on the other side, who have introduced it and spoke on it, made some comments relating to how much we are penalizing businesses. Now, there are several things in here that I would, to be frank with you, that I would be against if I could -- if I could find a different way to close the gap and balance the budget, I would probably do it. But let's be also

factual. There was some -- a lot of statements about small businesses being hurt. Well, what the heck in the world do we consider as a small business? There is nothing here, that in terms of the surtax, that affects small businesses. The surtax will go into effect for companies that I believe a hundred million dollars sales or above. How can anybody call a hundred-million-dollar company a small business?

And the other issue relates to increasing taxes. Again, we have to be careful because we are scaring the public out there when we talk about increasing taxes. Whose taxes are we increasing? Those who smoke, yes, in this budget, and we are increasing the taxes for those who are -- have very high incomes, probably the top 1 percent of the income earners. That's all. One percent, probably. I think that's what we're getting of the top income earners. And we're saying to the public that we are raising your taxes. That's not a fact. We've got to be careful because tomorrow morning they read that in the paper, basically in their minds, I best -- spend less because now my taxes are going up. That's not a fact. Taxes are not going up for 99 percent of the people, except the smokers.

And the other reference was that we have to spread the pain. I understand. We should do that as much as possible, but the recent segment of the population, those who lost their jobs and are currently unemployed, and they can't afford at this point to pay the mortgage, and they may be foreclosing on them, and those who simply are handicapped and they're very poor or ill that we cannot really do harm to if we are smart.

First of all, if we reduce spending by penalizing those lower income groups that don't have enough resources to survive, basically you're hurting the economy. For every dollar that you are cutting, they're cutting the spending by exactly one dollar. Whereas if I take a dollar from somebody who makes a million, they're not likely to cut spending by a dollar because they can afford to continue their purchases, their consumption of the same rate. They may cut back some luxury, perhaps, but they're not going to cut back the basics because they can afford them, and then you're not in that case reducing expenditures in the economy and contracting the economy further in the short-term and causing a deeper recession, which you would do if you were to cut

spending by penalizing the poor and the lower income people and those of the middle-class.

And one more general comment that I'd like to make, Mr. Speaker, in the context of the recession because, given my background, I'm much more concerned about the recession, to be frank with you, than about balancing the budget for that matter. The Constitution requires it, but it doesn't tell us that we have to balance the budget by causing a deeper recession.

And I think that we should be proud, by the way, even though for political reasons we accuse each other. It's part of the process, it's part of the democratic process. I understand that, but we should be proud of ourselves that the state of Connecticut has actually contracted less than the national economy. Our unemployment rate is 7.8, I think, if I remember correctly, the most recent number, around that figure, whereas the national economy is in the 9.4, 9.5 range.

So we actually have done better partly because we have not gone crazy, as some other states have done, to either excessively increase taxes or to excessively reduce spending during a contractionary period that

would make the recession deeper if we were to do that.

Now, I believe I've said this once before that when the economy is taking a dive because the private sector is ailing and having problems in terms of spending and investing, the only game in town, in terms of keeping the economy stable and keeping people employed as much as possible, is really for government to come in and close some of that gap as the federal government under the leadership of President Obama has done and to some degree, even before Obama, I have to say, president Bush -- President Bush's last few months. Because there are three major components of spending in the economy: Consumer spending, private investment spending, and government spending. If the C plus I, or consumption plus investment, is contracting and then you end up contracting government, guess what? You're going from a recession to a depression to your great depression depending on how badly things get.

So I have been saying all along and reluctantly, to some degree, because my own personal feelings on a private basis is to keep my finances well balanced, that we have to be careful. This is not the typical recession. This is not the typical contraction. We

cannot do more harm to the economy for the sake of taking actions that balance the budget to satisfy political philosophy.

And, Mr. Speaker, I had to rise to make some of these comments, and I hope that I'm not offending anybody. I'm just trying to really be factual. And I think that even though there are things in the -- in this packet that I would rather not have, and that would be true probably for every one of us, I don't think we really have a choice. And given what the level of harm we could be doing if we had a different combination, I think we are okay with what we have before us, so therefore, I speak against the amendment. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker. Mr. Speaker, I also rise in opposition to this amendment, and I'd like to just confine my remarks briefly to the issue of municipal aid. I think one of the things that I think I'll speak to when we get to the underlying bill that we can be proud of in the budget deliberations that we've

undertaken this year is the fact that we've finally recognized the fact that 40 percent of all the taxes that we collect in this state are local property taxes. We can talk about raising taxes in this budget, but the one thing that we are not doing in this budget is raising local property taxes. The reason why I'm opposed to this amendment, one of the reasons I am opposed to it, is because it appears as though there are a number of cuts to municipal aid that are being contemplated in this amendment. Specifically, with regard to local education costs, this proposed amendment proposes to cut the ECS by a half million dollars. It also calls for cutting priority school districts by over a million dollars and magnet schools by \$13 million in the first year and \$30 million in the second year.

There's also a fairly dramatic cut to PILOT for state property of another half million dollars. And of course in this budget, as part of our overall analysis, we don't get town-by-town runs as to exactly how this would actually implement and impact our towns and cities, but I can tell you that with cuts in the range of 10, 15, 20, 30 million dollars to our cities and towns, that's going to lead to higher property

taxes in our local communities. And for that reason, Mr. Speaker, I would urge my colleagues to oppose this, to protect our cities and towns as we've try to do in the underlying budget. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further? Would you care to remark further on the amendment? Care to remark further? If not, staff and guests please come to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is voting House Amendment Schedule "B" by roll call. Members to the chamber.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board to make sure every vote has been properly cast. If all the members voted, the machine will be locked and the Clerk will please take a tally.

Will the Clerk please announce the tally.

THE CLERK:

rgd/mb/md
HOUSE OF REPRESENTATIVES

155
August 31, 2009

House Amendment Schedule "B" for House Bill 6802.

Total Number Voting	147
Necessary for Adoption	74
Those voting Yea	37
Those voting Nay	110
Those absent and not voting	4

SPEAKER DONOVAN:

The amendment fails.

Representative Johnson.

REP. JOHNSON (49th):

Thank you, Mr. Speaker. I just want to speak in favor of this bill.

I represent the poorest town in the state, and when I campaigned, I began campaigning for the first time for this position, one of the things I realized was that our town has a very, very difficult time providing for the services that we must provide for the education for our children.

And we have -- 70 percent of our children are low income. And in the last few years, we've lost services like sports to our junior high. We've lost lab sciences in our high school. And we know that getting a little bit of money from the state for education cost sharing, making sure that payment in

lieu of taxes money comes to our town and it doesn't get cut back because, you know, we are a regional center, too. Despite the fact that we are only 22,000 people, we support a hospital which gets payment in lieu of taxes; we support a university; and we also have a community college. All of these are getting payment in lieu of taxes. To cut back on the payment in lieu of taxes, puts a huge, huge burden on our people in our town.

Senior citizens have to sell their houses and live somewhere else in subsidized housing if their tax rate goes up much more. With the fuel costs and the tax costs, it drives our folks right out of their houses. It stops our kids from being competitive with other towns that have better opportunities -- that have better opportunities for education, for sports, for lab sciences. That's what this budget means to my town and the people in my town. To have more progressivity in our income tax, which is something that we should be doing to correct the structural problems in our economy that have been going on since the 1980s when we've been losing manufacturing businesses all throughout our state is a great thing, and I praise the leadership for working to do this, to

rgd/mb/md
HOUSE OF REPRESENTATIVES

157
August 31, 2009

have a progressive income tax; and also praise has to go to the Governor, too, for actually putting this proposal forward and having a more progressive income tax. So it's a great day, and I urge my colleagues to vote in support of this bill. Thank you so much, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Chris Perone.

REP. PERONE (137th):

Thank you very much, Mr. Speaker. We've had a very good debate on this issue. The fact is we are looking at a fiscal crisis that none of us really saw coming even a year ago.

When the subprime mess began, the acceleration of our economic deterioration has been -- was extraordinarily brisk, and that leaves us in a bind. We've got a budget that is more than we ever anticipated as a deficit and very few options in terms of how to get out of that.

There was a recent report by Peter Gunther, who's a senior research fellow at the Connecticut Center for Economic Analysis. And he essentially said state action is contributing to the contraction of the

state's economy in the short run, undermining its capacity to recover in the long run.

I think in a way that, for me, that sums up where we are. It's the longer we debate this and the longer we exacerbate this problem, the more this is going to impact not just the low income people who we all want to help, the people who really need the services, but also the contractors, the engineers, the architects that would work on capital projects, the people that drive our ambulances, our teachers, libraries. It further contracts our economy. This is the wrong road to go in.

We are -- do we really have to basically put a flag in the sand. There are plenty of things that I could complain about in this budget. There are plenty of things I can praise in this budget. There's some very good things in this budget. The fact is the promise we made to our constituents is -- it has been centered on economic recovery through this recession, job growth, improving our schools. None of that work can begin until we put this to rest.

I'm voting for this to put this to rest to begin a road to economic recovery, and I'm supporting it.
Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Green.

REP. GREEN (1st):

Thank you, Mr. Speaker. Mr. Speaker, I too, rise in support of this budget. However, I must say that in listening to some of the comments on both sides of the aisles and some of my colleagues on this side of the aisle, I do want -- I want to say that I've listened to them, and I thought that they brought up some good points, Representative Johnson and Representative Schofield.

And I think they brought up some good points in the sense that we have been down this road before. A couple of years ago we had, during the midyear, a budget surplus, I believe it was about \$85 million. We talked about spending some money on energy and some other things. And it felt good to have unanticipated surplus, and we immediately came into session to spend that small amount of surplus that we had.

That's the kind of stuff that I think we have to be cautious about in the future. We've had, and I've been here, as Representative Johnston said, where we've had surpluses and we probably did not make the

best decisions that we should have made then when we knew we would get to this point at some time.

Yes, the economy went sour very quickly, but the economy didn't go sour on the backs of the poor or on the backs of those that didn't have. The economy went sour because I believe that there was some concern about greed. There was some -- to me, some regulatory practices that weren't followed, that wasn't there and allow people to do some things.

Yes, our budget is expensive, and I believe that we're going to provide the services that our citizens in our state need. As Representative Geragosian said, this may be the time where we need to make sure that we provide the services, and I believe, especially in these most difficult times.

But I do believe that I have to respect those who may differ from me on whether or not we need to look at spending, what kind of spending, are we spending too much, and where might we find cuts. I think we have to be prudent in the future. I think we have to, if we really believe in what we call results based accountability, then we have to do that in the sense that we're going to have savings in the future, because if we don't really do some systemic changes,

we'll be back here in a couple of years.

If I could have a little quiet in the chamber,
Mr. Speaker.

SPEAKER DONOVAN:

Representative Green.

REP. GREEN (1st):

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

It was getting a little noisy in here. Thank
you. Please proceed, sir.

REP. GREEN (1st):

Thank you, Mr. Speaker.

People may have made up their minds, and I have
made up my mind, but I think that as a chamber, as a
body here, I know that we respect each and every one
of our opinions. And so that even though I support
this, I do think that there's some cautionary tales
that were made that I think all of us have to be aware
of.

I think there was some cautionary tales that I
think we all have to be aware of. If we're going to
increase our budget, if we're going to add more money,
if we're going to talk about stimulus and stimulating
the economy, I would hope that the budget that we have

talks about stimulating the economy for the citizens of the state of Connecticut. That means to me that our budget should reflect not only the funding of programs and the services that we know our citizens need, but look at strategies to reduce unemployment, look at strategies to put people back to work, look at strategies to increase the tax base for our citizens so that towns can look at some real ways to deal with their local property tax and this kind of taxes that hurt people.

So if we're going to stimulate the economy, let's stimulate the economy for all. I'm not pleased with some of the fee increases that I basically see on any Department of Public Health, any Department of Consumer Protection and other departments, anyone that has a license, fees are going to go up.

It seems to me that those fees, if they go up, may be passed on to consumers. I want to make sure that our citizens, and all of our citizens, benefit. And so at the same time that we're increasing fees, at the same time that we're raising taxes, let's come with some plans to put people back to work. Let's look at our budget and make sure that we stimulate our economy by putting people back to work so that they

can have consumer dollars and taxable dollars to put in our coffers.

I'm not pleased, to be honest, with cutting the sales tax. I don't like the idea necessarily of cutting the sales tax if the economy gets better and then if it doesn't get better, go back up. I believe that it should be steady and it should stay where it is and that that is a more stable income than some of the fee increases.

But I believe overall that we have tried to reach a compromise and reach a budget that, I think, provides for the revenue, keeps the services intact, and I think that before we get here in two or three years from now, we still have to do some serious deliberations and examinations of our budget.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative Green.

The Chamber will stand at ease.

[Chamber at ease]

SPEAKER DONOVAN:

Will you remark further on the bill?

Representative Geragosian for the second time.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker. Mr. Speaker, the Clerk as an amendment, LCO 9659. May he please call and be permitted to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO, 9659 which will be designated House Amendment Schedule "C."

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker.

THE CLERK:

LCO Number 9659, House "C" offered by
Representative Donovan and Senator Williams.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Hearing none, Representative Geragosian, you may proceed with summarization.

REP. GERAGOSIAN (25th):

Thank you, Mr. Speaker.

This particular amendment makes changes to the underlying bill both technical, substantive, and adds omissions that were left out due to drafting errors. It also represents a continuation of negotiations that

we had with the administration clearing out some outstanding issues.

And with the understanding some of our cuts were apparently too deep. We had to add back certain allocations. And I move adoption, Mr. Speaker.

SPEAKER DONOVAN:

Questions on the adoption of House Amendment Schedule "C." Will you remark?

Representative Geragosian.

REP. GERAGOSIAN (25th):

Well, I just urged the Chamber to support this amendment, and I think it hopefully finalizes this bill once and for all. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Remark further?

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Mr. Speaker, though I know we were waiting for this amendment, with due respect, the description or summary by Representative Geragosian raises more questions than it answers.

So with -- through you, Mr. Speaker, I'd like to

rgd/mb/md
HOUSE OF REPRESENTATIVES

166
August 31, 2009

ask a few questions if I may.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CAFERO (142nd):

Thank you.

Mr. Speaker, through you to Representative Geragosian, you indicated, sir, that the amendment that's before us makes several changes, some technical, some substantive and was a continuation of the negotiations. And I'm wondering, negotiations with whom? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, with the administration. Through you.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

So through you, Mr. Speaker, what is before us has been negotiated with the administration, and they are in support of this amendment and therefore, the underlying bill. Is that your understanding? Through you, Mr. Speaker.

rgd/mb/md
HOUSE OF REPRESENTATIVES

167
August 31, 2009

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, my understanding is they're in support of this particular amendment and the contents thereof. Whether they support the entire bill, I think that's \$64,000 -- maybe \$64 billion question. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. Speaker, how much more money does this amendment spend than was spent in the underlying bill? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it's my understanding it's \$26 million.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, \$26 million, is that correct? Through you, Mr. Speaker.

rgd/mb/md
HOUSE OF REPRESENTATIVES

168
August 31, 2009

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I believe it's \$26 million over two years.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Okay. And through you, Mr. Speaker, how do we pay for this additional \$26 million over two years? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, my understanding is there's an \$11 million debt service item in this bill from the New Haven Rail operations. That is part of how we are paying for it. There's also surplus money, I believe, in bus operations account that we're taking money for to satisfy these dollars. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, it's my understanding that over two years this amendment spends an additional \$26 million more than the underlying bill. And if I'm not mistaken, through you, Mr. Speaker, the answer to my question was we pay for this by some debt service. Could you be more specific, through you Mr. Speaker, what you mean by that. Do we -- are we borrowing this money to pay for this extra 26 million? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

No. Through you, Mr. Speaker, the item that I'm sure of is the \$11 million for the New Haven Rail building that's being built in New Haven. That was part of our budget. It's one of the line items in our budget. It's being reduced that amount in order to satisfy these other payments.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, does that mean we are building less of a building or -- in other words, we set aside money in the underlying bill to build a New

rgd/mb/md
HOUSE OF REPRESENTATIVES

170
August 31, 2009

Haven railyard and now we're taking away \$11 million.

Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, as the Appropriations Chair, I'm only sure of the line item that was in our budget. I don't think the building has been -- what that building would be has been decided yet. So I don't know if the debt service is warranted at this time in the budget. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

So in other words, through you, Mr. Speaker, this was money under the underlying bill that was set aside to pay the debt on the amount of money we would borrow to build the New Haven railyard, but we're no longer going to build the New Haven railyard so we're taking that debt money and putting it towards this 26 million. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

rgd/mb/md
HOUSE OF REPRESENTATIVES

171
August 31, 2009

REP. GERAGOSIAN (25th):

As of now, we are taking the money out for the debt service for that item. When or if the New Haven railyard will be built, I'm not sure of because it's kind of a bonding question. I know it's been a controversial project because of the escalation in cost, and I also know that the administration wanted us to add back many of these dollars, approximately 24 to 26 million dollars because they thought that many of the reductions we made were too deep and could not be achieved in the areas like the Department of Correction, the Department of Public Safety, the Department of Transportation, and other agencies.

So they requested we add these dollars back because they thought some of those cuts that we have made in our budget for unachievable, and that's why we've had to make this reduction in one area and an addition in the other area. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Well, through you, Mr. Speaker, just to focus on the New Haven railyard, if we do decide to build that and we decide to build it in the next two years, my

assumption is we would borrow to build it, and if we borrow to build it, how are we going to pay for the debt service if we are using the \$11 million to pay for this? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that's a very good question, Mr. Cafero. Thank you.

Through you, I'm -- we -- I mean, I think that that the negotiations are ongoing as to what and how much we will spend on that railyard and that project. There was estimates up at 8 or 900 million dollars, and it's been a controversial project. It's something we need to go on, but you know how the wheels of government sometimes go smooth -- don't go so smoothly and it takes a little while to build a building of that magnitude, and it's possible it might not be built in this biennium. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. Well, I guess since we don't have any more money to pay for the debt, I hope

we don't build it in the next two years, or if we do we are going to have to come back and borrow more money.

But that being said you indicated that that was \$11 million of the \$26 million we need to pay for this underlying amendment. Where did the other money come from, the other \$15 million? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it came from the bus and rail operations accounts, and I'm trying to get the increments. About 4 million in each account for each year, so that's about \$16 million.

REP. CAFERO (142nd):

And through you, Mr. Speaker, from where does -- in other words, what account is being shorted, if you will, that \$4 million each of the years? What are the specific accounts?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it's the bus and rail

operation accounts, and I'm not sure if these are surplus amounts or not.

REP. CAFERO (142nd):

Through you, Mr. Speaker, is that money that we currently -- in the underlying bill we pay towards the bus and rail lines to subsidize the fares? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that's my understanding.

REP. CAFERO (142nd):

So through you, Mr. Speaker, if we no longer have \$15 million to subsidize the fares, does that mean that the fares might go up on these bus and rail lines? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I'm not sure and especially on the line issue is a very complicated issue because of the dual system we have with New York and Connecticut and their -- the Metro-North line and

how that works.

So I can't say whether those were surplus dollars in those accounts or not. On the rail line, I'm not sure. I'm totally not sure because of the way it's -- if New York raises their rates, you know, we have to raise our rates, and it's a complicated system.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Well, through you, Mr. Speaker, I guess I'm a little concerned because we are talking about various expenditures to help the neediest of citizens among us and throughout this budget of course, that has certainly been present. And what I think I'm hearing you say now is that we are taking \$15 million that we as a state used to subsidize bus and rail fare and we're using it to pay for the items that are in this budget, and that means there's \$15 million less for bus and rail fare.

That means someone is going to have to pay for it, and that means we probably are going to have to increase the amount we charge people to ride buses. Is that a fair assessment of what might happen?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, well, Representative Cafero, very late in the game, and later because of the time it took to draft this amendment, this was a proposal given to us by the administration in order to rectify the line items they were concerned about with the understanding we could revisit it at a later time. And we intend to do that.

We went out of our way not to raise rail or bus lines in our budget. It was a proposal made in other budgets along the way, and we don't think it's a -- it was one of the things we tried to protect, and we intend to do so at the end of the day. But because of this late date at this late hour and, this is the way we decided to deal with these line items at this point. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. Speaker, I turn Representative Geragosian's attention to lines 155

rgd/mb/md
HOUSE OF REPRESENTATIVES

177
August 31, 2009

through 166, and in particular, line 160. And in line 160, it seems to say to me that it's allocating \$50,000 for the Valley Shore YMCA in Westbrook. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that appears to be correct.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. Speaker, is that money that was not allocated in the underlying bill? That's new money, if you will, based on this amendment? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it is.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, how did Westbrook YMCA

get so lucky.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I'm not sure, but I hope to visit there someday and use their treadmills, if possible. Lord knows I could use it. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. Speaker, in that same line 161, I believe this allocates \$25,000 for the Rivera Memorial Foundation of Waterbury Connecticut. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, that's true.

REP. CAFERO (142nd):

And through you, Mr. Speaker, what is the Rivera Memorial foundation of Waterbury?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

It's a program, I believe, that does youth mentoring and scholarship. It was started in honor of a firefighter from Waterbury who passed away and named in his honor.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. Speaker, on line 162 the bill seems to give \$25,000 for the Willow Plaza Neighborhood Revitalization Association in Waterbury. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Yes. It is.

REP. CAFERO (142nd):

And through you, Mr. Speaker, is that a new allocation or a new appropriation?

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

This particular \$25,000 is. I'm not sure if they

have gotten other money in the budget. Through you,
Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. Speaker, I call the gentleman's attention to line 239 of the amendment that's before us. And this seems to say that we are appropriating \$25,000 to be made available to DECD for the Main Street Initiatives and that it shall be available for the Ansonia Nature and Recreation Center during each of the fiscal years ending June 30, 2010 and June 30, 2011.

Does that mean that the Ansonia Nature and Recreation Center is getting \$50,000 -- 25 in each year? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Yes. I believe that's true.

REP. CAFERO (142nd):

Through you, Mr. Speaker, how did Ansonia get so lucky?

REP. GERAGOSIAN (25th):

I did -- through you, Mr. Speaker, I'm not sure. I didn't -- I wasn't really sure there was a lot of nature in Ansonia, but maybe we can visit there. It might be a nice trip for both of us. Through you, Mr. Speaker.

REP. CAFERO (142nd):

And through you, Mr. Speaker, a question to Representative Geragosian.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Yes. In lines 244 through 248, the underlying amendment before us seems to give \$75,000 to be made available to the Department of Social Services for nutrition assistance, and it shall be made available to the Manchester Area Conference of Churches food pantry during each of the fiscal years ending June 30, 2010 and June 30, 2011. Is that correct? Was that to be a total of \$150,000 to the Manchester Area Conferences of Churches food pantry? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, it is.

REP. CAFERO (142nd):

Through you, Mr. Speaker, do -- is there any other allocation to food pantries that are around the state, many of us who have them in our towns, more than one, that we are making this budget? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Geragosian.

REP. GERAGOSIAN (25th):

Through you, Mr. Speaker, I'm sure that they are funded through various line items and through the agency in our budget. I'm not sure of the exact line items.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Through you, Mr. -- well, I thank the gentleman for his answer.

Ladies and gentlemen of the chamber, here's what's wrong with government. We talk about doing the best we can with the money we have. We talk about making all the possible cuts we can. We talk about helping the neediest among us.

We talk about sharing the pain, et cetera, and yet in the document that's before us there are winners and there are losers. I'm sure most of us have YMCAs. Wouldn't it be nice if we got 50,000 bucks for our YMCA? I bet most of us have food pantries, especially in these tough times, that are almost empty, but not all of us are getting this money. I bet you a lot of us have nutrition programs we'd love to fund, but we're not getting it. A couple of people got lucky here. Okay. And how are we going to pay for it? Well, we're going to pay for it by taking \$11 million that we were going to pay on the interest on bonding to build the New Haven railyard, and now we are told we are going to use that money toward these things because we don't know when we're going to build the railyard. And when we do, and if we do in the next two years, and I guess we'll figure it out then, how we're going to pay for it.

We then talk about taking 15 million bucks from rail and bus services -- heard that before. Remember when even the specter was raised in the Governor's original budget that she might shave down that line item. My God. In these tough times, the people that have to take a bus to work, we're going to raise their

fares. Fifteen million bucks in one four-page amendment, right here. There's winners and there's losers. That's not the way a budget that's supposed to share the pain should be.

I have grave concerns with this amendment, Mr. Speaker. And I would ask that when the vote be taken on this amendment, it be taken by roll call.

SPEAKER DONOVAN:

The question before the Chamber is a roll call vote. All those in favor a roll call vote, please signify by saying, aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

It appears the 20 percent has been met. When the vote will be taken, it will be taken by roll call.

Remark further on the bill? Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. Mr. Speaker, earlier when I spoke on the underlying bill, I predicted that probably by the end of October we would be back here revisiting this budget in deficit mitigation mode. And it appears, based on the changes in this, we are

already in deficit mitigation mode.

Somebody got left out. The only thing missing here is Channel 8. Mark Davis came in here and thanked me for the plug before, but he's gone and the camera is gone, but that's the only thing missing here, ladies and gentlemen, Channel 8, because we've already started. We've already started advocating for the groups that were left out. Representative Cafero named a number of them.

I don't know about you, but I wasn't party to any discussion within the last two hours. Nobody asked me whether the Bantam Lake Authority needs \$28,000 to stop their septic system from running into Bantam Lake. Nobody asked me.

I've asked whether there is money available to keep one of Connecticut's finest lakes clean, and there's no money, but there's money for anybody who knew where to go. This is shameful, Mr. Speaker, shameful. Thank you.

SPEAKER DONOVAN:

Thank you, Representative. Care to remark further on the bill -- care to remark further on the amendment? Care to remark further on the amendment? If not, staff and guests come to the well of the

rgd/mb/md
HOUSE OF REPRESENTATIVES

186
August 31, 2009

House. Members take their seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is voting House Amendment Schedule "C" by roll call vote. Members to the chamber.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board to make 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. Will the Clerk please announce the tally.

THE CLERK:

House Amendment Schedule "C" for House Bill 6802.	
Total Number Voting	140
Necessary for Adoption	75
Those voting yea	97
Those voting nay	51
Those absent and not voting	3

SPEAKER DONOVAN:

The amendment passes. Remark further -- remark further on the bill as amended? Will you remark

rgd/mb/md
HOUSE OF REPRESENTATIVES

187
August 31, 2009

further on the bill as amended?

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, good evening. Thank you very much.

SPEAKER DONOVAN:

Good evening, sir.

REP. PERILLO (113th):

During the many hours of debate here, I actually, for a brief period of time, was having a discussion with a colleague, and he mentioned something to me that makes a lot of sense. He mentioned that this is a fundamental disconnect. And I think that's very true, and I think we all probably feel that way.

And the question is where does that fundamental disconnect start? The gentleman from Bridgeport, probably almost three hours ago, said that government exists to help people. And I think that just about everybody in this room would agree with that. But the fundamental disconnect is what everyone's vision of helping people truly is. My vision of helping people, and I know a vision that's shared by many people here, is that the best way to help somebody is to give them a job or help them keep their job. But unfortunately, that's not what this budget does.

We're in a crisis, an economic crisis, and crisis can beget opportunity, but we have not found opportunity here. We have had opportunities to right the size of government. We had opportunities to help those who are losing their jobs. We had opportunities to help business owners who had to shut their places down. But instead we didn't do that.

We haven't listened to the residents of the state of Connecticut. Overwhelmingly we hear from residents, they're asking, if not begging, please cut spending before you raise taxes. Please overturn every stone before you raise taxes. And here we are at 11:30 at night, hardly anybody is watching, and we're raising taxes. It's business as usual, and unfortunately with this budget, the business as usual means that businesses close. And here, at 11:30 at night, we successfully managed to chase more jobs out of the state of Connecticut, to keep more people unemployed, and not help them get and keep those jobs that they really need to be successful, because they're worried about themselves, about their homes, about their families, and we're not doing that here tonight. And unfortunately, we failed. So I would urge a no vote on the budget before us.

And I thank you, Mr. Speaker, for your time.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. In a conclusion on this side of the aisle, ladies and gentlemen, I'll be very brief. I've said a lot. Others have said a lot as well.

This past July, my wife and I celebrated 26 years of marriage. Thank you. Bless her, someone said. And I remember well when I asked for her hand, my late father-in-law, God rest his soul, gave me advice. To have a long and successful marriage, he said, you're going to have a lot of trials and tribulations, but he said try to avoid those and certainly watch your finances.

And he said -- I'll leave you with this -- "if you can't afford it, don't buy it." "If you can't afford it, don't buy it." How better off would we be if we as a state, if we as a government --

SPEAKER DONOVAN:

Excuse me, Representative Cafero. It's getting a little noisy. Please, people, keep your conversations

to a minimum. If you have a conversation, take it outside.

Representative Cafero, sorry to interrupt.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. No problem.

How much better off would we be if we were to heed and had heeded those simple words. Words we probably learned at the kitchen table or our parents' knee, don't spend more than you make, and if you can't afford it, don't buy it.

Ladies and gentlemen, unfortunately, the budget that we are about to vote on does not heed that advice. And the people that are going to pay the price are we, the people of the state of Connecticut. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Merrill.

REP. MERRILL (54th):

Thank you, Mr. Speaker. And thank all of you for participating in the debate tonight. This will be the conclusion of the -- of tonight's discussion of this budget, and I think the one thing that I think I'd like everyone to remember, as we go forward from

tonight, try to remember that we did not cause the problem. The problem really was caused by an international recession.

We have a problem, a fiscal problem of monumental proportions, admittedly, that was dropped in our laps January of this year. There are not many great solutions to this problem. Nothing we do is going to make us feel really, really good here. There are three things we can do. We can cut programs; we can raise taxes; or we can borrow, because we have a revenue problem. That's what this is.

And when my friend, Larry Cafero, talks about you shouldn't buy what you can't afford, we only found out we couldn't afford the things we need to do a few months ago. And it's very, very difficult on all of us to try to make these decisions. And I would say of all the things that have been said here tonight, we have to realize that what this budget is that's before us tonight is an honest try to solve these problems.

And first of all, we should probably thank the staff and people who have spent the summer working on this. And that includes people from the other side of the aisle and the many staff people in this building, who have spent hours and hours and hours working on

trying to find solutions to every single line item in our budget.

So I just publicly want to thank them tonight because it really was above and beyond, for all of us. And yes, there have been delays. And maybe we're all a little bit responsible for that, and like everyone else, I wish I had a nickel for every time someone in the state said to me, why can't you guys just get a budget? Well you know what, tonight we do have a budget, and we can have a budget. And this is it. This is our best effort. The goals we had -- and going through these line by line, tedious, painful decisions that we made all through this long summer, we had to come up with something that was rational but humane. Those were our two goals, and sometimes they're in conflict.

But in the end, what we wanted was a shared burden, and I think we made our point because everyone in this room has been out there talking to the people for whom we feel responsible, and we heard from a lot of people as well.

And I think the people of the state understand this problem because we've made them understand it, and we've also made them understand that the kinds of

cuts to programs we are making, we've made them understand what government does, what government does for them and for every one of us, and that is a huge educational job that we performed this year, because I think a lot of people in this state really had no idea what things we do.

And I know, because I get them every day, that everyone of us have heard not only from people in their districts, but from people all over the state about the things they care about and why they care about them. And it's not just about cuts. It's also about people who don't want to pay more in taxes when they are not convinced that we are spending their money well. And that's something we all have to deal with, and we do have to keep working on that.

And I know I for one spent four years of my life on appropriations, when I was Chair, trying to make our programs work better, and we have to keep doing that, and we do have to keep looking at agencies and how they function. But right now, we are in a place where we have to make some quick decisions and we have to keep the state stabilized. We have to keep families stabilized, and we have to keep businesses stabilized.

I will tell you one thing this budget does not do, we are not driving jobs out of the state. The tax increase on corporations is only on businesses making under a hundred million dollars a year. Those are the small businesses. They are protected -- I'm sorry, over, over, over 100 million a year. Small businesses are protected.

We did our level best to increase, to a small degree, taxes on people who could afford it, and I think by now, probably everyone in the state has heard the number that we are looking at. This is less than that, and that is we were raising taxes on people making over \$500,000 a year, which means they are making over \$12,000 a week. We are now asking them to take an another 10, 12 dollars a week. I don't think that's unreasonable, and I think most people in the state probably agree. And we are now, in an effort to reach a compromise with the Governor, making some other changes, some of them, lowering taxes.

The Governor made the point that if we lower sales taxes, it might act as a stimulus to the economy. I'm willing to take a leap with her even though, like everyone else here, this isn't the perfect budget. I'm not sure I would have done that

particular thing, but we need to compromise. We need a solution to this problem, so we're willing to give it a try, especially with a trigger in there that if we can afford it, we'll do it. But we need revenue to run the state, and I think the people of the state believe that.

And just one sample among the thousands that I've got on my e-mail, I'm going to let the librarians have the last word tonight because, you know, I think the most interesting and passionate letters that I've received were from librarians because there was a significant cut to libraries in the Governor's original budget.

And I think it's just an example that we have to keep reminding ourselves what some of the things that the state government does for people. It's not all just about poor people or disabled people. It's about services that are used by every citizen in the state, and they care about them. And I'll just read it anonymously because one thing that impressed me about the librarians, boy, can they write. I mean, these were not form letters.

"I urge you to reinstate the library funding cuts made by Governor Rell in her most recent budget. Not

only will they cripple library service in the state. They will set us back 35 years and hamper our state's ability to compete in the 21st century.

"Libraries are among the most cost-effective of all public institutions serving everyone. And in this economic downturn, library usage has increased dramatically."

He goes on to describe the cuts in great detail, why they're cost-effective, why we shouldn't do them, and asks me respectfully not to vote for these cuts.

This is just one of the thousands of communications we have all received. We have to listen to people. We have to listen to all people, and that's, I think, what we've tried to do. This does balance many interests and it does all those things.

It cuts. It cuts more deeply than I would like to. We have cut \$3 billion out of our budget, some of them to state agencies, some consolidations. We've done a lot. I don't see how we can balance this budget any further by cutting further at this time.

We have to give the State a chance to recover and to stabilize. The easiest thing you could do tonight, frankly, is to vote no, because it's easy to

criticize. And I've heard the criticisms tonight from various people. And certainly, this is not a perfect document. No budget ever is, and we all know it. If you've been around here a long time, you know that for sure. I think we've said that almost every year I've been here.

This is no exception, and we have to keep working at what we are doing this night. Even if this budget passes and is signed by the Governor, it's not the end of these deliberations. It's probably just the beginning because we have a lot of work to do. There's a big future out there. The recession is going to turn around. We have to pay attention to that. We had to get through this the best we can, and the circumstances demand action. We cannot just sit here and do nothing.

We can't keep saying no. We need to vote for this budget. It's our best effort. It's an honest effort to balance the many interests in our state, and I would hope we could all get this budget done tonight once and for all. Thank you.

SPEAKER DONOVAN:

Staff and guests please come to the well of the House. Members take your seats. The machine will be

open.

THE 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 DONOVAN:

Have all the members voted? If all the members voted, please check the roll call vote to make 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.

Will the Clerk please announce the tally.

THE CLERK:

House Bill 6802 as amended by House Schedules "A" and "C."

Total Number Voting	148
Necessary for Adoption	75
Those voting Yea	103
Those voting Nay	45
Those absent and not voting	3

SPEAKER DONOVAN:

The bill as amended is passed.

Any announcements or introductions?

Representative Piscopo.