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Bill Number:	7002	
Senate Pages:	6814-6844	**31**
House Pages:	11250-11276	**27**
Committee:	None	**0**

Page Total: **58**

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CONNECTICUT
GENERAL ASSEMBLY
SENATE

PROCEEDINGS
2009

JUNE
SEPTEMBER
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PART 21
6523 – 6819

THE CLERK:

Emergency Certified Bill 7002, AN ACT IMPLEMENTING THE PROVISIONS OF THE BUDGET CONCERNING REVENUE, as amended by House Amendment Schedule "A." The bill is accompanied by emergency certification, signed Donald E. Williams Jr., President Pro Tempore of the Senate; Christopher G. Donovan, Speaker of the House of Representatives.

THE CHAIR:

We have some chatter. Please take it outside. Thank you.

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

I move the emergency certified bill in concurrence with the House and seek leave to summarize.

THE CHAIR:

Acting on approval, ma'am, would you like to remark further?

SENATOR DAILY:

Yes. Thank you.

The bill is mostly technical in nature, making changes to the revenue estimates that we voted on, on

August 31st. And with the Chamber's permission, I'll read the whole bill to you.

In addition to the technical changes to the new income tax and the inheritance tax, there is a change in the boat tax -- the boat tax, yes, so that that will continue to go to municipalities in leu of their property tax as it was worked out in the very early '80s. And it also changes the saltwater fishing license back to the $10 that we just voted on.

I'm glad to answer any questions.

THE CHAIR:

Thank you, ma'am.

Will you remark further on House Bill 7002?

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

If I may, just a question to the proponent of the bill.

THE CHAIR:

Senator Daily.

Please proceed, sir.

SENATOR WITKOS:

Thank you, Mr. President.

Through you, Section 49, I believe, has enabled the Department of Environmental Protection fees. The analysis from OLR states that the bill raises to at least a hundred dollars any fee that the DEP commissioner charges by regulation for activities the department regulates. And I'm aware that different communities have open burns, whereas a resident may go to their local fire marshal and get a burn permit, pay a fee, and the DEP has to say whether they can burn that day or not. And fees go anywhere from, what I could find in my research, from zero dollars to $25 in various communities.

Would this mandate that that fee go to a hundred dollars? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

Senator Witkos, I can't answer that question.

This corrects what we've done in -- on August 31st, and that schedule is not included here.

I presume that increase applies as it does to all the others.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

I'll just give one other example, and I don't know if the answer will be the same, but I didn't catch it in the June debate, so I'm -- just caught it now.

If somebody goes to use one of the state parks -- I'll use Hammonasset as an example -- and wants to rent a spot, go camping for the week, does that make the fee a mandatory minimum, since that is regulated -- it's a regulated activity by the DEP, a minimum of a hundred dollars.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, Mr. President, the answer is the same, but to the best of my knowledge that is exactly what has happened.

I have heard from many people in regard to the recreational fee increases that are in the bill that we passed in August.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

I thank the gentlelady for her answers. I'm going to rise in opposition -- I am rising. I've risen in opposition to the bill.

I think that we didn't do enough damage in June so we came back to do some more. We found another $20 million in revenue increases in the first year and $40 million in the second year. And how did we find that? Well, we raised fees once again.

The people in Connecticut can't take it anymore, Mr. President. No matter where I go, as these fees are being rolled out and people are seeing how they're impacted by those, I am told, are you people crazy up there in Hartford? What are you doing to us? We cannot afford it any longer.

And I thought we had done the damage when we left here several weeks ago. Twenty days later, we're back again, raising an additional $20 million in fees in the first year and $40 million in the second year. Will there be nothing else that can be taxed or fees increased?

When Commissioner McCarthy joined the DEP, her goal was to keep everybody outside, use the state parks, encourage people to "staycation," was the Governor's motto over the past two summers.

Now we're even making those possibilities unaffordable, because we've taken control out of what it actually costs to run a state park.

What does it cost to do garbage pickup? What does it cost to do -- have a park ranger there? What does it cost to maintain the parks? We don't know. We've just established that the minimum fee is a hundred dollars without talking about the actual cost of running that program, because it's a means of getting more money into the state coffers.

As I stated before on House Bill 7001, I wish this body could do the same thing that we did for the probate court system. We are out of money, and we cannot go to the people to get any more. We've heard the expression you can't get water from a stone or blood from a stone. Well, you can't get more money out of an empty pocket.

People are going to be turning to us, the State now, for unemployment compensation, for fuel assistance as we move into our winter months. And then we're going to be back in this chamber looking

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for more fees, more revenues to increase those amounts of money. It's an endless vicious cycle and it has to stop.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further?

Senator Daily. Okay.

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I rise to second the remarks of Senator Witkos, particularly with respect to the proposed fee increases for Department of Motor Vehicle fees.

Mr. President, in the budget that we passed 23 days ago, the ordinary citizen in Connecticut took it on the chin with increased fees for hunting licenses, fishing licenses, occupational licenses. Every little bit that they send to the state of Connecticut became a bigger bit. But today, now anyone who drives or has a license, they, too, are going to be asked to pay more and receive nothing more in exchange for the money that they're paying.

Mr. President, through you, if I may, a question to Senator Daily. I was just curious if she knew in the aggregate what the total amount of the increases in motor vehicle fees to be paid by the citizens of Connecticut is, what the total increase is on an annualized basis.

Through you, Mr. President to Senator Daily, if she should know the answer to that question?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

No. I do not know the answer.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

Would -- through you, Mr. President, to Senator Daily, would she know the aggregate amount of the fees which this bill, the total amount of the fee increases which this bill will visit on the people of the state of Connecticut?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, no. I do not.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

My understanding is that we're looking at approximately $50 million in increased fees. Through you to Senator Daily, would she have any basis upon which to disagree with that surmise?

Through you, Mr. President to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much about, Mr. President.

And through you to Senator Roraback, you are correct. It adds up to 30 million in the first year and in excess of 50 million in the second year, the total of all these fees here. And I would remind you that it does forestall an increase in rail and bus fares -- the department was planning on doing. So now it has money for that subsidy.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And then Section 22 of the bill, which I support enthusiastically, rolls back the licensing fees for licensed practical nurses.

Through you, Mr. President to Senator Daily, could she explain why that fee is being reduced?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, Mr. President, we had made a promise originally in the original budget not to increase nursing fees. And that inadvertently was increased, so we're correcting that. We also had inadvertently increased the renewal fees. We had not changed the initial fee, and I think this does that, too.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And through you to Senator Daily, does she know why the changes only apply to licensed practical nurses and not to RNs or APRNs?

Through you, Mr. President to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, Mr. President, because they were treated the way we promised in the original budget.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

The last question I have for Senator Daily goes to the somewhat arcane, but nevertheless, important question of how the State of Connecticut treats estimated tax payments.

The budget which passed a couple of weeks ago changed the income tax rates for the State of Connecticut. Under existing law, if a taxpayer pays 100 percent of their prior year's income tax liability in income tax estimated payments, they are -- they have a safe harbor. They will not be assessed interests and penalties.

Sections 15 and 16 of this bill are drafted in a way that is far from clear to the uneducated eye, which would be mine. And through you to Senator Daily, I'm just trying to understand, are we changing or taking away the safe harbor that taxpayers now enjoy, that paying a hundred percent of last year's income tax liability, will that no longer give you insulation from interest and penalties?

Through you, Mr. President to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And through you, Mr. President to Senator Roraback, the safe harbor intention here is to protect those people who made estimated payments based on our old rate. They would not have had the wherewithal where they didn't know -- we didn't know what the new rate might be. So those estimated payments probably are not correct. So there's a safe harbor for those as long as they pay when the last payment is due.

SENATOR RORABACK:

Thank you.

And through you, Mr. President, what I'm trying to understand is without regard to what the changes in the rates may be, existing law says that if you make estimated payments equal to 100 percent of your prior year tax liability, you're in the clear.

And so if I make -- if I'm a Connecticut taxpayer and I make estimated payments equal to 100 percent of my 2008 income tax liability, will I be in the clear without regard to whatever changes in rates the General Assembly may have enacted in this session?

Through you, Mr. President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And through you, Mr. President to Senator Roraback, the Department of Revenue Services was not certain that the protection would be sufficient without this additional language.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

And thank you, Mr. President.

Actually, the question I was asking was one that I was hoping would garner a yes or no answer.

So I'll try again. And I'm not trying to be disrespectful or flip. I'm trying to provide some concrete guidance to taxpayers in Connecticut, who -- and I'm one of them -- who would love to know whether I will be safe paying 100 percent of my 2008 income tax liability for 2009 estimated payments.

If I do that, am I not going to be exposed to any interests and penalties, without regard to whatever changes in the rate may have occurred in this session?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, Mr. President, if I were your attorney and you were assessed those interest and penalties, I would claim that you were already protected. But Department of Revenue Services felt they wanted to strengthen that protection with this language.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And when I read the language of Sections 15 and 16 of this bill, it's not clear to me whether -- well, through you, Mr. President to Senator Daily, was this language inserted with the assistance of the Department of Revenue Services?

Through you, Mr. President to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

And through you, Mr. President to my good friend Senator Roraback, this came from the Department of Revenue Services.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

And I guess then I'll have to direct my questions to them, but I would, for purposes of legislative intent, like to see if I could get Senator Daily to agree with me that our intention is not to change the safe harbor provisions of existing law and to make -- to expose taxpayers to burdens beyond what current law contains.

Through you, Mr. President to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And through you, Mr. President to Senator Roraback, I concur. That language is in place and should offer every necessary protection.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I appreciate Senator Daily's answers. And as good as the answers were, Mr. President, I urge members to reject the bill before us because I think adding an additional $50 million in fees on the people of Connecticut after we added whatever it was, 1.2 billion in fees a couple of weeks ago, sooner or later we run the risk of the straw breaking the camel's back. And Connecticut's back is -- has never been weaker, and the straws have never been heavier. All we have to do is look at the headlines, Mr. President, to see how important it is that we as a General Assembly take cognizance of the frail nature of our economy. And I don't think this bill does that. So I urge rejection.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further?

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President.

When are the attacks from this General Assembly on the middle class going to stop? Just three weeks ago we stood here and passed a budget that many of my colleagues said only raised taxes on the rich. Well, the public knows more now, that that budget actually increased taxes on everyone in the state of Connecticut.

Because it's not just the rich who smoke, where we increased taxes. It's not just the rich who drink, where we increased taxes. It's not just the rich who are single, where we kept an unfair tax increase in. It's not just the rich who work at jobs in Connecticut, which are being hurt by our corporate income tax hike. And once again, we are back sticking it to the middle class by saying we're going to take something that everybody has, a drivers license, and increase the fee on it, on top of all the other fees that we've already increased this year.

Now, in this bill, there several good fee decreases, as Senator Daily said. But instead of choosing to find spending cuts to actually pay for them, we are going to increase DMV fees. Oh, and by the way, not by the same amount that we're cutting, but we're going to increase the fees by $20 million in the first year and 40 million in the second year to pay for a $10 million cut.

So once again, because of this circle's inability to cut spending or control spending, we are doing now exactly what we did three weeks ago, which is simply sticking it to the middle class to feed our spending habits.

So, Mr. President, I urge rejection of this bill today. It's unfortunate that there are some good provisions in this, but the people of Connecticut can't afford us continuing to nickel and dime them to death through higher fees in almost every area of life.

Thank you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

It's pretty much the same theme that most of us on our side of the circle have been trying to point out to the people of Connecticut and maybe to some surrounding states who are faced with similar fiscal circumstances. And I do genuinely hope that a lot of people are watching CT-N today, and anybody who is watching CT-N today, tell your friends to tune in, because -- within Connecticut -- because if they don't know what's going on up here in Hartford, they should know.

We're already back just three weeks after the budget lapsed into law and we're already increasing taxes and fees on the people of Connecticut and it's hitting a different segment of the population.

This is a big red flag. We've seen it before. Tell your friends, tune into CT-N. You can watch it on the computer. You can watch the tapes later at night if you're at work during the day, but please take note what's happening here in Connecticut.

And what's astounding, I think, to this particular individual is that at this very difficult time, economically and fiscally, we're actually looking at a budget for the biennium that increases our spending. It doesn't do what literally, if not -- virtually if not literally everybody and every corporation and partnership in the state has done, in recognition of these dire fiscal and economic and market circumstances, which is to cut back various -- varying magnitudes of 5 percent to as much as 25 percent. Every company that I'm involved in, there are three companies. We've cut back as much as 25 percent for the last three quarters, three quarters of the calendar year. It hasn't happened in Connecticut.

So again, I urge everybody to pay attention to these fee increases. The proposal even includes a proposal to increase fees on hearse registrations. So the cost of dying has just gone up, because as we all know, businesses pass these fees on to consumers. And it's unfortunate, because this is a spiral that we can't afford to go through here on a continual basis going forward in a once thriving economy here in the state of Connecticut.

Mr. President, I do have two very short questions for Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR FRANTZ:

Senator Daily, first question has to do with the film tax credits. I just want to make sure that the intent as well as the language is clear here. A production company eligible for these tax credit -- credits if either it conducts, at least, 50 percent of its principal photography days in the state or, importantly, or spends at least 50 percent of a film's postproduction costs in Connecticut.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Yes, sir. Thank you, Mr. President.

Through you, Mr. President, yes. That's correct.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you for that clarification.

Mr. President, one last question, through you.

THE CHAIR:

Senator Daily.

SENATOR FRANTZ:

Senator Daily, I think I might have been the first one to purchase a saltwater fishing license in the state of Connecticut, and this was before it actually went into law.

You may remember that the DEP, in its extraordinary diligent way of doing business, did this before it was actually signed into law by the Governor. And in the interest of compliance, I put in for one of these fishing licenses, which was $30. Now that you've reduced it to $10, for the guy that didn't catch a fish all summer long in Long Island Sound, do I get to use that over three years?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President.

No, sir. You do not.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Fair enough. Thank you.

Through you, Mr. President, thank you for your time.

THE CHAIR:

Thank you, sir.

Will you remark further on House Bill 7002?

Senator Daily.

SENATOR DAILY:

Thank you very much.

I would just like to remind the Chamber that we are here raising additional revenue because of amendments to the budget that were passed August 31st. And we knew we would have to do this. We knew we would have to plug those holes. And additionally, as I said before, it does forestall any increase in rail and bus.

And I again, want to address the question that Senator Roraback asked. It is the Legislature's every intention, and it was stated on the floor of the House last night, that safe harbor is provided to our taxpayers.

THE CHAIR:

Thank you, Senator.

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Good afternoon.

THE CHAIR:

Good afternoon.

SENATOR KANE:

I, too, rise in opposition of this bill. I think I have to put my remarks along with Senator Witkos and

Senator Debicella in saying that we are continually going after the middle class as well as every other person stating -- standing in the state of Connecticut about living in Connecticut right now.

I think an article I read in the paper, just the other day, said that we were about number 38 out of 50 states in business-friendly climate and taxation in the United States of America. We've seen Pratt & Whitney, companies like that, our Fortune 500 companies, leave because we don't have a business-friendly climate. We've instituted a surcharge, a 10 percent surcharge, in addition to the already high taxes that these companies pay. Now, and I know Senator Daily says we are going to protect that safe harbor act, but we're talking about increasing fees and penalties if they don't make their necessary payments from a year ago.

So we just continue to go down this road. I hope people are listening because this is not the way to go and what we're doing is we're driving business out of Connecticut. We're driving our young people out of Connecticut because there's no jobs for them to come back to after they go to school. We're going to drive our wealthiest people out of Connecticut because of the estate taxes and other taxes that we keep placing on them.

It's just going down the wrong road, and I think we just need to stop here at this moment and take a look around and make sure we're not adding more fuel to the fire. So I, too, rise in opposition of this, and I think the people in my district would feel the same way, and I think the people in your districts as well.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on House Bill 7002 as amended by House "A"?

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

Mr. President, I am going to be very, very brief, and this is going to be a comment that I'm probably going to make for several of these bills, and not specifically for the benefit or the lack of benefit of each of the items in them. But overall, the concern to be expressed by the part of my constituents and that is that the State is spending money that they don't have to contribute any further, and that it is like a gigantic deficit snowball that is rolling downhill, and as this deficit snowball rolls downhill it's pick -- it's gaining more snow. It's getting larger. And at the end of that road down that hill, it's going to hit something, and it's going to break.

And that's the concern that is on the part of the individuals that are in my district. They're very concerned about this. They're concerned that we're really not fixing the deficit, just moving it forward. And I know we all enjoy each other's company very much and that we probably will want to see each other quite often in the next year, too often, I guess, to meet the gaping holes that are looking and staring us in the face in the future.

Thank you, Mr. Chairman -- Mr. President.

THE CHAIR:

Thank you, Senator Boucher.

Will you remark further?

Senator McKinney.

SENATOR McKINNEY:

Thank you, Mr. President.

I, too, rise in opposition to the bill before us. I would like to thank Senator Daily for her clarification and commitment to making sure that the safe harbor provision is in there. I think we already have one in our law. I'm not sure why DRS thought this language was necessary, but I agree with her interpretation of what our intent is, and hopefully DRS will fulfill the commitment to give people the safe harbor.

Mr. President, we passed a budget about 24 days ago. And here we are, just 24 days later, raising taxes on the people of the state of Connecticut and spending more money. Senator Daily is not wrong in her comments that when we passed the budget we knew there were holes and things that we needed to fix. There was a bipartisan commitment not to see bus fare increases. But the decision by the majority to address those holes is to simply raise taxes.

Yesterday, the finance committee, the House cochair was asked a question about what DMV fees were being increased in this revenue package, and his answer was all of them, across the board. So when every man woman and child in this state goes to the Department of Motor Vehicles, they're going to be paying more money because we're unwilling to make priorities and cut spending.

I don't disagree that there's things in here we needed to put money into, but we don't have to raise taxes to support it. We should prioritize our spending, spend less somewhere else and decide what's important to us. But our budget isn't even dry, 24 days later and we've increased spending and increased taxes. And we will be back before January 1st to deal with other revenue problems we have as a result of this budget, and it's going to be an ongoing problem for years.

OFA puts out a book -- and I'm actually surprised they did it this year -- called "The Budget Highlights." You know, there were no highlights in that budget. There are no highlights for the people and businesses in the state of Connecticut, certainly not for the thousand people at Pratt & Whitney who've left, not because they don't love Connecticut, but because this place has created an environment hostile to businesses like Pratt & Whitney. But in that OFA budget highlight book, I hope all of my colleagues have read it. I believe it's on about the ninth page, they talk about the estimated revenue projections for 2012 and 2013. And OFA predicts and estimates that we will have an over $6 billion deficit in 2012 and 2013.

The budget that passed asks more of the highest income earners in our state. And even as we ask more, in excess of a billion dollars in tax increases on those high income earning individuals, we will be forced to deal with a $6 billion deficit, this circle, those members who serve in 2012 and 2013 -- a $6 billion deficit. There will be no Rainy Day Fund. There will be no federal stimulus money. We probably won't be allowed to borrow too much more. We've already asked for over a billion dollars in tax increases on the wealthiest. Where are we going to go? How are we going to solve that problem? We're not creating more jobs. We're losing jobs.

So if we can't take an additional $24 million in increased spending in the transportation fund in each of the two years, and say we're going to fund that money by reducing our spending somewhere else, how are we going to solve 6 billion? It's going to be the biggest mess this State has ever seen, unless people in this General Assembly are willing to say, no, and stop spending so much money.

But this is a first. 24 days after the budget passed and we're back, raising taxes, raising fees and increasing spending. And I think it's a mistake, and

I'm going to vote no.

Thank you.

THE CHAIR:

Thank you, sir.

Will you remark? Will you remark further on House Bill 7002, as amended by House "A"? Will you remark further?

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

THE CLERK:

Immediate roll call vote has been ordered in the Senate. Will all Senators please return to the chamber. Immediate roll call vote 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 your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is passage of Emergency Certified Bill 7002, as amended by House Amendment Schedule "A."

Total number voting	35
Those voting Yea	23

Those voting Nay 12

Those absent and not voting 1

THE CHAIR:

The bill as amended by House "A" and that passes.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President.

Mr. President, would move for immediate transmittal to the Governor of Emergency Certified House Bill 7002.

THE CHAIR:

There's a motion on the floor to Emergency Certified Bill 7002, suspension of the rules. Seeing no objection, so ordered.

Senator Looney.

SENATOR LOONEY:

Yes. Thank you, Mr. President.

Mr. President, would ask that the Clerk next call from Senate Agenda Number 1, Emergency Certified House Bill 7003.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Emergency Certified Bill 7003, AN ACT CONCERNING

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Those voting Yea 139

Those voting Nay 0

Those absent and not voting 12

DEPUTY SPEAKER McCLUSKEY:

The bill passes.

Will the -- please stand at ease.

(Chamber at ease.)

THE CLERK:

House Bill 7002, AN ACT IMPLEMENTING THE PROVISIONS OF THE BUDGET CONCERNING REVENUE, introduced by Representative Donovan and Senator Williams.

DEPUTY SPEAKER McCLUSKEY:

Distinguished chair of the Finance Committee, Representative Staples, you have the floor, sir.

REP. STAPLES (96th):

Thank you, Mr. Speaker.

Mr. Speaker, I move acceptance of the Emergency Certified Bill -- acceptance and passage of the Emergency Certified Bill.

DEPUTY SPEAKER McCLUSKEY:

Question before the Chamber is acceptance and passage of the Emergency Certified Bill. Will you remark?

REP. SHARKEY (88th):

Yes. Thank you, Mr. Speaker.

Mr. Speaker, the bill before us has several provisions that relate to the implementation of the budget we adopted several weeks ago. The provisions are largely technical, most of them pertain to changes to our statutes to accommodate the taxes that we passed related to the income tax, the estate tax, corporate tax changes, particularly, to allow taxpayers to make payments for the tax year of 2009 for taxes that were backdated to January 1st. So there are several provisions that facilitate the late payment of taxes for the balance of this year.

Mr. Speaker, there are also provisions that relate to the start date for the estate tax and some other of our -- our new taxes and fees. There is also a section or several sections of the bill that relate to the establishment of increases in some our Department of Motor Vehicle fees. Those are the lion's share sections of the bill, Mr. Speaker.

There is an amendment to the bill which makes some technical changes and also adopts the revenue estimates. And, at this time, I would ask the Clerk please to call LCO 9867 and ask that I be permitted to summarize.

DEPUTY SPEAKER McCLUSKEY:

Would the Clerk please call LCO 9867 to designated House Amendment Schedule "A."

THE CLERK:

LCO Number 9867, House "A" offered by Representative Staples and Senator Daily.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples, you have the floor, sir.

REP. STAPLES (96th):

Thank you, Mr. Speaker.

Mr. Speaker, the amendment before us is -- includes the revenue estimates adopted by the Finance, Revenue and Bonding Committee today. And it conforms our revenue estimates adopted several weeks ago to the changes that are in the underlying bill before us. In addition, there are a few technical changes that the amendment makes. Specifically, in the first section of the amendment, there is an amendment to the green building provisions of the underlying bill to make it a permissive credit rather than a mandatory credit. Secondly, there are changes in Section 19 of the underlying bill that conform transfers between the general fund and the transportation fund to revenue estimates. And, thirdly, there is an adjustment to appointment agent fees that reflect the intent of the underlying bill but corrects some language that was improperly drafted in the underlying bill.

Those are the four sections of the amendment, and I would urge my colleagues to support it.

DEPUTY SPEAKER McCLUSKEY:

Question before the Chamber is adoption of House Amendment Schedule "A." Will you remark? Will you remark on House "A"? Will you remark?

If not, I will try your minds. All those in favor of House "A," please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER McCLUSKEY:

All those opposed, nay.

House "A" is adopted.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

Our distinguished Minority Leader, Representative Cafero, you have the floor, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen of the Chamber, today's action and this bill, in particular, might be confusing to the general public. The reason for that is, as you know, 23 days ago there was much hubbub and headlines when this General Assembly passed a budget. Not only is the passage of a budget in any given year a big deal, as the major thing that we do as a Legislature, certainly a biennium budget, a two-year budget, but this year took specific attention because of the fact that it was the longest budget battle in the history of the State of Connecticut. And we, like the world, faced -- found ourselves in the middle of an economic crisis.

So it was somewhat confusing, and if you listen to the radio when you were -- the days that proceeded today, you'd hear reporters say stuff like, Legislature to convene on Wednesday and Thursday to dot the i's and cross the t's, to put the meat on the bones, to sort of fix up and clean up so they can finally put this whole budget thing behind us; that's why we're here. It's called the budget implementers.

And today, of course, we did some extra things like the probate bill, and the conveyance bill, but basically we're here for these budget implementers.

Now, it's my understanding we're not going to do any of those today. We'll probably come in tomorrow to do the budget implementers. So one might ask, if they're watching at home, what are we doing right now. What is this bill called, An Act Implementing the Provisions of the Budget Concerning Revenue? Well, as Representative Staples indicated, it put some language behind the policy decisions that we made, as a Legislature, when we passed the budget on August 31st. It is more specific as to when the various taxes or fee increases, et cetera, will take place. Those are things that regard revenue.

What is different about this particular day and this particular bill is that in years past, in fact, every year past, in the history of the State to my knowledge, when we adopt a budget, we, as a Legislature, adopt revenue estimates. The Finance Committee meets, and they get advice from OFA, but the Legislature and the members on the Finance Committee say what are the revenue estimates we're going to use to create a budget? In other words, how much money will we be taking in by way of the economy, our tax policy, our fee structure, the amount we are going to borrow, the amount we're going to take from the Rainy Day Fund, the amount that we're going to receive from the federal government. After it's all said and done, how much will we have? And the reason we do that, common sense is, just like you would do at home, because you want to figure how much am I going to spend. How much will I be allowed to spend based upon the amount of money that I have?

So 23 days ago -- you remember, it was a long day. Early on in the day, the Finance Committee met and they adopted revenue estimates. And based upon those revenue estimates, later that evening and early into the morning, this General Assembly passed a budget. Twenty-three days later, it is necessary for us to do budget implementers, except something's a little different this time.

This afternoon, earlier, at around 2:15, three o'clock in the afternoon, the Finance Committee met yet again. And they adopted modified -- modified revenue estimates; in other words, the revenue estimates that were good 23 days ago were no longer good for purposes of what we want to do today.

And I sat in on the Finance Committee meetings in the back of the room to sort of try to understand what the heck we were doing. And what I heard was is they had to adopt new revenue estimates because we needed more money. We needed to raise revenue by approximately $50 million over two years because the revenue that we thought we needed 23 days ago was not enough. We needed more because we needed to fund certain programs.

So this bill that's before us includes $50 million more in revenue than what we adopted 23 days ago. Now, you might ask yourself, well, how could that be? Did the economy get better in 23 years -- 23 days, rather, and that's why we're recognizing this new revenue. No. It didn't get better. And Chairman Staples indicated in the meeting that that was not the reason or source of our increased revenue. So the question was, well, then, where are we getting this revenue? And the answer was we're getting this revenue by increasing fees. Well, that's not new news, you might say. In the budget we did 23 days ago, we all conceded that we were going to increase fees. But what we learned today is that the fees we increased 23 days ago weren't enough. We needed to increase more fees to the tune of about $50 million more in order to do what we want to do, in order to spend what we want to spend.

Now, that money that we're raising by increasing these new fees -- not the ones we all knew about 23 days ago. These are new fees we're increasing. We're using that money to make sure -- noble cause -- that we don't have to increase the fares on buses and railways. By raising the money and putting it -- supplementing those two accounts, there will not be a need to raise bus fares and rail fares. We also need to raise more money because we have to make sure we have to make sure we have enough debt service to pay the bonds to build and construct the New Haven railyard so we need money for that, too.

Now, there's a couple of ways you can get money into an account that you want to get. One way is to take it from another account; in other words, to decrease spending in one area to allow increased spending in another area so you have a net zero. We chose not to do that. In 23 days, we chose to increase more fees to raise an additional 50 million bucks, over two years, to spend for the reasons that I just indicated.

With all due respect, there's something wrong with that picture. That even after all we've gone through all year, all that we know that is going on around us, in 23 days, we find it necessary to spend more money and to raise that money by increasing fees even more than we said we would do 23 days ago. So we borrowed for last year, a billion dollars. We borrow for the next two years, by securitization, $1.3 billion. We increase taxes by $1.2 billion with an asterisk that maybe that will be less if a certain thing happens in revenue and then maybe the decrease in the sales tax might kick in. Maybe, sort of, kinda. And on top of that, we're not only raising fees, as we did 23 days ago, anticipate raising about $100 million, we're going to raise another $50 million on top of that by raising every motor vehicle fee from what I can see that ever existed to mankind.

There's got to be a better way folks. We cannot sustain this kind of approach to our government. We just can't do it. Something's got to give. And what's so unfortunate is we're about 23 days from having just passed a budget that was supposed to be in effect retroactive to July 1st. We're going to tax people retroactively to January 1st. And, unfortunately, I'm afraid that maybe in less than two months we're going to be back here and say we need more because we don't have enough. We weren't able to raise enough or what we thought we would raise is not coming through because the revenue hasn't been there because people are losing their jobs or moving out of state, are part of business closures, et cetera. So the revenue we thought we would have, we don't have; and, therefore, to be able to pay for what we said we were going to spend, we got to get that money so we're either going to have to raise more fees, borrow more stuff, or tax more people. Not a healthy way for the State of Connecticut to position itself during this worst economic crisis. And certainly not the right way to be positioned when and if it ever ends.

Those are my concerns with regard to the bill that's before us. Thank you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Thank you, sir, for your remarks.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

The honorable ranking member of the Finance Committee, Representative Candelora, you have the floor, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, I, too, am concerned about this bill. As I read this bill, I think it's less of a budget implementer and more of a deficit mitigation plan. I'd like to say, I think, this is the first of many deficit mitigation plans that we're going to be looking at over the next year. Because, in fact, what we're doing here today is, after passing that budget 23 days ago, we realize that the programs that we want to implement now cannot be done so without finding additional revenues. And also some of those programs that we've implemented, we need this money. And it's very easy -- it seems too easy for us. It's $40 million that we literally have raised in the blink of an eye.

And I wasn't in the chambers years ago, when we had the income tax or when we had our last recession in -- I guess it was '01 through '03, but I remember and I hear numbers being kicked around that we needed revenues of, you know, 1.5 billion in '91 and 500 million in '03, and over the last month we've dealt with revenue shortfalls well into the billions. And it seems as if we are just very quickly and very easily just tacking the dollars on. It's easy to raise these fees and to borrow this money, and, yet, the cuts that we've seen aren't all that concrete, aren't all that defined.

We've deferred a lot into '10. This bill, as I look as the amendment, in particular, we've moved more money from the Rainy Day Fund in 2011, and we've moved it into 2010. Well, what that seems to be telling me is that we're taking our revenues -- we're taking all the sure shots, moving it all into '10 and balancing '10. And I think we're leaving, especially 2011, into much uncertainty and much question. And I have very strong reservations about what we're doing, and we really should be pausing at this. These DMV fees are certainly going to aggravate our constituents.

Interestingly, I've already received more phone calls on our fee increases than we had on some of the other taxes that we increased here 23 days ago. I can't imagine how the voters, how our constituents, and taxpayers are going to feel when they go to DMV and have to pay additional fees for the simple necessities in life.

And I also just question when is this balloon going to burst? When are we going to realize that we cannot continue down this path of borrowing and raising fees and raising taxes. And that's what this document really represents. I don't believe it represents the behavior that we need to exhibit here and that is to tighten our belts. We, certainly, down the road, undoubtedly, need to look at other areas of revenue for the next biennium. I think we all know that. And I think it's unfortunate that we're already straddling on more fees, and we're only 23 days into our budget; and, therefore, I just cannot support this bill. Thank you.

DEPUTY SPEAKER McCLUSKEY:

Thank you, sir, for your remarks.

Will you remark further on the bill as amended?

The distinguished ranking member of Appropriations Committee, Representative Miner, you have the floor, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, tonight I'm just going speak about one section here, Section 14 of this bill, which appears on its face to allow one municipality, as I understand the fiscal note -- that's the City of Bridgeport -- to put off what we have established as a statutory payment to their pension fund. It's a bill that I had an issue with back when we passed that law.

We passed the law because some municipalities said they couldn't afford to make that payment. And, in this bill, what it appears we're doing is we're not requiring the City to maintain the obligation that we established when we passed that law, and I just think that that's taking a bad policy, borrowing money to pay for a pension that you already owe people, and then turning it around and making it even worse.

I understand that there's some guidelines here and some timelines that need to be followed, but there's no doubt about it, this is a very slippery slope. I think it's the wrong policy for the State of Connecticut to be making. And, certainly, I think it's wrong to be part of our budget situation for us to be passing a bill as part of, as Representative Candelora says, maybe the second deficit mitigation proposal already this year.

Thank you.

DEPUTY SPEAKER McCLUSKEY:

Thank you, sir, for your remarks.

Will you remark further on the bill as amended?

The honorable gentlemen from Southbury, Representative O'Neill, you have the floor, sir.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

Rather than pursue the line of discussion that had just been going on. I actually have a very specific set of questions, if I may, for the chair of the Finance, Revenue and Bonding Committee.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples, please prepare yourself. Please continue, Representative O'Neill.

REP. O'NEILL (69th):

In looking at the analysis as it reflects -- refers to Sections 15 and 16 of the bill before us, there is a provision that's described as overriding the safe harbor provisions of existing law, which according to the analysis -- and this sounds familiar to me -- says that a taxpayer is not liable for interest or penalties if they make estimated quarterly payments and their estimated quarterly payments meet certain thresholds, 90 percent of their total tax liability minus credits or 100 percent of what they had to pay last year. And this apparently is related to the income tax increase that is applicable to people, who, for example, married filing separately of $500,000 or more. Presumably, folks in that category have accountants who advise them and tax lawyers to consult with and that sort of thing.

But my question relates to, if a person has been making their quarterly payments, based on the law as it has existed up until today, and then we pass this bill, will they suddenly be liable for interest and penalties for taxes that didn't exist and they were not liable for since the beginning of the year until today? Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker. No. The purpose of this provision is to prevent people after the effective date of the act that we're adopting from being subject to interest and penalties if they make their estimated payments from here forward in a way that would bring them in line with the percentages that are listed in the provision before us.

DEPUTY SPEAKER McCLUSKEY:

Representative O'Neill.

REP. O'NEILL (69th):

Well, that certainly is reassuring to me and I presume would be to those individuals, as well, who would be liable to it. I'm unfortunately not likely to be one of them. But the way the analysis reads, it says that it's overriding the safe harbor provision of the law, which exempts people from interest and penalties if they pay 100 percent -- I'll use this simpler version of this -- if they paid -- if somebody owed $10,000 in taxes last year, income taxes, and they paid in their quarterly estimates, $10,000 during this year, they would not be subject to any interest or penalties. What the -- seems like the analysis is saying is that the provisions of Sections 15 and 16 don't provide that safe harbor and because we've increased the taxes on those people that are in this higher income category, they clearly are going to have to pay higher taxes than they were anticipating paying.

And I can understand that they have to pay higher taxes, but I don't understand why we're wiping out the safe harbor penalty with respect to the estimated quarterly payments that everyone who has -- falls into this category of needing to pay more than what they're paying in withholdings has had to do. And this has been going on for years and years and years that people have had this safe harbor provision that they have been able to rely on so that they don't become liable for interest and penalties if their income goes up and or, as in this case, the tax liability goes up because we've increased the tax rates.

So I just want to be -- make sure as to what effect of those sections are, because as I read the analysis it seems like it's wiping out a safe harbor provision that protects people, in this case, who for the last nine months -- ten months had no idea that they were going to have to pay these extra taxes. So, just to be clear, does this wipe out the safe harbor provision, which is what the analysis says that it does? Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker. It does so for payments that are based on the estimated income tax payments due on January 15, 2010. So this does require that the last estimated payment be equal to the amount of tax that is owed based on our tax bill. But it does not -- so it does not provide for relief if the last estimated payment is not calculated based on the tax that is due.

Individuals are provided sufficient time between today and January 15, 2010, to adjust their last payment, and they're required to do so under the bill before us. It's not going to protect them from interest and penalties if they don't make that payment to include their entire 2009 tax liability.

DEPUTY SPEAKER McCLUSKEY:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

And I noticed that the same thing, the similar language dealing with corporations and the corporation estimated taxes so that what this is doing, as I read this, and the reason why I'm asking the question is to make clear that if somebody makes their January payment and it picks up all the tax liability that they would have, whether they are a corporation or an individual, is the same concept applicable that they're not going to be liable because they didn't make a full estimated quarterly payment each quarter but -- in -- I think it's April and June and then October, but as long as they pick it up in January then they're going to still be able to avoid interest and penalties? Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker.

Through you, yes. That's the way I read it, Representative. They obviously are not going to be held liable for interest and penalties for payments that were not due at the times they made them but they do need to make that payment in whole by January 15th.

DEPUTY SPEAKER McCLUSKEY:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

It also provides for the Department of Revenue Services to issues rules. And I know we did this when the income tax was adopted back in 1991. Instead of having regulations, we had rules that were issued because of the speed with which the structure of the income tax had to be created. Is there any contemplation that those rules will be replaced at some point in the future by regulations that go through the normal regulation adoption process, or is that to be left to some future date? Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr Speaker. I don't know whether the Department of Revenue Services is intending to adopt regulations. I think it's clear that the statutory language, which was provided to us by the Department of Revenue Services, was intended to make clear that there would be an immediate process publishing and making available the new withholding tables because of the timeliness requirement that we were just discussing. So whether this will result in regulations hereafter, I don't know, but this is here today to make it happen on a much tighter timetable than the regulations review process would allow.

DEPUTY SPEAKER McCLUSKEY:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

And just as a matter of historical note, it took a couple of enactments of the Legislature and a lot of pressure from the Regulations Review Committee to compel the Department to produce regulations in the years following the issuance of the rules because administrative agencies don't like to go through the regulations process. It means they're subject to review by the committee, plus public hearings and comments, and that sort of thing, which is understandable. They like to be able to run things without the interference of us and other people who go and get elected to things. If we don't pass a law, they will never issue regulations on their own. So if there's nothing in here that says that at some point they have to issue some regulations, I would urge the Finance Committee to -- in our next session, the regular session, to adopt some legislation on this point because, left to their own devices, administrative agencies, at least this one, in my past experience, will -- won't do anything in terms of developing regulations to implement these changes in the tax law.

The other thing is that the only place where it appears that this is to be published is on the DRS website. Is the analysis correct in that respect? Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples.

REP. STAPLES (96th):

Through you, Mr. Speaker. Yes, that's where --

that is the statute directs that it be posted.

DEPUTY SPEAKER McCLUSKEY:

Representative O'Neill.

REP. O'NEILL (69th):

So that if, for whatever reason, someone is not likely to be looking at the website of the Department of Revenue Services, whether they're a corporation or an individual, they're -- unless they read the newspaper and see an account of our conversation here tonight, they really have no way of knowing that this is happening between now and January. There's not going to be any other publication, legal notices, anything along those lines. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative Staples.

REP. STAPLES (96th):

Thank you, Mr. Speaker.

I don't know if there's going to be another mechanism. The Department of Revenue Services has news bulletins. They have other mechanisms for communicating. The only mechanism that is required is the posting on their website, but I'm not aware of whether they have other ways they are intending to broadcast this -- the new withholding tables. Through you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

And as I said at the outside of my comments, it's hard to work up a tremendous amount of concern for people who are in this high income bracket. As I said, they probably have accountants and lawyers -- tax lawyers on retainer to keep them apprized of changes in tax laws. I certainly hope they do because they're not getting a lot whole lot of help from us in that regard.

But what I worry about is we are setting a precedent now that anytime we change the tax laws, whether it's affecting people who are making $500,000 a year or $5,000 a year, saying that we can change these things and make them potentially exposed to interest and penalties if they don't get that last payment in full with all the money that they would have owed for the whole year or there's no way for anybody to find out what's going on with respect to our tax laws unless they happen to check in with the

DRS website. And, as I said, it may not be that too many people feel very sympathetic to that high income class, but we are establishing a precedent which I'm afraid could end up being applied to other taxpayers in lower tax brackets who are far less well-positioned to be able to get help from attorneys and accountants and that sort of thing to keep apprized of this sort of thing. And I just hope that this does not become a template for future tax laws that we are writing for the people of the state of Connecticut.

Thank you, Mr. Speaker.

DEPUTY SPEAKER McCLUSKEY:

Thank you, sir, for your remarks.

Will you remark for further on the bill as amended? Will you remark further on the bill as amended? If not, will staff and guests please come to the well of the House. Will the members please 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.

DEPUTY SPEAKER McCLUSKEY:

Have all the members voted? Have all the members voted? Will all the members please check the board to determine whether your vote has been properly cast. If all the members have voted, the machine will be locked.

Will the Clerk please take and announce that tally.

THE CLERK:

House Bill Number 7002.

Total Number Voting	140
Necessary for adoption	71
Those voting Yea	106
Those voting Nay	34
Those absent and not voting	11

DEPUTY SPEAKER McCLUSKEY:

The bill as amended is passed.

Will the Chamber please stand at ease.

(Chamber at ease.)

DEPUTY SPEAKER McCLUSKEY:

Will the Clerk please call Emergency Certified Bill 7004.

THE CLERK:

House Bill 7004, AN ACT AUTHORIZING AND ADJUSTING