

PA 11-061

HB6652

House	8104-8479	376
<u>Senate</u>	<u>6063-6543</u>	<u>481</u>
		857

H - 1114

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2011**

**VOL.54
PART 24
7913 - 8263**

H – 1115

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2011**

**VOL.54
PART 25
8264 – 8614**

(Chamber at ease.)

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

The House will please come back to order.

Good evening everyone.

And will the Clerk please call Emergency

Certified Bill 6652.

THE CLERK:

Emergency Certified Bill 6652, AN ACT

IMPLEMENTING THE REVENUE ITEMS IN THE BUDGET AND
MAKING BUDGET ADJUSTMENTS, DEFICIENCY APPROPRIATIONS,
CERTAIN REVISIONS TO BILLS OF THE CURRENT SECTION AND
MISCELLANEOUS CHANGES TO THE GENERAL STATUTES, favor
-- introduced by Representative Donovan and Senator
Williams.

SPEAKER DONOVAN:

Chairwoman of Finance, Revenue and Bonding,
Representative Widlitz, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you. Good evening, Mr. Speaker.

SPEAKER DONOVAN:

Good evening.

REP. WIDLITZ (98th):

Mr. Speaker, I move for acceptance of Emergency Certified Bill 6652 and passage of the bill.

SPEAKER DONOVAN:

The question is on passage of the bill. Will you remark?

REP. WIDLITZ (98th):

Yes, thank you, Mr. Speaker.

First of all, Mr. Speaker, I would like to take a little time to -- to thank all of the people who worked really long hours, day and night, right up until early this morning to get us to this point today. From OLR Judith Lohman and Rute Pinho; and LCO, our LCO attorney, Anne Brennan Carroll; and OFA, Michael Murphy, Chris Wetzell, Phil Leterman, Linda Miller and Evelyn Arnold; and in the Finance Committee, my aide John Chaput and Mary Finnegan, who's absolutely the best administrator for the Committee that anybody could ever hope to have. Hopefully that'll get me a few points. Where's Mary?

Thank you also to Senator Daly, my co-chair -- we worked very well together; and to our ranking members, including Representative Williams from the House; and also the caucus staff, Sue Weisselberg, Josh Nassi, Ellen Scalettar and Kelly Sinko; and

especially my right hand, my vice chair, Representative Rojas, who hopefully will keep me organized this afternoon.

Mr. Speaker, we've tried very, very hard to address some of the concerns expressed when we brought out the original budget bill in, I think, May of -- although this is still a very difficult budget, we all appreciate that.

I think this implementor has made it a better budget. The showcase, actually the centerpiece of this bill will be our ability to make changes needed to the language for the economic recovery revenue bonds which we no longer need to borrow. Certainly no one wanted to do that in the first place, to fill a hole in last year's budget. The energy efficiency programs create jobs and they generate tax revenues. They are programs that are not only important to jobs and the economy, but make the quality of life for our constituents much better, and it's a very important piece of this bill that we will be able to do away with those bonds.

Just going over some of the highlights of the bill, the bill establishes a regional performance grant incentive program, establishes a municipal

revenue sharing grant with amounts for each municipality set forth in the language.

It repeals the cabaret tax. That's something we had some discussion about when we brought the budget out. That certainly turned out to be unworkable. It was very difficult. We listened. We negotiated and we are repealing that section.

Also, we had concerns expressed about the Resource Recovery facilities. In this implementor, we are declaring that they are not subject to the sales tax and they are also not subject to the electric generation tax. All of those costs would just be funneled back to our municipalities.

There is a change to the cigar tax. The individual tax on cigars will be capped at 50 cents. That really effects the premium cigars, the wrappers of which are actually grown in Connecticut, and to -- to go beyond that really would just about devastate that industry in Connecticut.

The bill clarifies that the nonemergency medical transportation and Dial-A-Ride programs are not subject to the livery tax.

There are many sections that deal with the repeal of the Transportation Strategy Board. There's

a section for Bridgeport in there concerning their pension contributions with language approved by the state treasurer.

There are also four bills that we've included that were from the Department of Revenue Services. They were fully vetted by the Finance, Revenue and Bonding Committee, and they are currently on the Senate calendar. It seemed prudent to include them in this bill to move them along.

So with that, Mr. Speaker, when the time is appropriate, I'd be happy to answer questions, but I would like to move adoption, sir.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Walker.

REP. WALKER (93rd):

Good afternoon, Mr. Speaker.

SPEAKER DONOVAN:

Good afternoon, madam.

Mr. Speaker, the Clerk has an amendment, LCO 8487. May I be allowed to summarize?

SPEAKER DONOVAN:

Will the Clerk please call LCO 8487 which will be designated House Amendment Schedule "A".

THE CLERK:

LCO 8487, House "A" offered by Representative
Walker and Senator Harp.

SPEAKER DONOVAN:

The Representative seeks leave of the chamber to summarize, any objection?

Hearing none, Representative, you may proceed.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, Section 167 of this bill, House Bill 6652, repeals Section 1 of the budget which we adopted a month ago, I believe on May 6th, and is Public Act 11-6. I move adoption, sir.

SPEAKER DONOVAN:

The question is on adoption. Will you remark further?

REP. WALKER (93rd):

Mr. Speaker, some back of the budget sections were linked to Section 1. They included transfers of appropriations and available funding, including the Operation Fuel.

With Section 1 repealed and now revised in Section 67 of this bill, House Bill 6652, we need to change the reference to the old Section 1 and replace

it with Section 67 of this bill for those transfers
in appropriations to be allowed. Thank you, Mr.
Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Would you care to
remark further on the amendment?

Representative Cafero, on the amendment?

Would you care to remark further on the
amendment? If not, let me try your minds. All those
in favor of the amendment, please signify by saying,
aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Opposed, nay.

The ayes have it. The amendment is adopted.

Remark further on the bill as amended?

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Mr. Speaker, a few questions to those who you or
Representative Widlitz or Walker deem appropriate.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen of the Chamber, we have before us, I believe, by my count, a 277-page, 175-section omnibus implementer bill. And it does a lot of stuff -- a lot of stuff.

And with due respect, and I realize time might have been a consideration, the gentleladies who brought the bill out did so in economic fashion, I'll say. And I do think it's important that we have some questions answered with regard to what has been said and what we at least, at this point, see is in the bill.

And with that, I'm just going to touch upon, in no particular order, some of the things that I heard that were said. And through you, Mr. Speaker, I believe my first question would go to Representative Widlitz with regard to the emergency recovery notes that she alluded to in her description.

SPEAKER DONOVAN:

Please proceed, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Representative Widlitz, you indicated that one

of the good news portions of this bill is that the amount we needed, I guess, to -- or had anticipated in our previous budget to borrow by way of securitizing an income stream is no longer necessary. And that fact is reflected in this document. Is that accurate?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Yes, that is correct. We have just received a letter from the comptroller projecting the amount of operating budget surplus. It is sufficient to cover all of the money that we were planning to borrow through the economic recovery bonds.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. And through you, Mr. Speaker, I know when that budget was passed by this General Assembly, it -- it had anticipated, initially, I believe, some one point -- I don't know -- \$3 billion in amounts

that we needed to borrow and securitize. That rapidly decreased under a billion and then down at some point to, like, \$675 million, et cetera, and has been steadily declining as we, as a State, had anticipated or recognized unanticipated revenue gains in this fiscal year. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, yes, that is correct.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, just, I guess, for the edification of the Chamber, given the fact that this budget implementer implements a budget that becomes effective on July 1st and goes two year hence, how does, with this budget implementer, be commenting or affecting something that was to take place in the fiscal year we're currently in?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Were we to have to take out the economic recovery bonds, we would be paying interest and debt service on that through the future as well as the principal amount. This has been avoided by using, I think, the best use of operating surplus to avoid borrowing.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

I think many of us, if not most of us, if not all of us, would agree with that. However, there's some questions that surround that very issue that's addressed in this bill and how it pertains to the plan that is no longer necessary.

My understanding that in anticipation of having to securitize income stream for the purposes of borrowing money to balance the previous or the current budget we are in, we had charged -- you alluded to it in your remarks -- charged certain

electric customers a rate they had been paying for another purpose, and that rate or -- was -- or fee was going to continue on for purposes of paying off or creating an income stream to borrow that money. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Yes. Through you, Mr. Speaker, that is correct. There was also a 35 percent taking of the energy conservation load management funds that were generated from ratepayers.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Mr. Speaker, with regard to the energy conservation funds, it's my understanding that either by this document or the budget that will have been fully restored. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, yes. As of the effective date of this implementer, there will no longer be that surcharge on our electricity bills.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Mr. Speaker, how much had been collected for -- on the utility bills for the purposes of securitization to date?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, I believe that was \$40 million.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Mr. Speaker, I know that was anticipated to be collected, but is that exactly as of today or whenever this bill calls for the stopping

of -- of collecting that surcharge? Is that how much we will have collected, I believe, from CL&P customers only? Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, to the best of my knowledge that is the number.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Mr. Speaker, you indicated that the energy conservation fund, which we had also taken money from, in addition to charging the ratepayers, has been fully restored. They were made whole from what we had swept out of their account. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Going forward, it would be fully restored.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Now, how about these folk who had paid up to \$40 million? Are they getting their money back?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

The \$40 million will remain in the general fund.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker.

We charge them money, it's my understanding, for a purpose of creating an income stream so we can borrow money. We are being told today, hallelujah, we no longer need to borrow that money because our current tax policy has generated enough money that we have no need to borrow any longer. That is great

news.

But in the meantime, we collected \$40 million from a small subset of Connecticut's citizens. Am I to understand that they are not going to get that money back?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

There -- it is my understanding that there is an agreement between United Illuminating and Connecticut Light & Power that there will be a sharing so that it would -- did not -- would not have fallen on just one group of consumers.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

And thank you, Mr. Speaker.

But, through you, with all due respect, that -- that might help United Illuminating and it might help CL&P, but I guess my question is, there's a whole bunch of people that, by a law passed two years ago,

we're forced to pony up \$40 million that we now say we don't need anymore, and my question is, are those people, those ratepayers who pay that money, going to get it back?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

I believe the \$40 million will be -- will remain in the general fund.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker.

As difficult as that might be to say, I guess the answer is no, they're not going to get it back. And it's my understanding, in the budget, which this document implements, we have, in excess, of \$40 million in surplus.

So we charged people \$40 million for something we don't have to use and we're not going to give it back to them. Let me repeat that. We charged a

small subset of people who use CL&P as their utility company \$40 million saying we were going to take their money and use it for something we no longer have to use it for. And why don't we have to use it? Because those very people, along with everyone in the state of Connecticut, have been taxed enough to raise enough surplus that we've eliminated the need to borrow it.

And yet, we're not going to give these small set of people \$40 million back. Is that fair, under any definition anywhere? Is that fair? I don't think so.

I have another question, through you, Mr. Speaker, to the proponent of the bill. I don't know who is best equipped to handle it, Representative Walker or Representative Widlitz, but it deals, I believe, with Section 8 of the bill.

Through you, Mr. Speaker, it's my understanding that Section 8 of this bill provides a method for determining how much the City of Bridgeport should contribute to their pension plan for their police and firemen. And it specifies that in fiscal year 2012, the contribution has to be at least \$7 million, although it should be \$20 million. And then in

fiscal year '13, it has to be at least 10 and a half million dollars, although it should be \$21.9 million.

Is it my understanding that this bill allows the City of Bridgeport to shortchange their pension fund to their police and firefighters. Is that correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, this action, which has been approved by the treasurer, the language by the treasurer, is actually to preserve those pension funds. The City of Bridgeport is in very difficult financial straits. They cannot afford to do the required actuarial contributions. So we have, through the Treasurer's office, allowed them to make good on their commitment to this pension by amortizing it over 24 years.

The first year will require the \$7 million payment, and each of these subsequent years will require -- will be -- will be identified by the actuarial requirement that will be contributed to that pension fund.

In this way, we are actually helping them to --

to make -- to be able to make good on their commitments through their pension plan.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Mr. Speaker.

Is it my understanding that we allow them to pay less into the pension plan in the next two fiscal years than they would otherwise have to pay? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WILLIS (64th):

Yes. That is correct.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Now -- thank you.

Through you, Mr. Speaker, that should sound somewhat familiar to this body, because we did that for a couple of years here in the State of

Connecticut. Because we had some tough economic times as part of an agreement with our collective bargaining units, that agreement allowed the State to underfund our pension contributions by a hundred million dollars each of two years.

And I remember when the budget here was passed, on May 1st or 2nd -- I forgot the day we actually passed it -- majority party, in concert with our Governor, took great pride in the fact that we did not underfund our pension obligations. That we absolutely said we are going to fully fund our pension obligation. As a matter of fact, I remember that being a priority of this Governor, one that I wholeheartedly agreed with.

In fact, this side of the aisle was in great opposition to us postponing those pension payments as -- by the State to our collective bargaining units in the past. Every iteration of alternative budgets we put forth fully funded our pension obligation, but because we believe that to do -- not to do so is taking a step on a road to fiscal disaster. And boy, do we ever know that to be true. And this Governor and this Legislature took great pride, great pride in fully funding our pension obligations, and yet, it's

my understanding that this Governor and this Legislature, by virtue of this document, is saying we can do it, but if you are a city out there and you're up against it a little bit, you don't have to. You don't have to meet your financial obligations with regard to pensions to your police environment. That is what this document is saying.

Now, Bridgeport, if I'm not mistaken, is our largest city, our largest city. And Bridgeport, if I'm not mistaken, receives, per capita, probably the most amount of money from the State of Connecticut, or up there certainly, of any other municipality. And yet, we, as a State, by virtue of the passage of this bill, are sanctioning the very thing we said, this Governor said he would never do; underfund your pension obligation. Why? Because we have the largest unfunded pension obligation in the United States of America, per capita. It was fiscal disaster. No way we were going to do it. And yet, by virtue of this document, we are sanctioning -- this administration and this Legislature would be sanctioning the largest city in the State of Connecticut to do exactly what it said we would never do. Something is funny about that.

Through you, Mr. Speaker, I need to ask about other portions of this bill. It is my understanding that part of this bill allocates or makes up for what is called a \$400 million shortfall in our budget. Is that accurate?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

I think this one looks like Representative Walker. Representative Walker.

REP. WALKER (93rd):

Good afternoon, Mr. Speaker. Through you, Mr. Speaker, I thank the good gentleman from Norwalk for the question.

I believe he may be referring to the \$300 deficiency between the SEBAC agreement. If that's not true, I would like his clarification.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Maybe you could clear it up for me, Representative Walker. Through you, Mr. Speaker, when this Legislature passed a budget, there was a

lot of hoopla about the fact it was \$2 million out of balance, a million dollars in each year. And it's my understanding that the anticipation was that we would make up for that with regard to concessions and savings reached in agreement with the unions. And then it was announced that those concessions and savings didn't amount to \$2 million -- billion dollars, excuse me -- but \$1.6 billion, which means we have to do something about the \$400 million. Is that \$400 million reflected in this document?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And again, I thank the good gentleman for the question to help clarify the budget. That is correct. What -- what we had was we had a reduction in savings. We had a deficit of about \$300 million from the SEBAC agreement. Then we also had a surplus of about \$369 million from -- from the past year. With that, plus some transfers and some additional cuts, we were able to work that through to cover the deficiency between the SEBAC agreement and the

\$1 billion.

Through you, Mr. Speaker, and I thank the gentleman for his question.

(Deputy Speaker Kirkley-Bey in the Chair.)

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Madam Speaker. So let me understand this. Is the deficiency, as we're calling it now, the difference between what we hope to get between union concessions and what we did get. Is that amount \$400 million?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Oh, good afternoon, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Good afternoon.

REP. WALKER (93rd):

I was about to say that Mr. Speaker's voice changed.

Through you, Madam Speaker, I thank the gentleman for the question. The SEBAC agreement, we had a \$299 million, I guess you'd say, gap. And yes, we addressed that \$299 million gap with some savings and some of the surplus that we had in the budget. And, I guess, if you would like to, I can call it deficiency, or I can just say that the -- the amount was about \$300 million there -- reduction.

Through you, Mr. Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Well, through you, Madam Speaker, I've been saying 400 million, and you're saying 300 million, and I'm -- what I mean to say, let me clarify, is \$400 million over the biennium, the two years. Am I accurate to say that it's \$400 million over the biennium of two years, and that \$400 million over the biennium for two years is accounted for in this document?

Through you, Mr. Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker.

And I thank the gentleman for the question, and I apologize for not understanding when you said I was looking at year 12. That is correct. Through you, Madam Speaker, they -- they -- the reduction -- the amount that we needed for 2012 was 299 million, and the amount that we -- point 3 -- and the amount that we needed for 2013 is \$98.8 million. And I -- I apologize to the gentleman from Norwalk for not understanding the total scope of the question.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Madam Speaker.

And I guess, of this \$400 million over two years that we have to make up for, how did we do that? Did we cut \$400 million from the budget?

Through you, Mr. Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Excuse me, sir. I was in the middle of a sneeze.

REP. CAFERO (142nd):

God bless you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you.

Representative Walker.

REP. WALKER (93rd):

God bless you, Madam Speaker.

Through you, Madam Speaker, I -- I thank the good gentleman for the question. Let me give you a breakdown of -- of some of the things that we did it, sir. There was -- we had 299 million. We had a surplus of 369 -- and through you, Madam Speaker, I did not answer the previous question. Again, I apologize. Yes, this is in the budget, for -- for his question that he asked me twice, which I did not answer. 299 million from this year. We had 42 million that was moved from the special transportation fund allocation.

We also did an additional 40 million point six additional cuts. With that, plus the surplus that we had of 369 million, it left us with, this year, year 12, \$68 million.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you both for the -- my sneeze, but Representative Cafero, you have the floor, sir.

REP. CAFERO (142nd):

Thank you, Madam Speaker.

I appreciate Representative Walker's answers. Ladies and gentlemen, what we probably have known before but are being told crystal clear today, is of the \$400 million shortfall, the amount that we were not able to achieve in union concessions and savings, we had to make up for, and it's made up for in this document.

And we were told during the process that it would not, would not, would not come out of surplus, no ifs, ands or buts. In fact, we were told by this administration don't even use the word. It's not a surplus. It's not a surplus, we were told. It's money that's going to go to long-term payment of long-term debt.

This state is in deep debt, we were told, and we know. Do not call it surplus. And why was that said? Because many of us said how could you build in a surplus and still tax people \$1.8 billion? How could you do that?

We were told, don't call it a surplus. It's not a surplus. It's going to be saved to put to long-term debt. And 45 seconds ago, we learned

officially, on the floor of this House, that 369 million out of 400 million we're making up by taking this surplus. Now it's okay to call it a surplus.

So we didn't use that surplus to reduce taxes, the highest taxes -- tax increase in the State's history. We used that surplus to supplement what we were not able to get through a union concession package. Think about that.

Now, the reason we are talking about \$400 million is because the assumption is, I presume, that the union concession package is \$1.6 billion. So the only amount of money that we have to adjust for to balance our budget is \$400 million. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the gentleman for his question. And the -- that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Madam Speaker. And as you can see, ladies and gentlemen, in order to balance the budget, this is the last bill we're going to have before us to balance that budget. This is it. So that \$2 billion hole we all talked about is purportedly being closed for good with this bill, \$400 million in other stuff, 369 of which is just surplus money, and \$1.6 billion worth of union's concessions and savings.

Now, it is incredibly important we get this right. Because, remember, we took an oath to support this Constitution, and our Constitution says that we shall have a balanced budget by the end of this fiscal year. So if the \$400 million isn't enough, we're out of balance. And why wouldn't it be enough?

Well, it wouldn't be enough if the \$1.6 billion -- billion dollars in union concessions and savings either does not get ratified by the unions, or -- or it doesn't add up.

So it is imperative for us to understand and make sure that the \$1.6 billion worth of savings is \$1.6 billion. Because it isn't, then we have more to make up than just \$400 million. And if we don't do that, our budget won't be in balance.

So my next series of questions goes to the concession package, the package that purports to save \$1.6 billion. And whoever feels it's appropriate, and certainly that's up to Representative Walker or Representative Widlitz, I would like to ask some questions with regard to the SEBAC agreement.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Please proceed, Representative Cafero.

Prepare yourself, Representative Walker.

REP. CAFERO (142nd):

Thank you.

Madam Speaker, through you, to Representative Walker. It is my understanding that when you enter into negotiations, certainly with the unions, that you start with the premise that they have contractual rights that have already been earned by them through hard fought negotiations. So they're entitled to a whole set of benefits, et cetera, automatically. And the purpose is that we sit down with them and say, listen, the state is tough shape. If you don't help us out, we have no other choice, by law, but to do layoffs. And we'd rather not do that or certainly minimize it. So we'd like you to give back some of

the stuff you've already won. That's my general understanding of what a union concession negotiation is about.

So the question is, what do we give them, the unions, we, the State of Connecticut, and what do they give us? Quid pro quo. So it's my understanding that part of what we gave them is a guarantee that, for the next four years, starting July 1st, no one in the State of Connecticut's employ may be laid off. No one. For no reason whatsoever, economic or otherwise, no one will lose their job based on a layoff. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the good gentleman for his question. First, I want to under -- have him understand that my responsibility is to deal with the numbers. I was not in the negotiations, or I don't have all the details. I have numbers from the -- from the negotiations, but actually what -- what conversation and what some of the agreements were that are being

voted on now, I do not know, so that I'd cannot answer.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Madam Speaker, is there anyone -- any Representative that is in a position to answer that?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the gentleman for his question, but I believe that the bill before us is really supposed to be just addressing the budget per se. I don't know if we are supposed to be able to answer those questions because I'm not really aware of our responsibility to that process.

I believe that we are responsible for looking for the deficiencies that -- that we may have to address, or the way the monies are being allocated to the budget, but actually what went on in the actual

bargaining and how it was done, I do not know if we are supposed to have someone here for that answer.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Madam Speaker.

Is it my understanding, through you, that the language in this budget calls for a mechanism which would allow this Legislature to ratify the union agreement? Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

I'm sorry, Madam Speaker, could -- could the good gentleman from Norwalk repeat the question? I apologize, sir. I don't mean to do that.

REP. CAFERO (142nd):

No problem. I understand.

DEPUTY SPEAKER KIRKLEY-BEY:

Please repeat.

REP. CAFERO (142nd):

Through you, Madam Speaker.

I guess my question would be, it's my understanding that in this document that's before us, a process is laid out, whereby this Legislature may choose to ratify the SEBAC agreement between SEBAC and the administration. Is that correct?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the gentleman for the question. That is absolutely correct.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Madam Speaker, I guess that seeing that this document sets out and affirmatively states that we would have an obligation, or we choose to have an obligation to ratify an agreement, I think it's important to discuss the terms of the agreement.

And one of the terms that has been reported widely in the press is that we have no layoffs for four years, ifs, ands or buts, no layoffs. And I guess I'm just asking for confirmation of that fact.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through -- through you, Madam Speaker, it -- I'm sorry. Through you, Madam Speaker, it's -- it's for represented employees, not nonrepresented employees.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

I'm sorry, Madam Speaker, could the gentlelady repeat her response? I didn't quite understand.

DEPUTY SPEAKER KIRKLEY-BEY:

Would you please repeat that, Representative Walker?

REP. WALKER (93rd):

Sure. Thank you, Madam Speaker, and I'd be glad to repeat that to the -- the good gentleman.

It extends jobs -- it -- it represents the -- the represented employees through 2015.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

I -- I -- probably my mistake. Let -- let me try again. Are you, through you, Madam Speaker, Representative Walker, are you in a position to verify that the agreement by which we are recognizing \$1.6 billion worth of saving over two years has a no layoff provision for four years?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

For represented employees, that is correct.
Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Madam Speaker.
Could the good lady distinguished -- you mean union employees? Is that what that's mean?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is absolutely

correct.

Thank you, sir.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Madam Speaker, does that mean everyone who's not in the union, we're free to lay off as many as we want?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through -- through you, Madam Speaker, I thank the gentleman for his question. There are provisions in the agreement that are addressing the pension and health care for nonrepresented employees.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Madam Speaker, once again, is it my understanding that with regard to the no-layoff clause, that only unionized employees are subject to

layoff, and nonunionized employees we could lay off as many as we care to? Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the gentleman for the question. Managers are available -- not available, are subject to being laid off, if necessary.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Madam Speaker, and various exercises and analysis of this budget, we've come to the conclusion that there's well over 2,000 managers, certainly -- let me put it this way. Is there any savings or accounting within our biennium budget that is reflected by the layoff of anyone in state government?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

There are some savings that are done through consolidation, through retirement, and people -- basically, through attrition.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Madam Speaker.

It's my understanding that we have approximately 45 thousand -- 45 to 47 thousand unionized employees in the State of Connecticut.

Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the gentleman for the question. Absolutely, yes, we do have approximately 45,000.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Madam Speaker, it's my understanding that based on what you represented to this Chamber, not a one of them can be laid off for four years. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

The people who represent management, who are state employees, are available -- are not being protected through layoffs.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Madam Speaker, with regard to the 45 to 47 thousand unionized employees you referred to, is it my understanding that none of them, 45 to 47 thousand unionized employees, can be laid over for the next four years?

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

234
June 6, 2011

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Madam Speaker, is it my understanding that none of the 45 to 47 thousand state employees who are unionized will receive any salary reduction over the next two years? Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

The -- the information that I was told was that there would be a freeze in salary wages.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

So through you, Madam Speaker, I guess, by definition, that would be no one would receive a reduction in salary from what they are -- over the two-year period, is that correct, from what they are currently receiving now? Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Madam Speaker, it's my understanding that over the previous two years, we have asked our state employees to take three furlough days, per year, without pay. Is that correct? This is in fiscal year 2010 and fiscal year 2011.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

That is -- that is correct. We did request from

the state employees furlough days. Also, I just want to make the good gentleman from Norwalk where that they gave up -- the employees gave up a raise that they were supposed to have July 1, 2011 to achieve some savings in this proposal.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Madam Speaker, we're going to get to that. But I just want to establish that nobody is having a reduction in their salary from what they made last year. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

The salaries are flat funded. Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Madam Speaker, you indicated over the last two years, we have required, and it has been agreed to by the employees, that they would take three furlough days. That's three days out of their pay with no pay -- three days off -- three forced furlough days. That's correct, is it not?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the gentleman for pointing out that the state employees gave up the three furlough days these past two years. Thank you.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Madam Speaker, the agreement that we are discussing right now does not -- does not call or require any state employee to take any furlough days. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, again, I thank the gentleman for the question. Yes, that is correct.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Madam Speaker, just simple addition would say, if for the last two years you were forced to do without three days pay, each year, and for the next two years, at least, you know longer have to go without that pay, then is it fair to say that the state employees will actually be receiving three days more worth of pay than they did the last two years?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I understand that the gentleman is trying -- well, that is not correct.

Through you, Madam Speaker -- I believe.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero, excuse me.

REP. CAFERO (142nd):

Through you, Madam Speaker, could the good gentlelady explain how that is not correct? If, for the last two years, let's assume I made \$20,000 a year, and yet, I was forced to take three days without pay. Three days that were subtracted from my \$20,000 in year 2010 and in year 2011. Now in year 2012 and 2013, my 20,000 doesn't go up but they're not taking away that three days anymore.

So that means in 2012 and 2013, at the end of the year, my W2 is going to be higher than it was in 2010 and 2011. Do I have that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I apologize. The gentleman is correct.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Madam Speaker, it is my understanding that for the next five years, over a five-year period, in addition to the increase attributed to now no longer having to take those three furlough days, that over a five-year period, every state employee is guaranteed a minimum increase, over a five-year period, of 9 percent. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, if I am -- if I remember the actual -- some of the foundations on the salaries that were directly related to the budget before me -- or the document before me, I believe it was the first two years, it was a zero increase, and then the -- the -- the next three years after that, it's a 3 percent increase each year.

So through you, Madam Speaker, that would be the way you would lay it out. If you would like to state it as 9 percent after five years, that's not exactly

the way it is. It's 3 percent for the last three years each year.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Well, I guess this is a case of you say tomato and I say tomato. Because for five -- over a five-year period, state employees are entitled to a 9 percent increase in their salary, 3 percent, compounded by 3 percent, compounded by 3 percent. At minimum, that's nine. Add to that the three furlough days they no longer have to take, which has been estimated to be about 1.7 percent, I add that up to a 10.7 percent increase over their wages over a five-year period, but that's me.

Let me talk about, if I may, the other savings that have been reported as a result in this deal. For instance -- and remember, folks, this is important. Because if the savings aren't verifiable, if they're not true, if they're not achieved, our budget is out of balance. It's out of balance.

It was reported -- and as is part, a cornerstone

of this agreement that adds up to the \$1.6 billion, that there will be \$205 million, over two years, in savings from requiring state employees to be healthier, if you will, to have checkups, et cetera, et cetera. And many of us are very familiar with that provision. Quite frankly, it's an excellent provision. It requires people, employees, to have their regular checkups, whether dental or medical. Checkups that are appropriate at age-specific times or checkups that might be appropriate because of pre-existing conditions. But in every instance that I've heard of this, nationwide, in fact, most familiarly and most recently, our own Pitney Bowes, here in the State of Connecticut, has instituted such a fine policy.

And by the way, I would applaud the negotiators on behalf of the State for achieving that provision. But even those who are the biggest proponents of it say it is impossible to make and realize any savings within the first two years. In fact, some say, not only don't you recognize savings, you actually spend more money. Because, you see, we, as a State of Connecticut, are self-insured. Under the provision, we require people to go to a doctor and get a

physical, to go to a dentist and get a checkup, to get certain procedures done, whether a colonoscopy or mammograms, et cetera. And we're paying for that. In no instance do I know of has there been a savings attributed to this provision. And yet, we're assuming \$205 million worth of savings.

So I asked our Office of Fiscal Analysis, what do you get when you look at it? Office of Fiscal Analysis wrote they can't verify that savings. They don't have enough data and, basically, they don't know where the number came from. But they, the agency, the nonpartisan agency that we rely on to make sure what we're doing is what we say we're doing, cannot verify \$205 million worth of savings.

So I ask the good lady from New Haven, through you, Madam Speaker, do you have any data, from any source, that justifies \$205 million worth of savings based on the provision of the SEBAC agreement that requires periodic checkups, et cetera, a wellness program.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I have increments of different types of savings that were able to be derived by our Office of Fiscal Analysis. And I want to also state to the good gentleman from Norwalk that when we do our budget, those are the ways that we calculate how we can actually have savings, especially when we are dealing with health care and looking at the Medicaid population, trying to understand how much it costs for us to do one item or another. So when we do that, we take the number of people that we have and we take what the cost is for providing that service and we look at the population that we are working with.

So through you, Madam Speaker, there are a variety of different things that I have received. I don't have all of them because -- I do apologize for not having every detail -- but I do have some details in the health care package.

I know that, through you, Madam Speaker, the health containment initiative, where we actually identify specific things that people can do, sort of a wellness for one year, it is 40 million, and for the next year it is 35 million. Talking about the --, the health care -- I mean, the prescription drugs for

people, using maintenance drugs through a mail order process, which many of us in are familiar with, there's a 20 million dollars savings in this year and a \$20 million savings in the next year. Health care costs for early retirement, and medical costs for actual -- addressing for -- for retirees and the increasing costs there, there's about another \$6 million.

So, through you, Madam Speaker, I could probably sit down and add all these up for the good gentleman. I did not realize that I -- I needed to have all of those to provide for him.

But the health care consultants retained by the State to arrange -- that did this contract with the Governor's office and the labor department actually looked at the projections with several actuaries. And they -- they provided a lot of that information to OFA who worked it. They may not have provided all the information that he is looking for -- for me right at this moment, but I'm sure that I could get that for him, if he would like.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Well, thank you.

Through you, Madam Speaker, they didn't provide the information to a lot of people. Because, you see, I asked our Office of Fiscal Analysis, how do you justify some of these numbers? And before we get to that, let me tell you what numbers I'm talking about.

I just mention one, \$205 million we're going to presume to save, that no one who's ever initiated this program has ever saved in the first two years but, miraculously, we are going to save, not 203 million, not 206, \$205 million. That's a pretty exact amount, wouldn't you say? And yet we, nor the Office of Fiscal Analysis for whom we depend on, has a scintilla of evidence that we are going to save that amount -- any amount.

Here's another one, \$180 million in savings from employees' suggestions on how to save. Now just by definition, how can you quantify an amount of savings to come from suggestions from employees in the future? They didn't make the suggestions yet, and we didn't adopt them yet. It's a suggestion box.

Now, we're not talking about nickel and dime

stuff here, folks. That's \$180 million we say we're going to save on a suggestion box. And by the way, is that a concession? We've had in our statutes for years the ability for our state employees -- encouraged them actually. They're the people on the front lines. We can do it better and cheaper. Tell us how to do it. Did we need a negotiation for that? And we're going to say we're saving \$180 million? So that's 205 million we don't have any evidence on; 180 million we don't have any evidence on.

The good gentlelady mentioned 13.5 million we have in savings related to prescription drugs going off patent and more generic drugs going on the market. Well, that didn't need a concession package to happen. That just happens. Prescription drugs go off patent everyday and more generic drugs become available. Somehow, that became part of a hard-fought negotiation. Something is missing there, folks.

Then we have a provision of \$90 million in savings from, quote, greater use of technology. What am I missing there? Is that a concession? Was the deal, we're not going to achieve savings through greater use of technology unless we get something for

it? Is that a quid pro quo? If using technology more will generate savings, it's going to generate savings whether you negotiated or not. And it sort of a nebulous number, isn't it? I think we will save money from more technology, and I think it will be \$90 million.

We have \$75 million, as the gentlelady from New Haven mentioned, in health cost containment initiatives. They're not identified. They're not labeled. Many of us don't know what the hell they are, but there's a \$75 million worth of them.

Now the items I just mention total \$565 million, almost \$600 million. Now why is that important? Two reasons. If you're going to measure the quid for the pro quo, and the total amount was called \$1.6 billion in savings, we realize that almost 600 million of it is wishful thinking, or not a concession at all. Savings that would have taken place anyway.

So that narrows down the part the unions gave up to a billion dollars over two years. So that's something I think we have to understand. There's concessions, and there's savings. And if you break them down, the concessions part, at best, is a

billion dollars, and the savings part is a guess.

Now, there's not much we can do about the concession part, unless the unions reject the contract. But the savings part is important to us. Because if we're wrong, and you don't get \$180 million worth of good ideas in a suggestion box, or you are unable to make greater use of technology to save 90 million dollars, then our budget is in deficit. Our budget is in deficit. And you know what that means, one of three things: either we'll increase taxes even more; we'll cut spending; or we'll borrow it.

So it is vitally important for us to make sure, whether you like the deal or not, that 1.6 is 1.6. And yet, our own Office of Fiscal Analysis says they don't have enough information to verify it. Our own Office of Fiscal Analysis. We can't figure it out. We don't have the data. No one gave us that stuff. That's what they say here. Can't figure it out. We've got nothing. And yet, we are going to pass this bill on June 6th based on that. That's what we've got.

Through you, Madam Speaker, in the event that the unions ratify their agreement on their end, does

this document that's before us require this
Legislature to ratify that SEBAC agreement?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good gentleman for -- for his question. I just want to, kind of, go back just a couple of steps before I answer that question. One of the things you had mentioned was the fact that you could not understand some of the savings that would come through the box, the suggestion box. And I believe that we had a suggestion box that we try to use with the unions over the past years and the previous governors tried to remove that -- that process and decided that that was not something that was going to happen.

But there are many ways that the employees could provide savings through some of their suggestions, and wellness was something that they have been mentioning for quite some time in encouraging them and the members to participate in the plan. And we have used many methods of wellness to address health care.

But, through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Madam Speaker, I think my question was, does this document require -- require that at any time after the unions ratify the deal, we, as a Legislature, must take a vote to ratify that very deal?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I apologize. I did not answer the question again. I got a little carried away. I do apologize to the gentleman from Norwalk. No, this does not.

Through you, Mr. Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Madam Speaker, I know it has been a

priority of this caucus, and I know even our Governor, that all collective bargaining agreements, because of their incredible import to the budget of the State of Connecticut, for instance, in this case we are talking about \$1.6 billion. And it was the priority of this Governor that this Legislature affirmatively ratify and vote upon, up or down, these agreements. And yet, am I to understand that this document does not require us to do that? That if we choose, that \$1.6 billion agreement will become law just by the passage of time? Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Madam Speaker.

Is there a philosophical reason behind why we would do that? Why would we not require, in this document, that this Legislature come back and vote on that ratification of that agreement up or down?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, being new to this process and everything -- but I've also been a member of the Appropriations Committee, I have been a participant in several meetings where we have had the option of, if we were going to allow something to go into effect, we did not come in. If we were going to reject something, then we did come in. So the process of doing this, I believe, has been around for quite some time. In fact, I think it goes back to when we first started the income tax, if my memory serves me.

So through you, Madam Speaker, this is not something that is a new process. This is something that we've been doing for quite some time.

Through you, Madam Speaker.

I thank the gentleman for the question so that people can understand. Thank you, ma'am.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Madam Speaker, what I didn't understand is I know that this Governor, upon which this budget he championed, it was very important for this Governor that we affirmatively take a vote up or down on any union votes, certainly not the least of which, this union concession.

So it comes as somewhat of a surprise to me to learn that this document, which has the blessing of this administration, does not require us to vote up or down. That's a surprise to me.

Through you, Madam Speaker, I saw some language in this agreement that indicated that, perchance, the SEBAC agreement maybe could change in the coming days. Maybe it's tinkered with here or there. First, it's -- maybe the unions say, well, you know, we voted on it, and there's this little part, if you change it, we'll go -- we're with you. But if not, we don't like it. Does the administration have the authority to do just what I described?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker. I just want to make sure I understand the question from the good gentleman from Norwalk. I believe he's asking us, does the administration have the ability to change it when it's presented to us?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

No. Through you, Madam Speaker, what I'm saying is, as this process goes forward, and the unions are supposed to ratify with their individual groups -- if there is a consensus amongst the unions -- for instance, let's say they say, you know, this mail-order prescription stuff has really caused us a lot of angst, and we'd really appreciate it if you could get that out. And if you don't get it out, we're not going to ratify the whole deal. So get that little piece out, and we'll ratify it. Could that happen?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is -- that is

not correct. They have to vote it up or down. They can't tinker with it because they have to go back to the (inaudible).

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Madam Speaker, I thank the gentle lady for her answers.

Ladies and gentlemen, once again -- once again, we are presented with a new way of doing business. An aircraft carrier of a budget implementer that has all sorts of things in it, not the least of which allowing a city not to live up to their pension payments, a ratification process that's a process that, we, as a Legislature, a separate but equal branch of government, can ratify a contract by doing nothing -- by doing nothing.

A document that makes up for a \$400 million shortfall, at the very least, by using all surplus money. A document that recognizes that we wrongfully charged our citizenry -- I shouldn't say, wrongfully -- we charged our citizenry \$40 million for something we thought we were going to do, we no

longer have to do it, but we ain't paying them back.
There's a kick in the rear end.

A document that assumes we balance a budget by assuming \$1.6 billion in union concessions or savings, and our own Office of Fiscal Analysis says we can't back that up. We can't back it up -- wasn't given enough data. And that's not just a question of credibility. That's irrelevant. What it's a question of is, are we passing a balanced budget?

With all due respect, as much as there's been an attempt to, there's no answers that have been provided here because there is no data to provide. It's not here. OFA doesn't have it. The gentlelady from New Haven said she, at least, didn't have it here. I don't know who has it. The press doesn't have it. OFA doesn't have it. Who has it?

We are a Legislature. We are a separate but equal branch of government. It is totally understandable to work with our executive branch to achieve a result. But folks, we just can't make it up as it goes a long. Please don't make it up. This is serious stuff, serious stuff.

I look forward to hearing the rest of the debate on this bill.

Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, Representative.

Representative Williams, you have the floor,
sir.

REP. WILLIAMS (68th):

Thank you, Madam Speaker, and good evening.

DEPUTY SPEAKER KIRKLEY-BEY:

Good evening, sir.

REP. WILLIAMS (68th):

Through you, a few questions to the proponent of
the bill.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz, prepare yourself for
questioning.

Representative Williams, please frame your
question.

REP. ORANGE (48th):

Thank you, Mr. Speaker.

And through you, to Representative Widlitz, in
lines 2514 through 2516 there is a reference to
extending certain tax incentives for geographic
locations where an aerospace or defense plant may
have close. And, specifically, in 2514 through 2516,

it refers to companies that were formally on the property with not fewer than 800 employees. Am I characterizing this correctly, first of all, through you?

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

Through you, the point of this section is to correct a mistake that was done in a previous public act. This July 1, 1998 should have been left out. And that's why you see in line 2515, on or after the effective date of this section, there are still people working in this facility. It has not been vacated. Should this facility be vacated, there would be tax incentives for another business to come in to fill this gap, so that's why that section is in there.

Through you, Mr. Speaker -- Madam Speaker. I apologize.

DEPUTY SPEAKER KIRKLEY-BEY:

You're welcome.

Representative Williams.

REP. WILLIAMS (68th):

Better you than me, Representative Widlitz, making that mistake.

Thank you, Madam Speaker. And, through you, to Representative Widlitz, this obviously deals with a specific location. May I ask, what that location is?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, this is a facility in Cheshire.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Okay. Fair enough. Thank you, Madam Speaker.

And through you, in Section 8, it refers to the Bridgeport pension language. My understanding is that we are going to allow the City of Bridgeport to deposit \$7 million this year into its pension fund and then, via a series of other procedures in the coming years, the City and its actuaries will determine what that amount should be.

But am I correct in understanding that, this year, they will be able -- in fiscal year '12,

they'll be able to deposit \$7 million?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

And thank you, Madam Speaker.

And, through you, to Representative Widlitz, so just to understand this correctly, the City's actuaries will be coming up -- this basically gives them a one-year reprieve. Is that -- is that correct? The City's actuaries, in the future, will then follow the normal course of proceedings to determine what they City's pension deposits should be in years following fiscal year '12. Am I correct?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

This is a plan that has been very -- fully vetted by

the state treasurer and has been approved by the state treasurer.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And, through you, to Representative Widlitz, so the state treasurer has said this is okay. However, there is a reason why the City of Bridgeport has to do this. I think, you know, certainly from my perspective, the City is in a very dire financial situation and needs to do what they have to do in order to balance the budget responsibly.

But the treasurer said -- did the treasurer decide, in approving this, that this is sound fiscal policy, or did the treasurer just say, yes, go and you can do this. But -- I guess, that's my question. Is the treasurer saying this is good -- sound fiscal policy?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

I think everyone was trying to work with the City of Bridgeport to resolve a problem that would allow them to continue to support their pension system in a way that was feasible, that they could afford to do.

I don't believe the treasurer said this was a great idea or a bad idea, but very carefully vetted the language to make sure it was appropriate language.

And through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Morin.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Through you to Representative Widlitz, so that's, I guess, my question is, the treasurer reviewed and approved the language to make sure that it was executed properly, but not necessarily approving or disapproving, giving a thumbs up or a thumbs down on whether this is sound fiscal policy for the City or for the State. I guess that's my question.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

The only way I can answer that question is we do have a letter from the treasurer acknowledging that this language is approved by the treasurer and appropriate language. I don't think there was a judgment value attached to that letter.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. I thank Representative Widlitz for that answer.

In lines 2151 through 2154, there is a reference to distributing the manufacturing transition grants from the State to our cities and towns and, specifically, the language speaks to whether there is enough money to fund the entire grant as a whole, which then obviously is spit out into a formula and then distributed to cities and towns.

Is there an expect -- is this language here because there may be an expectation that the State

does not collect the necessary funds to make the cities and towns whole, with respect to the MME?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker:

Would the proponent of the question please repeat those line numbers so I can catch up with you?

Through you, Mr. Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams, would you mind repeating that?

REP. WILLIAMS (68th):

I would, Madam Speaker. Thank you. It's lines 2151 through 2154. I'm sorry, 2157 through 2160.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

2157, okay. Let me just have a minute to look at this.

I would -- yes, say that that is an appropriate interpretation. In the event that the total of such

grants in such year exceeds the amount available in the municipal revenue sharing account, it would be distributed on a proportional basis.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

And I guess moving on to the conservation funds and -- I'm sorry, the competitive transition assessment that we are now -- my understanding is that the estimate of what we have collected or will have collected by the time the -- of the effective date of this section -- and representative Cafero alluded to this a bit earlier -- but the amount that we have or will have collected between now -- between the date of -- effective of the law that created this, and the date of effective passage here is \$40 million. Is that correct?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, to the best of my

knowledge, yes, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Did you ask him to say the lines?

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. Through to Representative Widlitz, so the -- the money that has been collected, the reason that it will not be refunded, is that a policy decision or is that because it cannot be refunded?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

Through you, Madam Speaker, that was the original -- I believe that was the original intention. That that \$40 million would be deposited into the general fund. Fortunately, we do not have to further encumber those electricity rates and we can dispense with that surcharge.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. I appreciate that answer. In lines 2838 through 2864, there appears to be a reference to an individual who may purchase a business from another individual, having to withhold a certain amount of withholding taxes from the previous owner's ownership of the company. Is that correct?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Yes. Through you, Madam Speaker, that is correct. Upon the sale of a business, the buyer should get a release from the Department of Revenue Services about -- regarding any money that might be owed by that business before, I would think, before closing. Certainly -- I'm just looking at this section very quickly.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WIDLITZ (98th):

Yeah. In lines 2845, until the employer produces a receipt from the commissioner showing that

the taxes, interest and penalties have been paid, or a certificate indicating that no such taxes are due.

It's to prevent a business owner, basically, from running out on taxes owed. Whoever is purchasing that business should be very careful to get a release from the commissioner to make sure those -- any pending taxes have been paid.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you.

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Not being overly familiar with how this section came before us, I guess I'm curious as to -- is this -- this is a change in policy for the Department of Revenue Services, I assume, although I may be incorrect, one that was requested by the Department of Revenue Services. Is that correct?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

I'm sorry, Madam Speaker, would the proponent of

the question please repeat it.

DEPUTY SPEAKER KIRKLEY-BEY:

Would you please repeat your question,
Representative Williams?

REP. WILLIAMS (68th):

Yes. Thank you, Madam Speaker.

I'm assuming, not being overly familiar with
this section myself, and I don't believe this has
been before us before, I'm curious as to -- first of
all, I assume that this is a change in direction for
the Department of Revenue Services that has been
requested by the Department of Revenue Services.
Would I be correct in that assumption?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

So through you, Madam Speaker, just to be clear
here, this is designed to prevent an employer, the
owner of a company, from skipping town on a tax bill

that they may have, a liability that they may have, and therefore -- it sounds to me like we are placing a burden on the person who purchases the business. In other words, the burden becomes now the purchaser of the businesses burdened. And I'm understanding that it is 25 percent of the total purchase price of the business. Is that correct?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, could the proponent of the question refer me to a line that he's coming up with 25 percent of a value?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

I apologize.

Representative Williams.

REP. WILLIAMS (68th):

Sure. If I could just have a moment, Madam Speaker.

Through you, Madam Speaker, I may have been referring to a different section. I may have gotten my sections mixed up. So I guess my question is, how

much must the purchaser of the business withhold in order to cover their obligation under this section?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, I don't have answer to that question.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker.

Are we, through you, are we leaving that to the discretion of either the commissioner, or to the discretion of our regulations? Am I to understand that?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WIDLITZ (98th):

Through you, Madam Speaker, there may be a policy already existing on that. I'd have to get verification from the commissioner.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WILLIAMS (68th):

Fair enough. Thank you, Madam Speaker.

And through you to Representative Widlitz, I am understanding that we are now repealing a tax that we passed a few weeks ago, a new tax that we passed a few weeks ago in our budget, which was commonly referred to as the cabaret tax. Am I correct, that we are repealing in -- I think it's in Section 172, the cabaret tax?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, yes, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Madam Speaker. And through you to Representative Widlitz, there are a variety of new taxes, new fees, et cetera, that have been passed into law when we passed our budget. And I'm

wondering how -- how did this tax get so lucky that the cabaret tax is being repealed?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

Through you, Madam Speaker, upon discussion of this bill, of that particular proposal, the cabaret tax, during the budget discussion on May 4th, many problem -- many questions arose. And it became evident that this was not a workable tax.

We had -- actually, had a history of dealing with this tax in the past. It did not work then. It was repealed. I think the startling moment was when the good Republican Representative from, I believe, Waterbury asked a question about when the mariachi band arrives at his restaurant, do people all of the sudden have a different rate to pay on their food? At that point, I caved.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Williams.

REP. WILLIAMS (68th):

Well, margarita drinkers can be very happy about that I suppose. Thank you. I thank -- I thank Representative Widlitz for her answers.

Ladies and gentlemen, what we have just heard, and I certainly appreciate the time that was invested by Representative Widlitz and others, very specifically, on the cabaret tax issue, I find to be very schizophrenic policy here in the State of Connecticut. That, you know, we heard for months and months and months that we need to have a combination of tax increases and spending cuts and borrowing and union concessions in order to get out of this budget mess. I think we've heard from Representative Cafero about the concession issue. I think we'll hear further about some of the spending appropriation side of this issue.

But what's clear to me is that, especially with respect to issue like the cabaret tax, this Legislature is rightfully recognizing that that tax is uncollectible. We -- we realize that there's so many hurdles to collecting that tax. If somebody comes in for dinner at 5:30, the entertainment comes on at 6, when do you start collecting the tax? When do you stop collecting the tax? What qualifies as

entertainment, et cetera, et cetera, et cetera?

We have other taxes, unfortunately, that weren't so lucky as to make the got out of this budget. We have the cosmetic tax. We heard over and over again about the HIPAA violations that may be incurred as a result of this legislation. We heard from Commissioner Sullivan that he believes that this tax is uncollectible and unenforceable. We heard from the folks with respect to the Amazon tax. The Amazon tax won't raise a significant amount of money. And again, Commissioner Sullivan said at that time that the Amazon tax cannot raise the money that -- that we believe that it can raise.

Folks, you know, we've heard -- you've heard me say before here on this floor reference really small but really nimble technology company in Middletown, Connecticut, the Clarus Marketing Group. Tom Caporaso warned us when he came here before the Finance Committee and over and over again with e-mails to so many of us, that if, in fact, we passed the Amazon tax, the Amazon tax will be uncollectible, but he will be hurt by it, and so many nimble technology companies in Connecticut, who partner with companies like Amazon and other affiliates like

Overstock, et cetera, that so many of those affiliates will cut their ties with companies like Clarus Marketing.

And so, you know, we have, in my opinion, a very schizophrenic way of dealing with tax policy here in the State of Connecticut. You know, as Representative Cafero alluded to earlier in another issue, we're picking winners and we are picking losers. So ladies and gentlemen, with respect to, especially the finance portions of this, I would urge rejection.

Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, Representative Williams.

Representative Mikutel, you have the floor, sir.

REP. MIKUTEL (45th):

Yes. Thank you, Madam Speaker.

Madam Speaker, I rise to express my concern on one part of this bill which deals with closing the budget gap by the use of surplus funds and -- and savings.

It seems to me that the poor economic climate that we're in, we should, as a state government, be doing everything possible to strengthen our financial

position because no one knows what the economic future holds. And already, we are still in an economic recession. And there's talk now of a double dip recession. So it seems to me that prudent course of action would not be to use our surplus to close the budget gap. So that concerns me.

I think it relies on the assumption that we are going to have a strong -- a stronger economic revival here, and -- and the unemployment rate just recently went up. And so, the economic storm clouds seemed to be gathering again. And so I -- it concerns me that we are using a surplus to close an operating gap in the budget.

It's the easy way out because now we can avoid making the tough decisions. I know I shouldn't probably say that. Maybe we, you know, we can avoid making the tough calls by using surplus, but I don't think it's the prudent course of action. And so that concerns me and I wanted to be on the record as saying that.

Thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, Representative.

Representative Tercyak, you have the floor, sir.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

Through you, a question to the proponent of the bill, Representative Walker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker, prepare yourself.

Representative Tercyak, please proceed.

REP. TERCYAK (26th):

Thank you very much, Madam Speaker.

Through you, Representative Walker, in Section 162, line 7147, the bill states that the commissioner of DEDC shall establish a number of economic development grants for various programs. In Subsection B, line 7164, it states that the commissioner may contract with an outside entity to operate this grant program.

For legislative intent, would this contracting out-of-state services be reviewable by the contract standards board?

Through you, Mr. Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good

gentleman from New Britain for his question, and I understand his -- his concern. That is correct, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you, Madam Speaker. Thank the good gentlelady. I'm content on that question.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, sir.

Representative Miner, you have the floor, sir.

REP. MINER (66th):

Thank you, Madam Speaker.

If I might, a question to the gentlelady, Chair from the Finance Committee, please?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz, prepare yourself.

Representative Miner, please proceed.

REP. MINER (66th):

Thank you, Madam Speaker.

Madam Speaker, I wanted to focus on, I guess it's page 103. And it had to do with the sale of a business and the taxes that might be owed. And I --

having had the occasion over the last couple of years to intercede between the Department of -- I guess, it's revenue services and a couple of taxpayers -- my question is this. It seems to say here that -- that if an individual acquires goods, or a business, or both, that that individual could be held or shall -- actually, it says, shall be held personally liable for the payment of the taxes that would have been due from the individual they bought the business from.

Does this include any taxes that may be -- be discovered through the course of an audit?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

That's what I would surmise by looking at this language. I don't have a concrete answer for you. But it would look to me that, you know, if you're purchasing a business, there would be an inventory taken of the goods that are part of that business, and that would be -- certainly affect the purchase price. So I would -- that's how I would interpret it to read.

Unfortunately, the people from DRS are not here right now. When they come back, we can certainly ask for clarification.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Okay. Maybe they will be back by the time I finish with a few other questions. If I might, a few questions to the cochair of the Appropriations Commission?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker, prepare yourself.

Representative Miner, please proceed.

REP. MINER (66th):

Thank you, Madam Speaker.

Give me one second. I'm just going to turn this around a couple times.

I'd like to start, I guess, in the place that Representative Johnston taught me to start, which is toward the back.

On page 266 -- and I know Representative Cafero did ask some questions about this -- I -- I remember

having quite a bit of conversation with you about Section 12 of the original budget. And we talked about what the process would be that would direct the decision making back to the Legislature, in terms of adjustments to the general fund budget and adoption of what, at that time, was a hoped-for SEBAC agreement.

And on line 7281, the word "may" is there calling for the General Assembly to call itself back in. As the chairman of the Appropriations Committee, would -- would you hope that that would be the course of action? That we would actually ratify that decision as an assembly?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

I keep turning that off. I don't know why.

Through you, Madam Speaker, to the good gentleman from Litchfield, we have that option and that is the language there. We can call ourselves back in if we feel we need to or we don't have to.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

Maybe I'll try that again.

As the chairman of the Appropriations Committee, one of two individuals that have had a great deal of responsibility for this budget process, my question is, knowing that the budget is built upon a number of cornerstones, one of which is this rather large agreement -- the agreement I think being somewhere around \$1.6 billion -- my question is, through you, Madam Speaker, would it be your hope, as the cochair of the Appropriations Committee, that we would reconvene to ratify -- discuss and ratify that agreement?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I apologize to the good gentleman from Litchfield. But I heard him say, up to a word, and then I couldn't hear him because of somebody talking. So he said that would -- we would be, and then I couldn't hear exactly operative word

that he was using.

Through you, Madam Speaker, I will ask that the good gentleman please repeat that.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. CAFERO (142nd):

Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Yes. Representative Cafero, for what reason do you rise?

REP. CAFERO (142nd):

Yes. Thank you, Madam Speaker.

I question the presence of a quorum.

DEPUTY SPEAKER KIRKLEY-BEY:

Will the Chamber please stand at ease. We are having a quorum called.

(Chamber at ease.)

REP. CAFERO (142nd):

Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Yes, Representative Cafero.

REP. CAFERO (142nd):

Madam Speaker, I'm satisfied that a quorum is present. Thank you. I would withdraw my -- whatever it was.

Thank you.

DEPUTY SPEAKER KIRKLEY-BEY:

Without objection. Is there any objection?

Representative Miner, you have the floor, sir.

REP. MINER (66th):

Thank you, Madam Speaker.

Madam Speaker, my question was whether or not the gentlelady, as the chair -- cochair of the Appropriations Committee, felt that we should be called back into special session should this agreement come after June 8th.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I -- I thank the good gentleman for -- for his question. Excuse me. And I want to remind him that, basically, what we have before us is somewhat the similar process that we do currently in the Appropriations Committee in addressing contracts from other unions.

It -- we -- we may have the option of bringing ourselves back in. But if we don't, it would then be accepted the way it is presented.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

Maybe I'll go back and revisit that in a moment. If I could, please, move to Section 105 in the area of about 4551. The other day when we were talking about another implementer bill, I had asked a question about the increase in the number of, I believe they were, majors within the budget. And I think my question was whether or not they were actually embedded in the budget.

And, at that time, there was a conversation that ensued about whether or not these people would be exempt from classified service. I see here some new language, Madam Speaker.

And my question is, on line 454, am I correct that what I thought might have happened is happening, and that is that the majors in the division of state police will be -- come out of that I guess, it's the

exempt status.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good gentleman from Litchfield for his question. That is correct. They go into classified service.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

And if the gentlelady could help the Chamber, the meaning of classified status, if she could, please, explain that to the Chamber.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative -- oh, I'm sorry, sir. Did I cut you off?

REP. MINER (66th):

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Oh.

Representative Walker, please proceed.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the gentleman for the question. That means they would be exempt employees.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

If the gentlelady could tell the Chamber exempt from what, please?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

I do apologize, through you, Madam Speaker.

Currently, they're exempt and they will be moved to being classified. And classified means that they would be considered part of administration or management, if you would like to call it that.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

If I might, through you, would the gentlelady

like to verify that? I think there may be a different answer.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Excuse me, Madam Speaker.

Through you, Madam Speaker, this means that they would have merit selection for their jobs, and they would be subject to taking exams to maintain their jobs or qualify.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker, and I thank the gentlelady for her answers. If I might ask her to move now to Section 99, in and around line 4479, please.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner, did you finish your question?

REP. MINER (66th):

I will.

DEPUTY SPEAKER KIRKLEY-BEY:

Oh, all right.

REP. MINER (66th):

Actually, my question is -- well, let me make a statement first. I think the Chamber remembers over the last couple of years there had been rather long process by which we first sought consolidation of probate courts in an effort to try and save money.

I think there was a fairly significant amount of information that had been presented, that over time, the probate court system would become insolvent. And so we went first through a voluntary phase of regionalization, and through an organizational phase, I'll call it, of regionalization, and then a final step by which a lot of this was funneled, in some way, from the courts to the State.

And I can't help but notice, Madam Speaker, that -- that ever since that occurred, the funds, which had gone to the State of Connecticut, have been moved out of the State of Connecticut. And this year is no different. And on line 480, it would appear to me that \$150,000 is going to come out of surplus funds -- in this case, the judicial department, and

go to the YMCA in Bridgeport, and perhaps the gentlelady could explain to me why it is we are taking money out of this fund and moving it to the YMCA.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through -- through you, Madam Speaker, I thank the good gentleman for his question.

The -- the money that we are taking out are monies are, basically, have been transferred to the general fund. And what we're doing is we're using the 150 for that to address a population that has been, I guess, participants or -- or clients. Many of them have been clients of the probate court. And these are clients that have had a number of interactions with the court. And the program that we're working with is a program that's going to help us to address some of the issues, hopefully, to help us reduce the number of people that would have the usage. It's a very well known area in Bridgeport.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

Could the gentlelady tell me if that was part of the budget that was passed, and if she recalls whether or not there was a public hearing on this issue?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I don't remember exactly if this agency was one. We have had a number of public hearings on a variety of things with the probate court and the services that they provide and the population that they work with. If the good gentleman could remember, we have -- also have sort of an offshoot from the probate court which is the children in probate court, which was designed and developed by those members of probate court trying to carve out additional populations to work with them on more intensive programming.

Many of the populations that -- that we work with, we try and figure out how to correct, or help

alleviate some of the continued need or consistent need and that a lot of the people have had on our court system. And by addressing some of their social issues through developed programs, this helps us to work.

And I know we have talked about through a variety of different programs, through the Children's Court, children's probate court, through children and placement, through a lot of other programs that deal directly with our court system.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And -- and so, this is -- is this a block grant or is this for a specific set of services for which we have a contract, or will have a contract?

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

I thank the gentleman for his question. No, this is not a block grant. This is a -- actually, it

will be a grant through the judicial department to address the -- the population in this area of Bridgeport. This is one of several different types of programs that we are doing through the judicial system to try again and address the population that they seem to be serving.

We have a number of people that somehow seem to continually go into the court system for a variety of reasons, for child neglect, abuse, for lack of payment to child support. I mean, it's a whole litany of different things, and we have to somehow try and divert the population with some of the supporter services.

And the judicial system, in their wisdom, has always been very interested in trying to help provide some of the support. I think they do it through their specific courtrooms, also, where they have family support programs and dealing with child and -- abuse and neglect.

So, through you, Madam Speaker, I believe this is something that has been looked at in the Bridgeport area.

Through you.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And so -- and I'd hate to keep going back to this area, but I -- I don't remember anything specific about this. And it's not unusual at this time of year for certain things to be embedded within a rather large budget document. Sometimes there's corrective action taken to prior pieces of legislation and sometimes they're something else.

And so will there be in agreement through the judicial branch and this local YMCA, something that would be discoverable in something that, maybe through the process of the RBA, would be able to be evaluated, or is this just something we can -- I mean, because there are a number of other line items here that seem to be paid for out of what is now surplus in the probate system, apparently. And so what I'm curious about is whether or not each of these will have some evaluation process so we know whether they work or not.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I'm sure the good gentleman from Litchfield is well aware that our -- the Legislator who is a strong advocate for results-based accountability is going to make sure that all of them will be doing that. We did try and remember to put them in -- in a variety of different places. We didn't remember to put RBA in all of them but we do intend to make sure that each one of the programs that is getting funding here will have to come before the appropriate committees of cognizance to demonstrate what they've done with the dollars to make sure that the dollars are going in the area that will help us to reduce the -- the population continually going into court over and over again for the same issues.

If the good gentleman looks further down one of the other ones that I'm sure he's familiar with is the Kinship program, and that one, again, came out of the probate court which was for grandparents. And it was to help grandparents who were trying to gain custody of their children. There are a variety of them that go on in the -- in the -- in this section.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And I thank the gentlelady for her explanation of that section. If I could ask her to go to line 4417, please. And my question has to do with what appears to be a process by which there will be an assessment of the Connecticut lottery corporation. And I'm -- just out of curiosity, will that be an assessment of the overall operation to determine whether or not the State is getting what it thinks it should from the lottery corporation in terms of a profit, or will it be an individual assessment, if I could, through you, of, maybe, programs to determine whether or not they're worthy?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I believe that this was just to coincide with the fiscal -- fiscal lineup for the Connecticut lottery. I don't believe that was the original --

the original intent of the -- of the section.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

So, through you, it's not anticipated that anything of any significance will change between the State of Connecticut and the lottery corporation in terms of the amount of money that we get from the lottery corporation. No one is going to actually do an assessment -- an overall assessment of the corporation to determine whether it could be more profitable and we could get more money from the lottery corp, or whether the payouts are greater than they would be otherwise throughout the country. Am I correct there?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I just want the good gentleman from Litchfield to know that he immediately brought the attention of the good gentleman from West Haven who wanted to make

sure that I understood exactly what was going on with his lottery money -- not his, but the State's.

So through you, Madam Speaker, that is correct. Nothing is going to be changed. It is all going to stay the same. And he wanted to make sure that I understood that and I wanted to convey that to you.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

The only reason I ask that question is that he seemed terribly comfortable there sitting next to Representative Orange, and I wanted to see how quickly he'd move.

DEPUTY SPEAKER KIRKLEY-BEY:

Was it fast enough?

REP. WALKER (93rd):

Part of the quorum.

REP. MINER (66th):

Madam Speaker, if I could now just switch to Section 86, if I could, please.

And my question is that there appears to be a change in reimbursement rate for school construction

relative to agricultural, science and technology education centers. It appears to be going from 95 percent, under current law, to 80 percent. If the gentlelady could help me with the reason behind that, please.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I know this is -- this is something very near and dear to the good gentleman from Litchfield's heart, and -- and I do appreciate that. We have reduced the funding from 95 to 80 percent, currently, for projects going forward, and we're bringing it in line with the interdistrict magnet reimbursement rate. That is correct.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

The reason that I point this section out to the Chamber is not only because the reimbursement rate is dropping but the arrangement by which the State of Connecticut compensates municipalities for educating

the students is not the same as it is in magnet schools, I don't believe, or charter schools.

And so while the capitalized cost is -- has been moved so that it would be in line, I think if someone investigates that, I think that they will find that the transition of the student from point A to point B, in terms of who was responsible to pay for the education, leaves far more of the burden on the part of the municipalities.

And while I'm willing to accept the explanation, not that I have much choice in terms of the capitalized cost, I think, unless someone can correct me, I think I'm right. I think there's a reason why we should have considered keeping this difference here, because I'm not so sure that the other cases, such as per-person reimbursement, is at all the same.

And if I could go to one other section. It's on page 159 and it has to do with the timeline for the comptroller to make all wages paid electronically. It's about line 3792.

And my question is, there some language here that says, as soon as is practicable -- and I remembered last summer and fall when we were delving into this issue, I understood, and I think the

gentlelady probably did as well, that we have some catching up to do here in the State of Connecticut. Not every agency pays the people that work there the same way. I think we found out that the technology is different.

We can put our information, for instance, in on the computer. Other parts, other agencies in the State can do as well, but I think we found out that some actually do it still by paper and it goes by the old snail mail.

So my question is, as soon as is practicable, is that related to technology or is any part of that a matter of collective bargaining?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I, first of all, thank the gentleman for his question. I -- I sort of smiled, because when I first saw this word, I wanted to make sure that there wasn't a misprint.

But, through you, Madam Speaker, it does not have anything to do with collective bargaining. I

believe, as the good gentleman acknowledged, we have some major things to do as far as improving technology processing in the State, both in state and through the municipalities.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

And in as much as this deal strictly with payroll for state employees, and the budget contemplates a certain savings, is it correct to understand that this will roll out and as the technology -- well, let me ask this question.

I believe we have the technology right now for the Legislature. And I'm not aware that any of us are bound by any bargaining agreements, so I think we've taken care of that.

Is it the gentlelady's understanding, for instance, that that would be something that would roll out almost immediately and the savings that was predicted would be garnered beginning July 1st?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

That is correct. In -- within the State right now, they do have the ability to -- they do have the ability to do the direct deposit. We need to put in -- we put in opt out so that people will automatically have this done, otherwise they have the option of choosing not to participate at their -- at their decision. But that way, we sort of move as many people as possible into the process.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

And so when the gentlelady talks about an opt out, I guess, currently, we can opt in. And so it's her understanding, under the budget that's been approved, nothing needs to change, technically. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker.

I don't know about Representative Walker, but I know we've spent a fair amount of time talking about this issue last fall as part of the enhancing agency outcomes commission. And I think she would remember there was a list of things that were -- we kind of assumed were pretty simple. But it's amazing that when you start looking at a \$19 billion budget how difficult things still are here in the State of Connecticut. And this is certainly not a revelation on either of the chairs of the Appropriations Committee.

But Madam Speaker that's a pretty simple change. It's a matter of us sitting down with the employees of the State of Connecticut and saying, it doesn't make any sense for us to mail checks. It's a simple savings that corporations all over the country -- maybe all of the world, have managed to accomplish, yet, we still find that hurdle too high to climb.

Representative Cafero -- bless you --

Representative Cafero spoke earlier about a number of issues within the budget so I'm not going to go back over them. But I think it's -- it's fair to say that while these implements the budget, and while I think we all felt we would have a very specific SEBAC agreement with all the language in place that we could look at, this is not a budget like I've ever seen before.

When the Governor spoke prior to the election, and I think to this Chamber, I thought we understood there were very strong feelings on the part of the executive branch about us, as a Legislature, taking up issues such as the negotiation process. That it wasn't right for us, just like it wasn't right for municipal officials or isn't right for anybody else to take a pass, so to speak, by saying it's outside the bounds of our regularly scheduled meetings and, therefore, it will just de facto become a matter of law.

So I, frankly, was quite surprised to see that the language that I thought he supported, and I know we support, was not part of this bill here, in 6652, which implements that portion of the budget.

I know there are a number of people yet to speak

and I think some of them probably have some questions that they would like to see if they can get answers to, so for now I'll listen. I thank both gentleladies for their help with trying to understand the budget. And thank you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Thank you, Representative Miner.

Representative Hetherington, you have the floor, sir.

REP. HETHERINGTON (125th):

Thank you, Madam Speaker.

With respect to Section 145, beginning at line 5676, the -- through you, Madam Speaker, if I may to the proponent --

Actually I'd like to go back to line 5707. This -- these changes in retirement benefits for judges and family support magistrates, and so forth, they are made effective upon the approval by the General Assembly in the agreement between the State and the state employees bargaining agent condition.

Now, do I understand, though, that the Assembly -- the General Assembly will not be required to approve that agreement?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington, are you addressing your questions to Representative Widlitz or Walker?

REP. HETHERINGTON (125th):

Well --

DEPUTY SPEAKER KIRKLEY-BEY:

To whom? Whichever one it is most appropriate? Representative Walker.

REP. HETHERINGTON (125th):

All right. Thank you. To Representative Walker then.

Through you, Madam Speaker.

REP. WALKER (93rd):

Thank you, Madam Speaker, and I thank the good gentleman from New Canaan for that question. That is correct, sir.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Well, through you, Madam Speaker, if -- if the General Assembly is not going to be given the opportunity to approve the agreement, then will this ever become effective because it's effective upon the approval by the General Assembly of the agreement.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker. I think that the good gentleman from New Canaan is saying, by us not coming in, it is -- that we are acting and we are approving. That is in the bill before us.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

So we're to understand that by taking no action, the General Assembly is deemed to approve, for the purposes of putting into effect these changes, which required the approval of the General Assembly of the agreement. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, again, I thank the good gentleman from New Canaan for his question.

That is correct.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you.

Through you, Madam Speaker, I'm having a little difficulty understanding in the following sections what -- what is new and what -- what is not new. The underlying provisions would indicate a change, of course, from the existing law. And does -- but since the general statutes is -- this is a repealer and a replacement set of provisions, is -- is all of this new from existing law, or is it just the provisions that are underlined?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, again, I thank the good gentleman for his question. It is the underlying -- on line 5720, we are changing the data before September 2, 2011.

Through you, Madam Speaker.

REP. HETHERINGTON (125th):

I see.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

I thank the gentlelady. Now, we're -- we're adding some -- we're changing some language in lines 5740 through 5758. And I'm -- I'm trying to find the -- the -- a consistent approach that explains why these changes are being made, or what really the effect of them is.

The -- the changes seem to determine at what age the retirement benefits can be collected, but is there a -- is there a consistent approach to both sections D and E that differ from the present law, as indicated there is?

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the gentleman for his question. What it's doing, it is taking the Judicial Department's retirement judges and, I believe, magistrates and, I believe -- there were some other category -- I forgot -- and paralleling it to the retirement plan

in the SEBAC agreement.

Through you, Madam Speaker.

DEPUTY SPEAKER KIRKLEY-BEY:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, to the gentlelady. Through you, Madam Speaker, there speaks here of a judge resigning. A probate judge, of course, is elected. Would this apply to probate judges as well?

Through you, Madam Speaker.

(Deputy Speaker Orange in the Chair.)

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I believe so.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Well, through you, Madam Speaker.

If a probate judge is not reelected, but does not leave office because of resignation, would that

mean that that probate judge would not be covered by these provisions?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through -- through you, Madam Speaker, could the good gentleman from New Canaan please repeat the question, because I'm processing it and I think I need to read one more time just to make sure that I understand exactly what -- what the question is.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. WALKER (93rd):

Yes, of course. The words -- the word "resigns" appears in these sections. But that may be so -- that may be true in the case of a judge who was appointed, but a probate judge is elected. Now I suppose a probate judge might resign. That's certainly a possibility. But he or she might also leave office because he or she simply was not reelected.

Would we consider termination of tenure in

office caused by failure to be reelected -- is that the equivalent of resigning for these purposes?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, and good evening, Madam Speaker. I just noticed I have a new Madam Speaker.

DEPUTY SPEAKER ORANGE:

Good evening.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good gentleman for -- for the question. I believe so because it would be very similar to a Legislator. A Legislator could be -- could be resigned or not reelected, and so I guess that would be equivalent.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

I see. I thank the gentlelady for that clarification.

Now, going to Section -- Subsection B, beginning

at line 5797, this provides for a cost-of-living increase. And is -- is there any cost-of-living increase for these officers currently -- for judges, family support magistrates, and so forth?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I believe that is correct.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Through you, Madam Speaker.

Correct in that there is a -- a COLA, presently, for these officers?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, yes. They do have a cost of living, through you.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Okay. Through you, Madam Speaker.

Does this change that cost-of-living formula?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

It is going from 3 percent to 2 percent.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

I -- I thank the gentlelady for that precise answer.

REP. WALKER (93rd):

I'm sorry. Madam Speaker, can I -- I was wrong.

Two and a half percent.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Okay. Thank you.

Well, through you, Madam Speaker, the COLA depends on the increase, if any, in the national consumer price index. So I guess that percentage could change from year to year. Could it not?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct, sir.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Okay. Is there a cap at two and half percent that the gentlelady referenced?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through -- through you, Madam Speaker, yes, there is.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

And the cap is two and a half percent?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

On 50 -- line 5809, there is a cap of 2 percent.

It's says allowance shall not exceed 2 percent.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

I thank the lady for that precise reference.

That's very helpful.

I would like to -- and I thank the gentle lady for her responses on these questions of retirement.

I would like to go back, if -- if I may, to the subsection that deals with the transfer of funds from the probate court administration fund. And recalling the great concern that we once had about the fiscal stability of the probate system, has the probate administrator commented on this transfer?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good gentleman from New Canaan for his question. I do believe that he -- he was part of the group that looked at the -- the way we managed our probate system, and we put in a lot of different changes that have made it extremely efficient in their operations. And I do believe that, in that process, there was also a need to do a variety of other things.

And through you, Madam Speaker, the -- the probate court is aware of the way we are utilizing the funds to try and directly work with the population that, as I pointed out to the good gentleman from Litchfield, I believe, questions, that we are trying to address the population that seems to frequent those courts in a variety of different ways. And just allowing them to go to the court without any follow up is not efficient. So we are making changes in that.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you.

So we would consider that the probate administrator is supportive of -- of using the excess funds -- or the surplus funds in this way.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, we did. We discussed this with the -- the probate chief administrator about this and we have talked about different programs that would benefit their population.

He -- I'll be honest. I do not remember him giving us a resounding yes or no, but I do know that we have that discussion about this because we've talked about trying to figure out what are we doing and failing with working with these -- these populations that seemed to be coming to probate over and over again. So we're trying a variety of different ways.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Madam Speaker.

Does the gentlelady know if -- and can she tell us is there a probate children's court in the City of Bridgeport?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, there is not one currently.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Madam Speaker.

I would just comment that it's curious that -- that we would single out the City of Bridgeport, because their -- the population of Bridgeport contains a number of people who come in frequent contact with the probate court, when, in fact, the probate court does not maintain a children's court in the City of Bridgeport.

But in any event, if I may, one last area of

inquiry begins with -- on line 2143. The language describes a manufacturing transition grant to municipalities. Is that going to take place of the pilot grants?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I think that would be better handled by the chair of the Finance Committee.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Patricia Widlitz.

Representative Hetherington, would you care to answer the question or would you ask it of Representative Widlitz, please?

REP. HETHERINGTON (125th):

That would, if I may, I would ask Representative Widlitz.

And through you, Madam Speaker, my question was whether or not the manufacturing transition grants contemplated by lines 21, 43, and so forth, will they take the place of what has been traditionally called

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

324
June 6, 2011

the pilot grants?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

The pilot is being eliminated. There will no longer be a pilot. And the message relating to that is that the manufacturing equipment will not be taxed as a property tax.

In its place, in this budget, is the manufacturing transition grants to the municipalities that you referred to in that section.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

I see. So the pilot program, as I recall, was to reimburse towns for amounts that they did not recover in taxes. This -- I wonder if I could just ask the lady to just explain that, perhaps, once again, how -- how is the transition grants to be distinguished?

Thank you, Madam Speaker.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

325
June 6, 2011

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

The -- the pilot -- the payment in lieu of taxes grants that we previously had, was meant to help defray the loss of revenue to municipalities because of their lack of ability to tax the manufacturing machine and equipment in the local property tax.

This -- we are doing away with the pilots, basically, to make the statement to businesses that you don't have to worry about having your machinery taxed at the property tax level. It is a business friendly initiative.

However, because the towns will lose the revenue from the pilot that they currently have, we have established this new grant outlined in this section called the manufacturing transition grant.

Now, that pool of money will come from the municipal revenue-sharing pool that we have identified. And that pool will be -- maybe I'm giving you too much information. I don't know if I'm going on too much here -- but the funds from that

grant will, first of all, be used to pay off the machine and manufacturing equipment transition grant. And then the remaining of the money, in that pool of money, will be distributed among the municipalities.

Through you, Madam Speaker, I hope that's helpful.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Yes. I appreciate the -- the good lady's complete response on that. But as far as -- let me pursue this with one further question. As far as the owners of the manufacturing equipment is concerned, there is no difference in terms of their exposure to tax liability. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you. I thank both ladies for their

patience and precise responses.

And I thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Hetherington. Will care to remark further?

Representative Candelora, you have the floor.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Good evening.

DEPUTY SPEAKER ORANGE:

Good evening, sir.

REP. CANDELORA (86th):

If I may, just a couple of questions to the chair of the Finance Committee.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

We heard some discussion about Section 58 in this bill regarding, I guess, the commissioner's ability to, sort of, obtain proceeds possibly through a purchase and sale agreement. I just wanted to, sort of, flush it out a little bit. As I read lines 2692 through 2695, which is the beginning portion of that section, it seems to indicate that the tax that

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

328
June 6, 2011

we're addressing in this section is withholding tax.
And as I read it, it just says each employer requires
to deduct and withhold tax under this chapter from
the wages of employees shall be liable for such tax.

So am I correct in understanding that this
section is dealing with withholding tax?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, I would agree. Yes.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

And then in the new section that we're adding,
in lines 2838 to 2848, this section seems to
contemplate that if there is a purchase and sale
of -- in lines 2841, of an employer's business or
stocks of goods, that the purchaser would be required
to set aside a specific amount of money for any
potential liability that the seller may have for
withholding.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

Through you, that is correct. During the transaction, the purchaser, unless they receive a relief that all taxes have been paid by the time of purchase, they should withhold whatever is owed -- otherwise, in a following section, which was the question, I think, Representative Miner had before -- in the following section, if you don't do that, and you don't get the release from DRS and you don't -- you would -- would assume the liability, so those two sections go together.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

In line 2841, there's another -- there is some additional language that seems to invoke when a purchaser may have to segregate some money. And that language is when the employer quits the employer's business. It's lines 2841 and carries over to 2842.

Would the good Representative know what that refers to? Why, potentially, there would be this liability arising in a situation where the employer may quit a business?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

If we could give me a minute, I will ask the appropriate authorities to clarify that.

Madam Speaker, through you, it actually parallels the sales tax component. It's basically repeating existing language which -- it's there, so they repeated it on this section.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

And then just going down to lines 2852 to 2853, where it talks about how the purchaser would be person -- personally liable if they didn't segregate a sufficient amount of money for a potential tax

liability, there's language here that the -- that the purchaser, okay, shall be personally liable for the payment of the amount required to be withheld by the purchaser, to the extent of the purchase price. And then there's some language here "valued in money." And I was wondering if the chairwoman could explain, maybe, what -- what that contemplates, valued in money.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

It is the same issue. It is existing language in other parts of the statute that is transferred to this particular section to be consistent.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

And as I read that language, my -- my thought was that, maybe, if there's a purchase of a business, there could be, at times, where the purchaser would

receive, I guess, would receive assets as a result of that purchase that may be valued in excess of the dollars that exchange hands, or might be some kind of in-kind exchange.

And so, would that mean then that that type of in-kind exchange maybe pulled in and also subject to tax liability?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

I would interpret that to mean if there were an audit, certainly by DRS, it would have to be based on the -- the value of the property that was purchased, the monetary value.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

I appreciate that answer, and that's how I read it as well.

I think just -- just one final question. When

we talk about this certificate, we're contemplating a purchase and sale, monies being set aside. And then in lines 2853, we're stating that not later than 60 days from a certain date. It could be either the sale date, in Section 3, or a written request from the purchaser for a certificate, or the date that the employer's records are made available for an audit.

If any of those three dates occur, after that time, the commissioner would be required to provide a certificate to the purchaser that no taxes are due, in lines 2855. Am I correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

And as I read that Section 3, lines 2865, it says the latest of those three. So the 60-day clock would start running of the latest of those three dates? Am I correct?

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

334
June 6, 2011

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

In a situation -- well, I guess, I don't think I have any further questions. I appreciate the chairwoman's answers.

And I guess I just want to point out I am a bit troubled with Section 58. I know this particular provision was a subject of a public hearing that came before the Finance Committee. And it is my understanding that we're attempting to model our sales tax laws.

I don't necessarily disagree with the intent of when there's a purchase and sale between two private individuals. That if there is equity in that sale, certainly, the State of Connecticut should be paid taxes that it is owed, prior to or contemporaneously with the sale of that property.

What I am concerned is how we're applying this to our withholding provisions. Because, first, this is a trigger. This is triggered from the sale of goods, which isn't necessarily the sale of a business. And it would make sense, under our sales tax laws, that when we're selling a bunch of goods, that there would be some sort of lien that attaches to that sale that the State of Connecticut would have priority to. Because, obviously, when there's a sale of goods, a sales tax would attach to that. So it makes sense that we would be attaching those types of transactions.

I'm concerned with this provision and the nexus between withholding tax and the goods -- and the sales of goods and services, and how those two relate. Because we could have a business that decides to sell off a large portion of their stock but continue to maintain their underlying business, which has employees, and they could be continuing to maintain paying their withholding. And if that sale occurs, the purchaser is going to have to put some money aside for withholding taxes. And I'm not sure that purchaser would be in a position to know whether that ongoing business would be paying the withholding

tax or not later on. It seems a bit out of their control, especially if the underlying business is still existing.

And my other concern is, in lines 2843 and 2844, not only is the purchaser going to have to segregate a sufficient portion of the purchase price for the tax liability, but we are also putting the burden on them to segregate interest and penalties on that money. And again, I don't know how a purchaser would know whether or not a seller, or an employer, would have any type of penalty or interest liability, and certainly what that liability would be. Because, I think, typically, penalties are assessed afterwards, not necessarily during, and it just can't be contemplated.

So I think that could be a bit troubling. And I'm concerned of what impact this would have on a purchase and sale agreement in Connecticut. Having practiced transactional law, being at the bargaining table, there's a lot of issues that do come to the surface. And I just think that this may be an issue that a purchaser or seller is going to raise, and they are going to, sort of, hit a wall or hit an impasse.

And part of the reason why I think there could also be an impasse is, there is no requirement in Section 1 that DRS produce a certificate up front saying this is what the tax liability is going to be, so purchaser, this is what you're going to need to segregate.

And I -- I would hope that DRS would make an attempt, if a request is made by the purchaser, to give that type of the certificate and say you need to withhold a thousand dollars from the purchase in order to make these transactions go through because, otherwise, I think we might be in a -- in a stalemate.

And in Section 3, I do understand that there is provisions here that requires some sort of action through the commissioner. But the action occurs in Section 2, which says that the commissioner shall issue the certificate, which is 60 days after the later of three dates, one being the date of the sale or the quitting of the business -- so -- and it's the later of all three.

So the earliest possible DRS would be required to submit a certificate would be 60 days after the purchase and sale agreement. And I think that that

is problematic. I think DRS should be required to submit something prior. I think that the underlying intent of this provision is probably an important policy for the State to pursue, but I think it doesn't translate from sales and use tax collection to withholding tax collection.

There are certainly also other provisions in this bill that -- that do trouble me and I think it more goes along the lines of policy concerns. One of my concerns -- and certainly not to rehash all the tax issues that I think we hashed around about six weeks ago, but one of my concerns is the public policy that we are setting in the elimination of the manufacturing pilot.

I do believe that we are making our towns whole, so -- by creating this other revenue fund that's drawn from the sales tax, but I don't believe that we're sending the right message by eliminating this fund. Because by keeping the personal property exemption intact for manufacturing -- which I wholeheartedly agree with -- but by keeping the exception there, and not funding the towns for bringing that personal property into their communities, there really is no incentive for our

communities to pursue manufacturing.

Because what we've done here is when manufacturing moves into our towns, and some of it is great. There -- it's a box building -- but some of it could be considered what's considered a nuisance to individuals around our communities. We can always fall back on the fact that the State of Connecticut is funding our manufacturers in our towns with this pilot program.

So there is an incentive there for our towns to be attracting manufacturing. And what we're doing here today is we're eliminating that incentive. We're -- we're not going to fund it anymore, and we're going to say to towns continue to bring in manufacturing and make that property tax exempt. And so, I'm not sure what the incentive is anymore for our towns to attract manufacturing.

And certainly, in economic recoveries, manufacturing is really the backbone for economic recovery and for our economy. They have a multiplying effect in our communities. I think I've heard that for every one manufacturing job, we create four. And so by focusing now on the sales tax, I think what we are doing is we're incentivizing retail

developments in our communities, whether it be regional or by a particular municipality, and we are no longer incentivizing manufacturing.

We've heard of some of the good job credit proposals that have come through. But I think, ultimately, the politics is local and businesses are local. That's where they -- they thrive and that's where they build up. So I think it really behooves us to take a look at this program and try to restore it in any way we can. Try to keep these type of programs running that -- that encourage manufacturing. I think we're making a real big mistake here today by putting the final elimination into it.

I also am concerned philosophically with what we've done here with the SEBAC agreement. We all certainly take our roles very -- very seriously here. And we ultimately are the physical body of the State of Connecticut.

This Legislature sets the governing policy of what -- how fiscally we are going to govern the State. And the executive branch is here to administer that policy. And I'm concerned that this budget has got it backwards. What we've done is

we've -- even by OFA's analysis, we've put together a document that is full of a lot of uncertainty, that don't have the specifics of what the savings actually are potentially, and we're leaving it into the hands of the executive branch to help carve out what those savings are going to be.

And I think that that's something that should be done on the back end by the Legislature, not by the executive branch. And it certainly would not please me to have to come back here in a special session, but I think these are the kind of decisions that should be requiring us to come back in here, whether it be a month from now or two months from now. Because I don't think it behooves us on Wednesday to be able to bang the gavel and claim victory that we're done, we have a finished budget, because I don't believe we have a finished budget. I think what we're doing here today is we're shifting our obligations over and leaving it to the executive branch, and I just can't support that type of policy.

I think it's very dangerous for us to be going down that path, regardless of what intentions are in the executive branch, regardless of what promises are made. Ultimately, we are the body that acts on

fiscal policies, and I think we should know about every four corner of a document, and know what foot -- what step we're taking before we take that step. And this seems to be taking too great of a leap.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Candelora.

Will you care to remark further on the bill?

Will you care to remark further?

Representative Betts, you have the floor, sir.

Good evening.

REP. BETTS (78th):

Good evening, Madam Speaker. Thank you.

I guess I'll direct this question to Representative Walker, Chair of the Appropriations if I may, a series of questions.

DEPUTY SPEAKER ORANGE:

Yes. Please proceed, sir.

REP. BETTS (78th):

Thank you very much.

In the language you discussed earlier on, on the SEBAC agreement, on lines 7286 through 7289, Representative Cafero had pointed out that the

General Assembly may go into special session. So I understand that to be an option. Am I correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you.

Could you explain, because I've never done this before, how is a special session called? Is it done through the Speaker? The president pro tem? The Governor? What is the process for calling us into special session?

Through you, Mr. Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker, and I thank the good gentleman for his question.

It is done in collaboration between the Speaker of the House, the president pro tem.

Through you, Mr. Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you.

But I understand that you take up matters of critical importance, and certainly, you know, taking a look at the financial matters of the state budget, obviously would qualify for that, but taxpayers -- well, let me start off, would you not agree with me, through you, Madam Speaker, that most of the money state government has comes from taxpayers?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I believe that most of the money that the government has comes from a variety of different ways. Taxpayers is one of them.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you for that answer. I would respectfully say they -- they share a significant portion of that revenue. And I feel, as a legislator, they've entrusted us to have a responsibility to look out for their money and watch out -- watch how it's spent. And I would think it would be the role, if not the duty of the Legislature, to take a look at contracts, certainly the size of this that is described as to having \$1.6 billion in savings, would warrant having us come into a special session.

So I'm wondering why there would be any hesitation, or why we just could not move forward and say, hey, look, obviously this is very large, we absolutely want to come into special session, not only to give ourselves more information, but to assure taxpayers that we are fulfilling our duties and watching out for their money. Would you agree with that assessment?

Through you, Mr. Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Yes. Thank you, Madam Speaker, and I thank the good gentleman from Bristol for his question. I

believe that we've been doing -- they're a variety of different ways that we address these types of contracts through arbitration agreements.

We also do block grants where sometimes we accept them the way they have been handed to us, or we can have the option of coming back and having the discussion in the committee meeting. So, therefore, there -- there are a variety of ways that we've addressed it. And this is one that is very familiar to, especially the Appropriations Committee, in looking at handling arbitration agreements.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you for that answer.

Through you, in the city of Bristol, for example, when they have a union contract that's negotiated by the mayor, the mayor and the union leaders negotiate the terms of the contract and then it's brought before the city council to vote up or down. That's how they do it on the local level.

Do you find anything wrong with that system, in terms of making sure that the legislative authorities

have the ability to say yes or no on how money --
taxpayer money is being spent?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I, first of all, I thank the gentleman for his question. I don't think that this is a judgment of right and wrong. I think it's -- because we also -- we come in and discuss and debate certain different types of areas in the budget, too.

So I think that -- there's been a variety of ways that we address the way we appropriate money or the way we do contracts in -- in the General Assembly in the State of Connecticut. So I would not judge anything to be right or wrong. I would just say that this is one way of doing it.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

I guess, not to belabor this point, I guess, in my mind, I would view this as being the best and most

responsible way, because there are a lot of people who ask me, is this a one-sided deal? Is this a good deal for us and have you voted on it? And I fear, very strongly, that we're not going to have the opportunity to vote on this contract. I think that's an abdication of responsibility myself, as an individual.

This is a great deal of money. And I think, in -- in practice, it wouldn't be just this contract, I think all contracts, considering the impact that they have on the budget, is something that we, as a body, should take and vote on and comment on and try and learn and understand from that.

If I could just move on, through you, Madam Speaker, right now, as I understand it, the rank and file is being given information about the terms of the proposed contract by -- by their leaders, and they're also being given the opportunity to ask questions.

Through you, Madam Speaker, is that your understanding as well?

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker.

Through you, I thank the gentleman for his question. And that is my -- that is my understanding also. They are having a variety of meetings. In fact, I believe they had one here on Saturday, when the good gentleman from Bristol and I were here with our colleagues having a wonderful afternoon on Saturday.

So, yes, I do believe that was -- that has been going on. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

I enjoyed it, by the way, on Saturday. It was good to see you. Thank you for that answer.

But I applaud them for doing that, for following that process. That's common sense. It makes a great deal of sense. What doesn't make sense to me is why we, as a legislative body, are not given the same opportunity.

And I wonder, through you, Madam Speaker, if you can explain to me why we would not be afforded the same opportunity of understanding the terms of a contract that's going to have such a significant

impact on the budget.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Oh, through you, Madam Speaker. I'm sorry.

I do believe that the good gentleman from Bristol has the opportunity. I was -- I understood that it is -- it is together. CT.org has it on -- on -- on the -- on their board, I believe. And I believe that a variety of people have received some of that information. It's just that the negotiations have been done with the Governor's office, and that is where the process has been going on.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you for that answer. But through you, Madam Speaker, where the rank and file is being given the opportunity to ask questions after they have read and been sent numerous e-mails, videos, et cetera, can you explain to me where we have the opportunity to do the same thing?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good gentleman for that question. I believe that we have had an opportunity to talk to the rank and file in our districts. I have spoken to several members of the -- the -- the state employees union in my district, and, in fact, I've met with a lot of them here at the capitol. So I believe we do have that opportunity to exercise that at any time so I encourage the good gentleman from Bristol to do so.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you for that. Through you, though, Madam Speaker. I'm talking about the legislative body being given the opportunity as people who are responsible for making an informed decision on important contracts. And I think it would be wise to give us an informational session, for example, where we're all together and we have the opportunity to

hear the same information, as opposed to having it being filtered to us.

I am not a lawyer, so I have to confess I've read this only once. It's about 300 pages and I skimmed it. I think there are many questions I would have about this. Many of them may be very good, some of them may be very questionable. But we are a legislative branch, separate and different from the executive branch. And I totally accept and respect the Governor's ability and right to negotiate the terms.

I just would like to be able to have the legislative body, both the House and the Senate, be given the opportunity to understand and know what the terms are and be able to ask questions so that we can make informed decisions when we have the opportunity to vote on that.

Does that seem unreasonable?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the good gentleman for his question. We have had

opportunities to talk about it with, again, with a variety of people. I believe that there have been people that have been available, both from the administrators -- administration's office, the executive office, from the union's office, and through a variety of other means. So it's not as if we do not have that opportunity to do so, sir. So I believe that your point is very well taken and I do encourage you to participate in those -- in those discussions.

So, through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you very much for the answer. But speaking for myself, I have not felt either invited or encouraged to participate in those discussions since I've been here since the beginning of the session. I think it's very important that we all get a better understanding, especially the new people, so that we can fully understand the ramifications of what we're doing.

So I would respectfully say and tell you the truth, I do not feel informed. I do not feel like

I've had the opportunity to get answers to a lot of questions, and I think that that's something that really needs to be improved on with the process, as well as being able to allow us to vote.

I wonder if I could just move on to another topic. Through you, Madam Speaker, I would define the word "concession" to mean something in a very understandable terms, giving back or giving up something.

Through you, Madam Speaker, is that a fair assessment of the word "concession?"

Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I believe that that is part of the definition of concession.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you.

And I certainly would agree with that. So

here's one question I would like to, you know, follow up on what you had talked about with Representative Cafero earlier on. I, for example, take the prescription Lipitor. The patent on Lipitor is going to be expiring this year. As a result of that, that protection for Lipitor is going to be expiring and the marketplace is going to allow for a lot of generic drugs to come on to the market, which will be at a much lower price than what we pay for with Lipitor.

Through you, Madam Speaker, that's just one -- one prescription, one drug. Can you explain to me how that is a concession with state employees?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I believe that the usage of generics is one of the issues that is being encouraged to -- through -- with the state employees in their -- in their contracts. I believe the other, by moving towards the -- the mail order for frequented drugs is another way that they have been addressing it because these

are -- these are things that have not been, in the past, exercised or promoted in any way. And I believe by encouraging it, both through fees and consequences, this is going to help us towards a -- some savings in those areas in pharmaceuticals.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you for the answer. I understand and recognize the savings that's going to be achieved through that proposed strategy. What I'm trying to understand is what is the concession being made on the part of the state employees?

Through you, Madam Chair.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I believe, especially in talking with some of the members who are looking at the contract, there -- by doing their prescription drugs over mail order, it is moving them into a different direction of how they access their medications.

There's also increased fees that are going to be promoted through this -- the health care plan. For example, I believe the fee for going to the emergency room is going up dramatically. I believe the fee for, actually, the copays for -- for doctor's visits is going up. And they are also going to have a series of wellness visits that they are required to do. These are things that are changing. And I believe, as the good gentleman from Bristol knows, change in many people's minds is very difficult. And we are trying to, through this contract -- I'm sure the -- the effort and direction of the Governor's office was to make change so that we would be able to achieve savings, but also improve the quality of health for the State of Connecticut.

So it doesn't always look the same to you and I, but it definitely is a change, and in some people's minds, it may not -- it may be something that they did not choose to do in the past for a variety of reasons.

So, through you, Madam Speaker I think that, in their minds, this is a concession and I believe that we have to -- we have to understand that. Everybody doesn't perceive concession the same.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Thank you very much, and I'm glad you mentioned the -- the health wellness factor because it certainly appears like we're all going to be living older, much to the chagrin of our kids.

But I think it's interesting, as we are living older and we are all well aware of the fact that we are going to have some medical needs, it strikes me as just common sense that we would have a physician and take annual checkups, just as a way of making sure we have a better quality of life. And I get the sense that that had not been taking place before. Am I correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank the gentleman from Bristol -- question. I don't think the term common sense is what you should probably be utilizing in this regard because

some people look at using the money that they make to pay doctor's fees a luxury. Some of them don't have that ability to do that as often as you or I may have. And in their mind, the doctor's visit -- and the reason why we also increase the fees, I believe, on the emergency room is to get people to understand that preventative medicine is something that we should all try to do, for all our sakes.

But having spent a lot of time with people who count every penny, even to the point of counting the \$25 that you might use for a copay as a hardship, I think it's not common sense. It's change of behavior.

Through you, Madam Speaker to the gentleman from Bristol.

DEPUTY SPEAKER ORANGE:

Representative Betts.

REP. BETTS (78th):

Okay. I thank you very much for that answer. And I'd just like to say, in closing, I have a great deal of difficulty voting on this bill because, not only do I not feel informed, I feel very frustrated by the inability to be able to ask a lot of questions about the terms of the contract, whether the State,

in fact, ended up getting a stronger leverage position for future contracts.

I really have a question, as was pointed out by Representative Cafero and others, about the financial savings that have been described without any kind of verifiable numbers. And that really gives me a lot of pause as to whether we are doing something here that could really jeopardize the balancing of the budget.

And because of that, I really, really hope and expect that we will vote, when the time comes, we will vote on this contract, not only because do I feel it's our duty and responsibility as a Legislature, but we need to do it to make sure that -- that we are in compliance with our fiduciary responsibilities with the State budget.

So I thank -- I thank the chair of Appropriations for answering the questions. I hope we can take a look at this process in the future. And I will listen to the debate additionally in the coming hours. Thank you very much.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Betts, and I'm happy that you're not an attorney. Will you care to remark

further on the bill?

Representative Marilyn Giuliano of the 23rd, you have the floor, madam.

REP. GIULIANO (23rd):

Good evening, Madam Speaker, and thank you.

DEPUTY SPEAKER ORANGE:

Good evening.

REP. GIULIANO (23rd):

A question through you to the proponent of the bill, please.

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. GIULIANO (23rd):

Thank you very much, Madam Speaker. And this question references Section 128, and specifically, it references lines 5127 to 5131. And that has to do with the waiver of school construction project audits deficiencies.

Through you, Madam Speaker, these are limited scope audits. However, I find it both curious and nonspecific, that in the language of the bill, that the granting of such a waiver by the commissioner of construction services is done in, quote, the best interests of the State. Through you, for the

purposes of legislative intent, if I could better understand what would be the types of considerations, in the best interests of the State, that the commissioner of the Department of Construction Services might be contemplating. What would be contemplated by this language?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Yes. Through you, Madam Speaker, to the gentlelady from Old Saybrook. I believe the -- the issue that is at most concern, because our school systems are so fragile right now, is that they are utilizing their options to review exactly what the audits will impact and how they will impact the -- the school districts.

There are many school districts that, I believe, are on a list that have a variety of different expenses or fees that have to be addressed. And the purpose of -- of this language was to allow the -- the commissioner of construction to, one, start to look at how we do our school construction contracts in the future to make sure that they are realistic,

but, two, to give them more control in the things that -- that are being used.

And through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Giuliano.

REP. GIULIANO (23rd):

Thank you, Madam Speaker. And I thank my colleague, the chair of the Appropriations Committee.

The phrase "in the best interests of the State" still does give me pause, Madam Speaker, in its absence of specificity. I do understand the gentlelady's concerns with the amount of money that we spend on school construction, although, longitudinally, we have been sending less and less and less perhaps this projects are being completed, and I think, also, in response to the State's fiscal crisis.

But it does strike me, although I accept the response that the phrase "in the best interests of the State" is both inspecific, expansive and so difficult for me, at least, to get my arms around, in terms of some parameters of specificity, that would drive audit deficiency reports, it simply gives me pause.

But I thank the gentlelady and thank you, madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, madam.

Representative O'Neill, you have the floor, sir.

REP. O'NEILL (69th):

Thank you, Madam Speaker. If I may, a few questions to you -- through you to the chair of the Appropriations Committee?

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

I'd like to talk a little bit about something that we have not discussed, I don't believe, today or much during the whole course of the budgetary discussions that we have been having this year. And that is the spending cap and the overall growth rate of spending that is indicated by the fiscal note attached to the bill that is before us.

So in looking at that, the -- the fiscal note indicates that, for the current fiscal year, which I believe is 2000 -- or rather fiscal year 2011, as a result of both the deficiency appropriations in

Section 70 through 73 and the appropriations changes contained in 67 through 69, the net effect appears to be that the budget that we are projecting is going to be \$1 million below the spending cap for fiscal year 2012.

I just want to make sure I'm reading the fiscal note correctly, and so I'll start with that. Through you, am I reading it correctly, Madam Speaker?

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. CAFERO (142nd):

Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Cafero.

REP. CAFERO (142nd):

Madam Speaker, before the gentlelady answers the question, I must question the presence of a quorum.

DEPUTY SPEAKER ORANGE:

The Chamber will stand at ease.

(Chamber at ease.)

REP. CAFERO (142nd):

Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Cafero.

REP. CAFERO (142nd):

Madam Speaker, I would withdraw my question in that I'm satisfied there's now a quorum.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Cafero.

REP. CAFERO (142nd):

Thank you.

DEPUTY SPEAKER ORANGE:

Will you remark further on the bill? I believe that we were with Representative O'Neill. And if he would repeat -- if you haven't given your question to Representative Walker.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

I believe that's where we left off. Thank you.

REP. O'NEILL (69th):

Yes. In looking at the -- the section on the spending cap, it indicates that the appropriations changes contained in Section 67 through 69 result in the budget being under the spending cap for fiscal year 2012 by \$1 million. And I wanted to verify that

I am correctly reading the fiscal note. Through you, Madam Speaker, is that correct?

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker. And first I want to thank the good gentleman from Norwalk, who is so astute to the -- to the chambers, that gave me a chance to run to the ladies room. Thank you, Madam Speaker. Through you, to the good gentleman from Southbury, that is correct.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

Now, it -- it seems to me that that is cutting it very close. And I was wondering if -- if my understanding, with respect to, for example, the previous fiscal year's -- or the previous budget we had, was that we had -- we were underneath the spending cap at the time of the budget was adopted, by something on the order of, I believe, \$626 million. That would be the 2010 and 2011 budgets. The first year of that biennium that was showed, according to an old favorable report that I'm holding, if I'm reading that correct, we were down

underneath the spending cap by \$626 million. Is --
is that approximately the same number that the chair
of the Appropriations Committee recollects?

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I don't have the original spending cap levels.
I do know that in the same section where we talk
about the million dollars that, with the deficiency
that we had -- that we had to appropriate in FY 2011,
we were only under the spending cap by 4.9 million.

So I do believe that, unfortunately, the -- the
expenses, the revenues and everything have made a
dramatic shift in the last couple of years.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you. Thank you, Madam Speaker.

I do believe that the cochair has agreed, in
principle, with the -- the point that I am trying to
make, which is that, for example, the 2011 fiscal
year, at the time that the budget was adopted in

2009, this two-year biennial budget, was projected to be \$132 million underneath the spending cap. And according to the figures that are before us tonight, after all is said and done, we are going to have -- we are going to be below the spending cap by about \$4.9 million. And so that what we saw was that over the course of that two-year period, the cushion, as it were, between the amount budgeted and the spending cap of 132 million was almost completely wiped out.

And in the previous year, we saw a similar kind of thing happen where, again, the amount that was projected to be, we were going to be below the spending cap, we shortened that distance. We reduced that amount that we were below the spending cap by hundreds of millions of dollars during the course of that first year of the biennium.

So I guess I'm -- my question, ultimately, is, is it reasonable to expect that the budget that is being implemented here that shows only a \$1 million cushion between the amount budgeted and the spending cap is going to be able to be -- to remain below the spending cap. Is that reasonable?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

I thank -- thank the good gentleman from Southbury's question, because it is very important that we look at that. I think part of the problem that we have, especially the last -- the two previous years, was our inability to look at or evaluate what our costs were for health care, especially with the Medicaid population and the changes.

If the good gentleman, because he is a member of our Appropriations Committee, remembered when, in this beginning year, we had a major shortfall in our Medicaid expenses because of the previous administration failing to make some guideline decisions on how they defined the Medicaid program in lieu of moving in the low-income adults that were coming off of SAGA into our health care plan, and that caused a major deficiency of 277 million that we talk about here.

There was many more pockets that we had that caused deficiencies because of the way things were established through the previous administration. So I am very confident that the administration is a lot

more focused on the overruns, and also on the way we deliver our health care, as we've -- been demonstrated through several of the conversations we've had in some of our committees and some of the other areas that we've looked at.

So I do understand the nervousness of the \$1 million. I, too, am very concerned about it. I do have a strong faith in this administration in making sure that we address the costs of the operation of our government, especially with the focus on using GAAP as a way of doing our budgeting moving forward, because of the need to make sure that we use a debit card as opposed to a previously used credit card.

So through you, Madam Speaker.

REP. ORANGE (48th):

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker, and I appreciate the Chair's answer, and certainly the Department of Social Services and the Medicaid budget was the single biggest item, but -- for example, looking at some of the items in Section 70 through 73, for example, the Public Defender Services Commission

overran their budget by \$1.6 million, which if something like that were to be repeated in the upcoming budget would then take us over spending cap by some \$600,000, barring any other changes, or the Child Protection Commission, which overran its budget by 2.4 million, or the Department of Public Works, which overran its budget by 6.7, almost a \$6.8 million, or the Department of Public Safety, which overran its budget by some \$9 million.

And my recollection is that these kinds of overruns are far from uncommon in the number of years that I served on the Appropriations Committee as well as in the General Assembly. And so it is my impression that it is almost never the case that the amount that is actually budgeted stays within a \$1 million range of the total appropriations during the course of the year.

So I would ask, does the Chair have -- can the Chair point me to a relatively recent year, within, say, the last five or six years, wherein the budgeted number that is adopted, the adopted budget, ends up being only \$1 million larger than the final budget?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you -- through you, Madam Speaker.

I -- I would love to. I don't have those numbers in front of me for the last five years. But I will also sort of -- and I thank the good gentleman for the question because I will also point out that all of the items, especially that you -- that he referred to in the budget, were things that were out of the normal. Granted, that's what we have to budget for to make sure that we address that, but I do believe that most of the things that we have in front of us are things that were extremely out of the normal.

For example, the Child Protection Commission, as the good gentleman knows, we have merged them into the public defenders because of the fact that they're contracting practices that were from -- that were monitored through the previous administration ended up costing us a lot of money. Talking about the public defender services, part of the reason we have that overrun is because we have a very infamous or a very -- no -- we have a very, very closely watched and monitored death penalty case that is going on.

So there are a lot of different things, and this was the worst year for us ever, that I know of, a winter which causes public works and transportation -- so I think that those are the things that, unfortunately, it was like a perfect storm for our budget in that regard.

Will we have one next year? I cannot -- I cannot make that determination. I understand, again, we go back to the 1 million. It does make us very uncomfortable, but I do believe this was a very bad year. I'm sorry. I don't have the figures for the previous five years to address that.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. I, as I said earlier, I cannot recall any year in which the budget ended up being only \$1 million different from what was appropriated. That the final numbers always come in different, and certainly, most of the time, they seem to come in higher. There's always something. If it's not a bad winter, it's a bad spring with flooding. Or if it's not one of those things,

perhaps we have a hurricane. And if it's not one of those things, then we have some kind of a criminal justice issue, where we have an outbreak of gang violence in the cities, or we have, perhaps, like, one particularly horrendous crime. But there's always something that's going to crop up that we did not anticipate when we put the budget together that's liable to send it out of balance. And certainly, something is going to happen in the next 12 months that we didn't think about happening. And to only allow for \$1 million as a cushion between the amount that we are budgeting and the size of the spending cap seems to me to set us up for a situation in which we are almost certainly going to go over the spending cap.

And I guess my question then to the chair of the Appropriations Committee is, what happens if our budget starts to run in excess of the spending cap, if, in fact, we find that the total amounts being spent run tens of millions, or perhaps even hundreds of millions of dollars above the spending cap?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, Madam -- Madam Speaker. And I thank the good gentleman for his question.

I believe that we have mechanisms set in our budget already -- or in our statutes already where -- Section 4-85, which talks about how to make adjustments by the executive office in addressing our shortfalls. I believe it's 5 percent agency and 10 percent line by line, or something to that effect. So I believe the Governor will be able to --

A VOICE:

Three and five.

REP. WALKER (93rd):

Three and five. I gave him more authority than I'm supposed to by statute. But I believe that the Governor would exercise those options immediately if they start to feel that we are going to be -- we're going to lose money and we're going to be too far over the spending cap.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. Not having those

particular sections open right in front of me, would the chair of the Appropriations Committee share with me whether those sections authorize the Governor to make these changes or do they require the Governor to make these changes?

Through you, Madam Speaker.

DEPUTY SPEAKER RYAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker. If you can just -- I don't speed read. I just know about the (inaudible.)

Through you, Madam Speaker, the -- according to the statute it says that if the deficiency is more than 1 percent greater than the -- the total of the general fund appropriation, the Governor, within 30 days following the issuance of such statement shall file a report to the joint standings necessary to prevent the deficiency, no -- and then there's a process that goes on from there.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker. So this is -- this section, when we're talking about a deficiency, what we're talking about is that it's going to exceed the spending cap by 1 percent? Is that what we're talking about?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

No. Through you, Madam Speaker, I'm sorry. I was addressing a deficiency in the budget -- I was not -- a deficit in the budget. I was not addressing the spending the cap. I am sorry.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

Well, that's the question that I was looking for, or the answer that I was looking for, is, what do we do? Who is going to be making the decisions to address the spending cap being exceeded? Is there a provision of the statutes, or something in the State's Constitution that deals with that? And the

reason I'm asking this question, Madam Speaker, is that when we set the budget to be so much less than even 1 percent below the spending cap -- I believe our budget is something like \$19 billion, and so, 1 percent of that would be, I believe, 190 million. And we're dealing with a number, 1 million, that is less than, I think, five hundredths of a percent, if I'm doing the math correctly, it is a very tiny amount of money.

It is an amount of money that can be exceeded -- for example, in the last budget cycle this past year, the Office of the State Comptroller, the bookkeeper for the State of Connecticut, the people who are supposed to count and pinch the pennies, their budget overran by \$625,000. Now that's pretty close to -- I mean, that's gets us very close to that 1 million dollar mark.

So it seems to me that the budget that we are talking about before us tonight, the budget that the majority is prepared, apparently, to adopt, and has adopted in its basic framework, and which this implementer is going to fully implement, that what you're talking about is a budget that is almost certainly going to go over the spending cap.

So I guess my question is, or not guess, I know what my question is, what we do? What is the next step after this budget, as it almost inevitably will, goes over the spending cap, who then takes action?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

We are adopting a budget currently. If there are points in -- in the next fiscal year where there is going to be a deficiency, we will address it. When it comes to the spending cap, we must address it also.

I believe the triggers that are -- are addressed in the statutes are much more to the direction of the deficiency. And I believe that that is what will trigger immediate reaction throughout the budget.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Madam Speaker.

I genuinely am seeking an answer. I have

actually made a fairly quick, but I think as careful as I could, review of the materials that are before me as to what -- or that are available to me -- as to what do we do. And it seems to me that I have not been able to find out from that material, and it also appears to me that the chair of the Appropriations Committee and the folks providing technical assistance don't seem to have an answer.

We know what to do about a deficiency. We've gone through that many times and we've seen Governors propose plans, the Legislature comes into special session and sometimes adopts those plans and sometimes rejects those plans to deal with deficiencies, and that's -- that's one set of problems. And we, in fact, may run into that problem. That's a possibility if tax revenues don't go up as are projected.

But the other issue is what do we do about the spending cap? Eighty percent of the people in the State of Connecticut voted, at the time of the income tax, right around that time, to adopt a spending cap. That's the most overwhelming mandate in favor of a change in the State's constitution, as far as I can tell, that we've ever had. And the State spending

cap is supposed to be an important element in the determination and the formulation of our budgets.

There is a procedure that if you are going to exceed the spending cap, that the Governor has to make a declaration of a financial emergency. And we've seen that happen in the past. It's happened on a number of times. And then after that declaration, the Legislature has to vote by a two thirds vote -- or rather a 60 percent vote, to go over the spending cap to exceed that in terms of spending.

What we are seeing here tonight, it seems to me, is a subversion of that provision of the State's Constitution. By adopting a budget, and implementing it in this fashion, we are setting ourselves up for almost certainly going over the spending cap.

I don't know how anybody can realistically, based on our history of managing budgets or anybody's history of managing budgets, either in the State of Connecticut or any other state, believe that in a \$19 billion budget, we're going to get it down to within \$1 million, especially in light of everything that we have talked about earlier here tonight, and earlier today, with respect to the concession packages, with respect to knowing where money is

going to come from. That we've got \$90 million of reduced spending, supposedly, coming from suggestion box, and that sort of things.

I mean, those numbers that are just plugged in here greatly exceed any possible cushion that is contained here in the amount, that \$1 million amount we are below the spending cap. And this -- this is, I think, something important. Because if we adopt this budget, what we are really doing is adopting a budget that is going to go over the spending cap.

If this implementation goes forward -- if you pass this bill, you are taking the State of Connecticut into a constitutional crunch, a crisis. We are going to be in violation of the State's constitution.

Not it will not have been voted that way. The numbers on a piece of paper seemed to add up to a number below the spending cap, and somebody's going to be able to say I didn't vote to exceed the spending cap, but you voted for a budget that we all know is inevitably going to go over the spending cap. And I think that's important because we've never done that.

In the years since we've had the spending cap in

place, since 1992, we have never done this. We have never set ourselves up for completely blowing through the spending cap and having a budget that just violates the state's constitution, a constitutional provision that was overwhelmingly endorsed by the people of the State of Connecticut, and I think that's important.

Madam Speaker, I really think that we are doing something that is an ultimate disservice to the people of the State of Connecticut by voting on this bill tonight, for this bill, or even on this bill, because we should not be presented with this type of proposition.

For those who vote for it, understand that you are voting to violate the State's Constitution, to violate the spending cap provision of the State's Constitution. And I think that's something that everyone should think about before they cast their vote. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Representative O'Neill. Will you care to remark further?

Representative Alberts of the 50th, you have the floor, sir.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

If I may, several questions for the proponent of the bill before us?

DEPUTY SPEAKER ORANGE:

Please proceed.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

In Section 5, looking at the lines that begin with 472, there's reference to a regional performance incentive program that will be administered by the Secretary of the Office of Policy and Management. And I'm looking to get some additional information in terms of the -- how the projects that are looking to be funded under this program would be prioritized.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

Excuse me. Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

I'm looking at -- would the proponent of the question please outline the line numbers again, please, that you're referring to.

REP. ALBERTS (50th):

Certainly. Beginning --

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. Beginning in the section from 472 through the remainder of the section, there's a description of the regional performance incentive program, and I'm looking for some guidance in terms of how the secretary of OPM will make decisions in terms of the allocation of these funds.

As I understand, in fiscal year '12, there will be \$7.2 million available for funding and in fiscal year '13, it's proposed to be \$7.4 million.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

This grant is -- the regional incentive program is a competitive grant that will be applied for by any two or more municipalities or any economic development district. I would think that the

application would be based on the type of cooperation, the project, the cost, the method of delivering such a service on a regional basis. I think this is outlined in Subsection C, beginning on lines 489.

One of the criteria would be the amount by which participating municipalities will reduce their mill rates as a result of savings realized. This is a project that is looking to achieve economies of scale by municipalities working together on various types of projects.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

Is there a dollar amount that is specified in here that would be allocated for communities based on the size of the communities?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

Again, this would be any two or more municipalities. There is a criteria for a description of the population that would be served as part of that, if they're part of a regional planning agency, regional council of elected officials. So this would -- this would be, certainly, a collaborative effort on the part of municipalities.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. BETTS (78th):

Thank you, Madam Speaker.

I do appreciate that. I guess I'm concerned that there's no description here, in terms of the dollar amounts reserved for communities of particular sizes. I would think that if this is disposed of on a first-come first-serve basis, there's a high likelihood that these funds might be reserved from some of our larger cities, communities, and it may not be filtered down through to our smaller towns. And I'm wondering if there are any safeguards built into this legislation that's before us that would help ensure that there would be widespread distribution of these funds.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

No. I don't think that there is an assumption that this would just be the larger communities. The whole point is to allow regional cooperation to achieve economies of scale and to save municipalities money by sharing resources. I think, actually, if anything, this would -- it would behoove the smaller communities to pool their resources together for equipment or facilities, whatever that project might be.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

I agree whole heartily. And I do hope that the secretary of OPM keeps an open frame of reference as these programs are being submitted for evaluation to make sure that -- that a disparate group of communities across the State benefits from them.

Going further in the bill, in Section 7, there is a description of some establishment, a modification to the present establishment of districts. And more out of curiosity than anything else, I see that we are going to enhance the legislation, in line 623, to include ferry service as an option. And I'm curious if there's a particular municipality or region that is being contemplated or has asked for this?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Yes, thank you, Madam Speaker.

That has been a request of a group of people in Bradford, actually, people who reside on the Thimble Islands. They actually had a ferry service and that has been disbanded. So anyone who wants to visit people on those islands has to find their own transportation back and forth. And the association has actually voted to pool their resources to institute a ferry service, but they would do that through a special taxing district which would have to be approved by the local board of selectmen.

And they have voted to do that, but it appeared that that specific description of the use of a taxing district was not in the statute. So to accommodate this group of people, we have put that in.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. They say you learn something new every day, so I can just quit right about now. Going forward into Section 51 of the bill, there's reference -- beginning on lines -- with line 2471, to a mechanism for changing the fares for mass transportation. And I just want to make sure I understand the process appropriately.

As I understand it, there would be some type of notice that would need to be published in a newspaper, at least 15 days prior to a public hearing, to apparently discuss a change in fares. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. And they don't see anything in here that outlines any criteria for the newspaper, if it's a daily paper or a weekly paper, a certain circulatory size. Is there anything in here that I'm missing that might specify those criteria?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

In line 2479, it would be in one or more newspapers having general circulation in all areas of the State that may be affected by such change in fares. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

So for a purpose of legislative intent, that could be a weekly newspaper?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

If it were circulated widely enough so that it would notify everyone who might be affected in that area by the change in fare, I suppose that would qualify.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

Then subsequent to the public hearing, I don't see a mechanism in this section for the implementation of the fare increases, and perhaps it's in another section. Could the fare increase go through immediately?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

I don't see a specific timeline referenced in this section. However, they do have to comply with the federal requirements for public hearings and notification, and all of that, to change the fares. So there certainly would be ample notification. And there probably is a timeframe and I'm just not seeing it.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. Well, it makes me feel better. I wasn't the only one who missed it. In Section 60, beginning on line 2984, there's discussion in terms of addressing motor vehicles in which there may be special equipment installed for individuals with physical disabilities. And as I understand it, this language is designed to ensure that folks that have customized equipment don't have to pay sales tax on the customized equipment. Is that correct?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

That is correct. Certainly, the sales tax on item -- on a vehicle so modified would only be levied on the part of the vehicle that does not have this handicapped-access special equipment.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. . That's my understanding as well. Sometimes individuals had equipment that's installed in a vehicle, and I have some experience with my father in this regard. He had a specially-equipped van to deal with a polio problem that he had as a child. And they discover afterwards that they may need to make modifications and change the equipment. If there's a subsequent installation of equipment that's necessary, would that equipment also be tax exempt?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

Through you, yes, it is exempt from sales use -- sales and use tax.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker. Going further into the bill, in Section 62, they're apparently -- were making some changes into the present statutes for individuals who knowingly sell, offer for sale, or possess with intent to sell cigarettes when their licenses -- their dealers license have expired.

And, in particular, I'm looking at line 3081. And as I understand it, in present law, we have a fine that's as much as \$500 and up to three months in jail as a potential penalty for anyone -- and this is, by the way, per infraction -- who has a dealer's license that is expired and sells cigarettes or tobacco products. But am I right to read this language and see that what we're proposing is going to change the law to now read an infraction and not more than \$90 in potential fines?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

That is correct, as long as it is not more than 90 days from the date of expiration of that license.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

So is it the proponent's understanding that the present law is \$500 per day, as a potential fine that is in place today, and we're going to go from \$500 fine potential per day for 90 days to \$90, regardless of the number of days?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

I believe that is correct. Actually, what happens when a lot of these cases go to court is that they're thrown out anyway, or it is reduced, so it is

more realistic to go with this lesser fine.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Madam Speaker.

I do thank the proponent for her answers.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark further?

Representative LeGeyt, you have the floor, sir.

REP. LeGEYT (17th):

Thank you, Madam Speaker. Good evening.

DEPUTY SPEAKER ORANGE:

Good evening.

REP. LeGEYT (17th):

I rise tonight to talk about some of the aspects of this bill that have to do with the higher ed. And we recently passed a Bill, 6651, that had sections in it about higher ed, but in light of what this bill has, I'd like to make a couple comments and perhaps ask a couple questions, through you, to the chairman of the Higher Education Committee, if I may?

DEPUTY SPEAKER ORANGE:

Representative Willis, prepare yourself.

Please proceed, Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

In lines -- starting in line 4612 and going onward, this bill talks about the makeup of the Higher Education Coordinating Council, and says that there will be added to it, both the chairperson of the board of regents and also chairperson of the UConn Board of Trustees, as well as the vice presidents for the constituent units.

I'm wondering why those members are included in the board of regents under this bill?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

Thank you very much, madam. The reason we included those members is we are hoping that the coordinating council will be a body that will communicate with the University of Connecticut, with the state university system, as well as the community college system.

We wanted to ensure that there was some

dialogues that went on, in terms of policy, between the three units.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

And would those added members have voting status?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

Yes, they would.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

And moving onward, with respect to those vice presidents of the constituent units that will now be part of the board of regents, could the chairman of the Higher Ed Committee please define for us what a constituent unit is?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

Through you, Madam Speaker, a constituent unit would be a higher education system. For instance, a constituent unit would make up the 12 community colleges. Another constituent unit would be the four state university system universities, and the University of Connecticut would be a constituent unit, as well as Charter Oak would be a constituent unit. So those, in the State of Connecticut, would be our four constituent units.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

And as regards to the vice presidents that are going to be members of and voting members of the board of regents who will have supervision over these constituent units, I understand that there are two of them. How will their authority be allocated across the four constituent units?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

Through you, Madam Speaker.

First, I'd like to clarify. The vice presidents and the board of trustees, board of regents members on the coordinating council are voting, but that's one body. The vice presidents are not voting members of the board of regents because the board of regents is comparable to a board of trustees.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker, and I thank the chairman for that correction.

As regards to those two vice presidents, though, to -- through -- to and through which constituent units does their authority extend?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

Through you, Madam Speaker.

One vice president will be the executive for the state university system, so the four state

universities within that constituent unit. And the other vice president would be the chief executive of the community colleges, and then there would still be someone who is a chief executive for the Charter Oak College.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

And those vice presidents, under this bill, would have increased duties that they were not given under H.B. 6651, including oversight of academic programs, student support services and institutional support. And I'm wondering how those duties were chosen to be included in this bill, and if -- if the good chairman of the Higher Education Committee could explain what those duties cover.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

The duties of an academic person who is overseeing academic programs would be just that, overseeing the different course offerings or programs

that are coming out of the different colleges.

As you know, particularly with your community colleges, they all have different programs, that -- many of them unique to their particular campus. That would be something that would be the purview of the vice president. The student support services are not instructional staff, but would be support services that would be offered, for instance, whether it's student programs, extracurricular activities, libraries, mentors and support systems that a college might offer to a college student.

And you asked -- and I'm sorry. Through you, there was one institutional support -- that really is just to convey our sense that we expect these vice presidents to do more than just oversee programs and students, student services, but also provide the kinds of support and advocacy that the presidents of the different schools will need in order to do their job, maybe assisting in preparing budgets or helping them to look at programs, capital programs that they might have at their different campuses.

So that's -- we wanted to make it broad enough but narrow enough to give a clear idea what we were expecting a vice president's duties to be.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

And when we debated House Bill 6651 a few days ago, I was concerned, and I expressed that concern that the community colleges were going to get lost in the shuffle with regard to the hierarchical arrangement that the board of regents takes on and the organizational plan that reflects that.

And I'm pleased to see that there are duties here for the vice presidents of each constituent unit, such that they might have a stronger voice in representing those constituent units to and through the board of regents.

One of the concerns that I had last week was that there might not be a sufficient avenue for the community colleges to be advocated for, to the board of regents, and represented as to their needs and their differences and their particular initiatives and programs that they want to put forward, in light of the fact that they were going to have to compete with the Connecticut State University system.

And I don't see in these -- these three duties

that there's anything that talks about advocacy. In other words, it looks like these duties have to do with the vice presidents helping the constituent unit in some of the things that it does. But I don't see anything here that references the duty of the vice president to promote the constituent unit upward toward the board of regents.

And so my question is, was that considered and perhaps not included? If so, for what reason? Or if it wasn't considered, was that an oversight or was there a reason why it wasn't considered?

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Willis.

REP. WILLIS (64th):

Through you, Madam Speaker.

I think the feeling was that because they were serving under the president of the board of regents, and being the executive for each one of the constituent units, that the implication is, by that very nature, they would be the advocate to the president and to the board of regents for their particular constituent units and the colleges that are part of that.

DEPUTY SPEAKER ORANGE:

Representative LeGeyt.

REP. LeGEYT (17th):

Thank you, Madam Speaker.

I hope that's the case. I hope that, notwithstanding the fact that there doesn't seem to be language that puts that into effect, I hope that those vice presidents would act in that capacity to advocate for the constituent unit under their authority in the competition that I'm sure is going to occur when these constituent units reach up to the board of regents and compete for a variety of things that they necessarily need and would have to try to garner a -- as big a piece of the pie as they might be able to garner. And I very much support that process. And I hope that it's reflected in practice, even though it might not be reflected in the text of the bill. And I look forward to watching that process as the next year unfolds to see how well that actually comes to pass.

Moving on, in lines 4674 and onward, the bill talks about the CSUS and community college board of trustees and the board for state academic awards, which is the governing body for Charter Oak, and also

the board of governors for higher education. That -- Bill 6651 states that they will continue, in place, for six months while the board of regents is organized and transition occurs between those other boards and the board of regents.

And I'm pleased to see that, in this bill, there's language that allows -- or not allows, but requires that these boards protect and hold harmless the members of those boards and the employees of those boards from financial expense until they are dissolved at the end of this calendar year.

I think that's a very important thing, and I'm glad that it was noticed and added into this bill, because it would be a significant loophole of liability were it not to be there now and would leave those members of those boards and their employees in significant danger of liability should any of their actions be questioned.

In Section 145, lines 5678 and onward, the bill talks about the Connecticut independent college student grant program. I think we referred to that as the CICS program. And it provides scholarship and financial aid for students in those -- in the Independent colleges. And this bill establishes that

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

409
June 6, 2011

a review needs to be made of that program, including the formula for deriving the annual appropriation, the manner of locating the appropriation to those institutions that take part, and also the amount of aid given to individual students. And I'm pleased to see that that is in there.

And I had concerns when we were debating House Bill 6651 that the CICS money was going to be decreased, or perhaps even depleted, and I'm glad to see that that's not the case, and also that there's some structure given to the process, whereby this money is reviewed in preparation for the next round of scholarships and financial aid.

In general, Madam Speaker, I'm pleased that some of these things are in this bill. They add to what we put in to 6651. I don't think there's anything controversial here. I'm -- I'm glad to see these inclusions. If this part of the bill were separated out, I would gladly vote in favor for of it. Unfortunately, I struggle to be in favor of other parts of this bill, and I would dare say that that's one of the problems of lumping so much together into one omnibus bill like this, as Minority Leader Cafero referred to it as an aircraft carrier full of

legislation.

And, therefore, I can't support this bill as a whole, but I wanted to rise and say that I heartily endorse the portions of it that have to do with higher education.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Representative.

Will you care to remark?

Representative Klarides you have the floor, madam.

REP. KLARIDES (114th):

Thank you, Madam Speaker. Madam Speaker, through you, I have a few questions, I believe, to the chairwoman of the Appropriations Committee.

DEPUTY SPEAKER ORANGE:

Please proceed, madam.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

I'm going to address these few questions to Section 6, lines 528 and on. Through you, Madam Speaker, this section talks about the Department of Public Utility Control in regard to water companies' rate adjustment mechanism.

If the chairwoman could please clarify for me, what exactly this section does.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker.

May I ask the good lady if she's talking about Section 6? Because that would be in the finance component of it. If that's the case, then maybe my -- my good friend, the chair of the Finance Committee would answer that question.

Am I correct in that?

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Madam Speaker, whoever would like to answer the question.

DEPUTY SPEAKER ORANGE:

Representative Widlitz, prepare yourself.

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

Section 6, Madam Speaker, to the chairwoman of

the Finance Committee, if she could just please clarify for me the purpose of that section, because I'm a little bit confused.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. KLARIDES (114th):

I believe it's line 528.

REP. WIDLITZ (98th):

Okay. Thank you, Madam Speaker.

Yes, this is language that was requested by the water companies just to make it clear that when they send out -- let me just see -- when they send out their -- their notices or their -- their bills, any new adjustments will be listed separately, so that if there is a previous adjustment that is -- if they have just had a rate increase, as an example, that would be listed separately from any proposed or any new rate increases, so they wouldn't all be lumped together. It's just a technical clarification so that customers can more easily understand their bills.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

413
June 6, 2011

REP. KLARIDES (114th):

Thank -- thank you, Madam Speaker.

And -- and how is the water company's rate increases or rate changes different? I guess I'm just wondering if this is specific to water companies and if it would be the same as other utilities. That's my confusion.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

They have to go to through the DPUC for approval to change their existing rates.

Through you, madam.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker. But it was my understanding that all utilities have to go through DPUC. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Yes, that's correct. This is -- this section simply relates to communicating with their clients when there is a -- a -- an adjustment to the rate. That they must be very clearly, individually described.

Through -- through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

And I apologize if I'm not being as clear as I probably should be. I'm just wondering why it's specific to water companies, and why -- I was under the impression that all utilities have to go through DPUC for their rate adjustments, and why this specify water companies.

I mean, is the -- are the changes in Section only specific to water companies? And if so, why wouldn't the other utilities want that same change?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

415
June 6, 2011

Through you, Madam Speaker, this was a request, specifically, of the water companies.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

And there was no -- there was no interaction with any of the other utilities to see if maybe that was something that they would need? We just carved out the water companies?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

No, through you, Madam Speaker there was no discussion beyond the water companies. There was a request -- as an example, I believe there had been a request or there had been an increase of 5 percent on a rate.

When they were notifying their customers that there was a 10 percent increase, they didn't -- it wasn't lumped together as a 15 percent increase. It was -- it went up in stages. And they wanted to make it very clear to the customers what the rate increases were.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

416
June 6, 2011

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

And through you, that -- that explanation does make sense to me. I guess what doesn't make sense to be is, if we're trying to clarify for the -- for the customers what's going on within a utility, I guess, if we believe it to be the best policy for the water companies towards their customers, I don't understand why we wouldn't have to delved a little further to see if it was in the best interests of the customers of the other utilities.

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Again, this was just a request of a specific utility. With the size of this implementer, we were not looking for other things to add in.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

417
June 6, 2011

Representative Klarides.

REP. KLARIDES (114th):

Well, I couldn't agree with that statement more.

Thank you, Madam Speaker. I do have a few questions in other sections of the implementer. And I'm not going to specify who shall answer them this time. I'll just mention the section and then if the good members on the other side of the aisle can determine who that would be.

I'm going next to Section 62, which would be lines 3059 --

DEPUTY SPEAKER ORANGE:

Representative Widlitz seems to be standing, so I think if you direct your -- the question, that would be good.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

Madam Speaker, through you, in Section 62, we reduce -- it seems we're reducing the penalties for certain cigarette dealers who continue to sell cigarettes or taxed tobacco products after their license expires.

Through you, Madam Speaker, if the chairwoman could explain what the policy reason for that change

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

418
June 6, 2011

is?

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker.

I would be happy to. The reality is that the staff of the Department of Revenue Services ends up going to court, spending -- they have limited staff to begin with. They spent -- they end up spending a day in court. And what usually happens is the fine does not come near to the -- the maximum that is allowed.

So, actually, the fine that they are proposing is more in line with what's actually happening now. So it's a matter of, you know, putting that fine up front, actually, is time-saving for the department, and it reflects what's already actually happening.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

And if the chairwoman knows, how long has -- have these penalties been on the books?

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

419
June 6, 2011

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

I don't have that information.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

So if I'm correct, we determine as a policy matter for the state of Connecticut that it's illegal to sell certain cigarettes or tobacco products without a license, and we also determine that the penalty for that license is a certain fine. Yet, because those fines aren't being enforced to that extent, we decide to just lower the fine. Is that correct?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

In lines 3064, the current fine shall be not be

more than \$500, or in prison for not more than three months. That requires a staff to go to court, and when the outcome of those court proceedings is actually what we are proposing -- it's not that we're just lowering the fine, we are reflecting the reality of the situation. And it is a time issue for the department to go put in an appearance with limited staff and have the outcome be actually much, much less.

So it is reflecting the reality. It is also out of consideration for the time that is spent really, wasted time because it's not productive.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

I understand -- I believe the chairwoman's answer. I guess it's, kind of, a little bit backwards to me to make a decision as a State on a policy matter, as far as what should be legal and what should be illegal, what should be licensed, what should not be licensed, set a penalty -- or a penalty, whether that be jail time or a monetary

fine, or a combination of both. And then, because the courts aren't particularly enforcing it to the extent that that penalty is in statute, we decide, well, we'll just make the penalty less. I guess, it would seem to me that we have -- we made that decision, that policy decision for a reason. And to diminish that by just saying, okay, we will make the penalty less, kind of, diminishes the importance of -- of the license, Madam Speaker.

But through you, I have a few other questions, if I may just have a second to find my section here. A lot of sections. A lot of sections.

REP. WIDLITZ (98th):

Madam Speaker, if the proponent of those questions would like a little bit more clarification, I'd be happy to give her a little more information.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

Representative Klarides, is that okay with you?

REP. KLARIDES (114th):

It was kind of a statement, but if you have additional information, I'll be happy to hear it.

REP. WIDLITZ (98th):

I'd just like to share with you, through you,

Madam Speaker, that that has been reduced for a first offense. For any subsequent offenses, it would go back to the original penalty.

Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

And the -- the fines for the subsequent ones, I believe, the chairwoman said are remaining the same?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, yes.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker.

So we don't seem to have a problem with sending people to court to do whatever needs to be done for the second offense, but for the first one, we -- we are sending the message that it's not that big of a deal?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker.

I think if an offense is repeated, it is prudent to -- to expect the person who violated the statute to spend that day in court. And I think that's a stronger message than -- even though it does certainly take the time of the staff, when someone is a repeat offender, I think it's a different situation.

Through you, Madam Speaker.

(Deputy Speaker Aresimowicz in the Chair.)

DEPUTY SPEAKER ARESIMOWICZ:

Representative Klarides.

REP. KLARIDES (114th):

Representative Orange, your voice changed.

DEPUTY SPEAKER ARESIMOWICZ:

Only slightly.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. I will not comment on

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

424
June 6, 2011

that.

Mr. Speaker, through you, to the proponent, if we can move on to Section 38, which is, I believe, line 2035. That section contemplates increasing the tax on snuff tobacco -- which I don't really know what that is -- and all other tobacco products.

Mr. Speaker, through you, if the gentlelady could just maybe clarify for me -- I believe the reason for increasing these taxes is to increase revenue -- is solely to increase revenue.

Through you, Mr. Speaker, is that correct?]

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Yes, that certainly is one of the -- the goals.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. One of the goals.

Would there be other goals?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

425
June 6, 2011

REP. WIDLITZ (98th):

I think from the perspective of the chair of the Finance Committee, that's the goal.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

And through you, to clarify, Section 38 increases the tax on snuff tobacco from 55 cents to a dollar per ounce and all other tobacco products from 27.5 percent to 50 percent of the wholesale price, and caps the tax on cigars at 50 cents each.

Mr. Speaker, how was the -- what was the policy reason, the decision -- in the decision to separate these taxes and have different taxes for different types of tobacco?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, I'll refer specifically to the cigars. They -- the -- the tax, when it starts to reach the 50-cent level is capped.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

426
June 6, 2011

And the reason for that is because this is -- this is directed primarily at the premium cigars, which are extremely expensive to begin with.

The tobacco that is grown in the State of Connecticut is used as the wrappers for these premium cigars, just as a little bit of side information.

With the premium cigars, they are so expensive that if you get beyond 50 cents, a tax, people simply wouldn't buy them. And we heard from the people who sell them that they would just be put out of business. So that's -- and it was a request of that industry to cap the tax at 50 cents per cigar to avoid people just not buying them in the State of Connecticut.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker. And I see that the tobacco product tax applies to cigars -- some word I don't know -- sharutes -- is that correct -- never heard that -- pipe tobacco and similar products, but not cigarettes.

Through you, Mr. Speaker, if -- if the

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

427
June 6, 2011

gentlelady can clarify as to why cigarettes were left out of the other tobacco products category.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, if my memory serves me, we increased the tax on cigarettes by 30 cents a pack. Through you. That is not in this part of the -- in this implementer. It was in the budget.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Mr. Speaker, I think the gentlelady for her answers. You know, I -- I was going through this implementer, and I was trying not to hit on the same points that some of my colleagues have, because we've -- I think we all, kind of, agree with similar things. But, quite frankly, Mr. Speaker, I don't -- this conversation about taxing tobacco products versus cutting back on infractions for licensure, and -- and the conversations we have -- the conversations I just had now, I guess it's sends a contradictory message.

Because, on the one hand, we say, as a public policy, we believe in certain things for public policy, public health, and that's why we have licensure for many things, particularly, just these cigarette sellers licensures.

Yet, because the court is -- doesn't seem to be doing what we'd like them to do, our answer, instead of trying to strengthen this, would be, well, let's just go back and make it less and just make it a slap on the wrist.

On the other hand, we go back to the same people and we tax and tax and tax them. Now, let me tell you, I certainly -- I have certainly been an anti-smoking person in this Legislature, and am in my personal life. You can ask my mom, who doesn't go a day without hearing it from my sister and myself. But those are contradictory messages.

Those are messages that we are going to find whatever we can find to raise our revenue, one way or the other. And in the beginning of this session we talked about shared sacrifice and sharing the pain, and these implementers are coming one after another to implement our budget, yet, we see the same thing time after time, let's find a way to raise our

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

429
June 6, 2011

revenue without doing what we need to, without actually having the shared sacrifice.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, madam.

Will you remark further?

Representative Bacchiochi of the 52nd District, you have the floor, madam.

REP. BACCHIOCHI (52nd):

Thank you, sir.

I have questions on Section 133 which, I believe, would go to the chair of appropriations on supportive housing.

DEPUTY SPEAKER ARESIMOWICZ:

Please proceed, madam.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

I wanted to understand a little more about this section regarding supportive housing. And to start with, I wanted to find out if the 650 units that were in phase one have already been allocated.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

430
June 6, 2011

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Would you ask the good lady to please repeat that question. I'm sorry. And I didn't get the section. I was, sort of, not paying attention to the section.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Absolutely. I'm looking at Section 133, but more specifically, line 5297, and it outlines that 650 units of supportive housing, I believe, were in what was previously called the phase one action, and I'd like to know if those units have already been allocated.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I believe that they all have -- not been all allocated. We discussed that, at length, with the administration, and I do believe that those still are not all been allocated.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And through you, the additional 1,000 units that will be allocated on top of the 650, were the first 650 not allocated due to the budget constrictions?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I'm not exactly sure why we did not allocate all of those units. I'm sorry. I don't have that in my notes. But I do thank the gentlelady for her questions.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

I will move on. But if anyone happens to mention that to the good Chair, I would be interested in knowing.

A little bit further down, in lines 5282, I see that we've included corrections and court support services to have input with DMHAS on the allocation of the additional 1,000 units of supportive housing, and I'm wondering if the -- the good chairwoman could explain to me what role corrections and court services will play in the decision-making process.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

I thank the gentlelady for her question.

Through you, Mr. Speaker, they are part of a group of agencies that have been looking at trying to develop more outreach for housing, not only for the Department of Children and Families, for families who have lost their children because of the fact that they didn't have housing, but also for some of the clients, through DMHAS, the mental health clients also.

Through you, Madam Speaker -- Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you, madam.

Representative Bacchiochi.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

433
June 6, 2011

REP. BACCHIOCHI (52nd):

Thank you.

Mr. Speaker, I would also -- I'm just trying to clarify if court support services and corrections, I understand what the good chair is saying, that they would be involved an outreach, but I'm wondering if they would actually be part of the decision-making process in the allocation of -- and I'm not sure if it's a voucher one would get for supportive housing. So I'm trying to determine if these new agencies are going to have decision-making powers or more outreach involvement.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Yes. Thank you, Mr. Speaker. And I thank the gentlelady for the question. One of the -- I know you probably -- I'm sure you're very familiar with the fact that we are having a hard time finding placement for some of the people in -- in the Department of Mental Health and Addiction Services, as well as some of the clients through court supportive services division, et cetera.

They are all going to be allocated a certain number of certificates, or vouchers, as you addressed earlier in the question, and they would be sharing those. And we're not going to really be -- at least there weren't going to be specific total amounts, but they were, collectively, all going to be working together in the allocation of those vouchers.

Through you, madam -- Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you.

And looking down at lines 5311, we're talking about adults between the ages of 18 to 23, a very important population for us to -- to find and to get into supportive housing. But it talks about these young adults who are homeless and transitioning from other residential programs. And I recognize the vulnerability these young adults have at that period of time, but I'm wondering, how long is a transition period?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, madam -- Mr. Speaker. I'm sorry. I just keep saying madam, because I'm accustomed to it. Through you, Mr. Speaker, we -- one of the areas, I'm sure you're familiar with, is a group of children who are aging out of DCF into DMHAS -- young adult learners -- or young adult learners, I believe it was. We did not have enough vouchers for them, for the last year and a half, and we've been going through a lot of things trying to find placement for them. And DMHAS has been doing the best they can but, unfortunately, some of them have actually been ending up in some of our homeless shelters. And transitioning is, I guess, anything -- anybody up to, I guess, adulthood. And I don't know if there's a cap or, you know, a limit on what age they are transitioning, but they are coming out of those services.

I know, under Department of Children and Families, it's gotten a little higher than 18 because they are taking care of children up to 20 now, in some areas. So exactly what the age of transitioning goes up to is -- I'm not familiar with.

Through you, Mr. Speaker.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

436
June 6, 2011

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you. And I appreciate that answer. And I'm in favor of this portion of the bill. And I think that the age of 23 is a perfectly acceptable age. And I was trying to verify that, if a person is 18 and a transition out of either the foster care or residential treatment program, and they transition out at 18, would they still be eligible for the supportive housing voucher, up to and including the age of 23, was what I was trying to determine.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker, and I thank the gentlelady for the question. Yes, they would. And I think that it goes beyond 23, because I do believe that DDS client has been transitioned into a home that came out of DDS -- I mean, the DCF, that would've, sort of, follow in the same category that was -- and I think there are a few others that were trying to look at for placement and housing.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

Down in lines around 5333, we began to talk about different proposals for scattered-site models for homeless individuals, primarily for individuals with substance abuse issues or mental health issues. And I would like to know if this is within available appropriations, or does this implement a budget that already has allocated funds for this purpose?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is within available appropriations.

Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

No. That way.

DEPUTY SPEAKER ARESIMOWICZ:

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

438
June 6, 2011

Thank you, Representative Walker.

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

Does the good chairwoman know if any funds are contributed through HUD, or any other federal programs, to implement the supportive housing initiatives in this implementer.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I am not aware of them in here.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you.

And my final question, I just wasn't clear. So the 650 supportive housing -- I'm going to call them vouchers, because I'm not sure if they are vouchers or certificates -- those are allocated and being implemented in this budget implementer, but the 1,000 additional certificates are within available

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

439
June 6, 2011

appropriations.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is correct.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And I thank the chairwoman for her answers.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much madam.

Representative Carter of the second District,
you have the floor, sir.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Good evening.

DEPUTY SPEAKER ARESIMOWICZ:

Good evening, sir.

REP. CARTER (2nd):

I just have a few questions, through you, Mr.
Speaker, to the proponent of the bill.

DEPUTY SPEAKER ARESIMOWICZ:

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

440
June 6, 2011

Representative Carter, would that be
Representative Walker or Representative Widlitz?

REP. CARTER (2nd):

I will say Representative Walker, because they
are general questions throughout the bill.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker, please prepare yourself.

Please proceed, sir.

REP. CARTER (2nd):

Thank you.

Through you, Mr. Speaker, on -- starting out
here on line 2,181, that's in Section 45 of the bill,
regarding the generation tax. I notice that in the
language here, they have included the resources
recovery facility as defined in Section 22a of the
General Statutes -- excuse me -- 22a-260.

Through you, Mr. Speaker, would that include
landfills and methane gas from landfills?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

Representative Widlitz.

REP. WIDLITZ (98th):

Good evening, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

441
June 6, 2011

Good evening, madam.

REP. WIDLITZ (98th):

No. This is meant to refer to the trash to energy plants, the resource recovery facilities.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

And moving onto the next question. On line 3,814 -- actually 3,815, that's in Section 79, we are talking about the hospital tax. I believe that would be through the -- Representative Widlitz as well, through you, Mr. Speaker. No?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

That would be me, sir. Through you, Mr. Speaker. We are just checking to see if you're -- you know, paying --

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter, please proceed.

REP. CARTER (2nd):

Thank you, Mr. Speaker. And I apologize to my

colleagues on the other side, trying to jump through this massive bill is a little harrowing at times. Looking at that section, it talks about the hospital tax. And there's -- talking about the maximum rate allowed under federal law. I was curious if anybody knew what the maximum rate was, currently, for the hospital tax.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Was Representative Walker.

REP. WALKER (93rd):

I thank the good gentleman from Bethel for the question. The maximum rate that we can charge is 6 percent.

Through you, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Was Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, also, it talks about the commissioner of social services being able to exempt hospitals due to financial hardship. My specific question would be, other than exempting a hospital, can the commissioner also reduce the amount

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

443
June 6, 2011

of tax paid?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the good gentleman for his question. I believe he's asking can we exempt them because of just fiscal hardship. If that's the question, I'd like to verify that by the gentleman.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Thank you. And I'll clarify. It talks about the -- for a financial hardship, that the hospital can receive an exemption from the commissioner. I guess, really, my question is, can the commissioner also just reduce the tax, say, lower the percentage to a percentage less than allowed by law for a specific hospital?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

444
June 6, 2011

REP. WALKER (93rd):

Through you, Mr. Speaker.

I believe that there's a limitation because it is -- it is controlled by the center for Medicaid managed -- and Medicare services. But I do not know that exact answer. And I'd be glad to find that out and provide the good gentleman that answer as soon as I can.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker, and I would like to know at some of the time. I'm satisfied with that. I moving on. I do have a couple more questions.

Further on in the bill, in Section 142, that would be line 5572, we're talking about the people who will be allowed to work in the insurance exchange, and will be allowed to -- actually it spells out the qualifications for those individuals.

My specific question, through you, Mr. Speaker, is before it talked about somebody having the ability to join the insurance exchange and then get their license in a year. And I noticed the new language

gives that individual 18 months. I was curious, through you, Mr. Speaker, why the increase?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Yes. One second, sir.

All right. I'm sorry, sir. Through you, sir, would you ask the good gentleman to repeat that one more time? I believe he's talking about the health insurance exchange for employees.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter, would you be so kind to repeat your question, sir?

REP. CARTER (2nd):

Gladly.

Through you, Mr. Speaker. I am talking about the employees, and that would be on lines 5572 through 5574. And we're speaking about the qualifications of the individuals who can assist those employees in getting the health insurance plan.

The old language, basically, would allow somebody to be hired and licensed not later than a year after joining. It's been increased, with the

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

446
June 6, 2011

new language, to 18 months. I was curious, through you, Mr. Speaker, why that would be increased?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the good gentleman for his question. We believe that the time frame allowed the -- the agent to have more opportunity to get the qualifications necessary.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

You know, I bring up that question just because it did concern me. Obviously, doing a change is a really big deal. I would think we would want the most qualified people available.

I don't know if that's somebody can be hired with already having a license versus starting out, you know, fresh, with little experience, unless this license is for something specific, like an exchange.

So through you, Mr. Speaker, I was wondering if

the proponent would know if this was a special license for the exchange.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker. I thank the gentleman for the question. This would be a broker's license.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Through you, Mr. Speaker.

And I would say, once again, obviously, we are talking about an insurance exchange. And, you know, there are a lot of people out there with broker licenses. I would have a concern hiring somebody with very little experience and giving them 18 months to get a license. But, you know, I'll move onto the next -- the next question.

When we get down to Section 127, specifically, 5104 is the line. Through you, Mr. Speaker, this section talks about a pharmacy organization, actually, the ability of the commissioner of social

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

448
June 6, 2011

services to contract with a patient centered medical home or a pharmacy association and doing a medical prescription history review. The concept here, it sounds good on the outside, that is to look at way to reduce medication errors, perhaps, and maybe adverse medication interactions.

Through you, Mr. Speaker, during this process, are doctors notified of the outcome of these -- these studies, I guess for a lack of a better term?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

It is -- it is at the request of the -- the patient that doctors would be notified. The purpose of this is to provide more wellness information for the client or the patient, because the interaction of the medications are something that, even though we have doctors -- and I speak from experience. Because when I was caring for my father, he had multiple doctors. He had a cardiologist. He had a neurologist. He had -- I forgot. There are about five different doctors. And the doctors always

didn't confer with each other about the medications that my father was taking, and they had adverse problems.

So it provides this information to the patient so that the patient has -- or the client -- so that they have the opportunity to be more progressive about the management of their own medications and they're own health.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

And, you know, I would complement the -- the proponent of the bill for putting this in, in the sense that, I think studies that have looked at medication errors and the medication adverse reactions do provide something long term that's very good for a patient.

Of course, I would caution, to the extent that the patients manage their own care, because of course they don't have a pharmacy degree or a medical license, but I think this is a step in the right direction. I would certainly support this one part

of the bill.

I'd like to move on to one final question, and, of course, that's moving to Section 165, the SEBAC agreement. That would be lines 7277 through 7289, You know, I just want to make sure the way I understood this. On June 30th, obviously between now and June 30th, if this agreement is not, I guess, ratified by the unions as a whole, the membership, we have an opportunity to call a special session. And if we don't do it on June 30th, then what happens?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Then the -- the agreement would go into effect.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

If -- if the SEBAC agreement is ratified after June 30th, for whatever reason -- I mean, I don't know the schedule -- if these things can get hung up or if it can be multiple votes -- let's say, July 15th, for whatever reason, they look at it then,

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

451
June 6, 2011

through you, Mr. Speaker, would we have an opportunity to call a general session?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the good gentleman for the question.

We -- we do not anticipate that it will go past June 30th, so that is not an option.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Carter.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

And I thank the good lady for her questions.

And I would like to have just a few comments here on Section 155 -- excuse me, 165.

You know, this whole concept of allowing something to go into effect just because we're not going to call a special session is concerning to me. Basically, what we're giving is we're giving a blank check. And we've talked about this before numerous times as a Legislature. Our job is a coequal branch of government, and we're supposed to legislate.

I have a real uncomfortable feeling about giving a blank check to anybody that has this much effect on our economy, as a whole, and where our budget is going to be the next two years. And I would think that our fellow colleagues in this Chamber should give cause -- or excuse me, give pause as well, because this really is a dangerous concept to -- to start thinking about.

Now, with respect to the union agreement itself, of course, everything I've seen so far doesn't give me any worry that it won't be ratified. In fact, this is probably one of the best deals, I think, those -- those members can have, given the economy and given the fact that people, even like myself, have watched their salary decrease over the last few years.

And the way, as I understand it, there's not one sacrifice, with the exception of having to get their drugs mail ordered. So as I see it, you know, it's a pretty sweetheart deal. And it's something that we could probably think about in this Chamber, instead of just giving a blank check for somebody else to make the decision.

So with that, Mr. Speaker, I thank you, and I

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

453
June 6, 2011

thank the good lady for her answers.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much for your questions and comments, sir.

Will you remark further?

Representative Davis of the 57th District, you have the floor, sir.

REP. DAVIS (117th):

Thank you, Mr. Speaker.

And I have a few questions to, I believe, it will be the gentlewoman that is the chairwoman of the Appropriations Committee. Through you.

DEPUTY SPEAKER ARESIMOWICZ:

I'm sure as you continue with your questions, sir, the proper person will stand up and let me know.

REP. DAVIS (117th):

All right. Thank you, Mr. Speaker.

I want to draw the Chamber's attention to Section 102 of the bill. I don't believe it's been discussed yet today. It deals with the Office of the Secretary of State establishing an electronic business portal as a single point of entry for business entry -- entities for purposes of business registration. Would that be to the chairman of the

Appropriations Committee?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

I believe it is the honorable Representative Walker, the chairwoman of the Appropriations Committee, sir, so please proceed.

REP. DAVIS (117th):

Thank you, Mr. Speaker.

I was looking at the fiscal note for this bill and I had trouble locating the fiscal impact of this specific section. Through you, Mr. Speaker, does the gentlelady know the fiscal impact of Section 102 in the bill?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I thank the gentleman for his -- his question.

There was some money in the bond package for it, but there was no money needed through the appropriations, through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Davis.

REP. DAVIS (117th):

Thank you, Mr. Speaker. And I recognize that it was Section 29 in the original budget that this -- this section here will repeal. And it, essentially, all it does is add that the Connecticut Center for Advanced Technology also be linked to the Web portal as well. And I was just wondering, through you, Mr. Speaker, if this added to the fiscal note for this specific section.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, to the good gentleman from Broadbrook, I'm sorry, the Senate -- the Senate announcer, kind of -- I was trying to hear what you're saying. So could you, sir, please repeat your question, so that I could hear.

REP. DAVIS (117th):

Certainly.

REP. ARESIMOWICZ (30th):

Representative Davis.

REP. DAVIS (117th):

Thank you, Mr. Speaker. I noticed that the

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

456
June 6, 2011

section, in particular, repeals Section 29 of the original budget and then institutes this new language. And essentially, the only change done to it is the Connecticut Center for Advanced Technology to be added to this Web portal website.

I was just wondering, through you, Mr. Speaker, if this added to the fiscal note from the original bill.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I thank the gentleman for Broadbrook. No.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Davis.

REP. DAVIS (117th):

Thank you, Mr. Speaker, and I thank the kind lady for her -- for her answers. And, you know, I bring this to our attention because the Secretary of State's office already has a business portal on its website. It has various links. It has the link necessary to explain information, electronic links

provided by state agency and quasi-public agencies.

In particular, it has a link to the Connecticut Licensing Information Center. Now, if any of us were to type into Google how to start a business in the State of Connecticut, the Connecticut licensing info center would be one of the first websites that comes up on that search. So if you go to that website, it's owned, operated, created by the State of Connecticut.

The sole purpose of this website is to serve as that web portal, to provide that information to anybody interested in creating a business in the state of Connecticut, interested in expanding a business in the state of Connecticut, interested in relocating a business to the state of Connecticut.

And I find it quite interesting that the original fiscal note, what is part of our bond package now, sets aside \$900,000 for the Secretary of State to create a web portal on its website, one that already exists, already has links on it, but, you know, we are appropriating \$900,000 for that through our bond package.

It's quite interesting, because, specifically, right on the home page of this website, Governor

Dannel Malloy specifically says the goal of this portal is to give you a quick and easy access to the licensing and registration information needed to start, expand or relocate your business in our great State of Connecticut.

I find it troubling that we are spending \$900,000 to create a web portal for something that already exists. And, in fact, this is not the only website that has this information. There's numerous websites. On CT.gov, through the Governor's office, through DECD, through various other small business action centers, through the state university system, they provide this kind of information as well, and instead, we're not only spending \$900,000 to create a new website, we're bonding to spend \$900,000 to create a new website. That means we are going to be paying for it for approximately 20 years to create a website.

And it's quite troubling because it's my understanding that there's been absolutely no study done, whatsoever, to figure out if \$900,000 is even an appropriate amount of money to create a web portal, something that simply links to other websites that already exists. Very little coding is needed.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

459
June 6, 2011

Very little development is needed for something that already exists. Change a few pieces of the code, and there you go, you have the links to it.

And quite frankly, Mr. Speaker, under provision 21 of the new SEBAC agreement, it asks for suggestions on how to save money. And we expect to save millions of dollars through that suggestion box, as it's been commonly referred to.

Well, I'd like to say that, as a state employee now, as a member of this Legislature, I'd like to be noted as one of the first people to give a suggestion that we can save \$900,000 by simply not doing this web link on his website. It already exists. There's no need for it. There's absolutely no need to bond to create this website because we have this information here. And quite frankly, it's done with the instance of the Governor on his homepage that this is exactly what this website is for.

So through you, Mr. Speaker, I think it's very important that we all take a very hard look at exactly what we're spending money on, exactly what we're bonding to spend money on, because we're spending \$900,000 to create a web portal that simply provides links. And I'd like to be noted as someone

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

460
June 6, 2011

who just, by doing a Google search on how to start a business in the state of Connecticut, can save the State of Connecticut \$900,000.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on the bill as amended?

Representative Adinolfi of the 103rd, you have the floor, sir.

REP. ADINOLFI (103rd):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, I have a few questions for the good lady chairwoman of the Appropriations Committee.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker, please prepare yourself.

Representative Adinolfi, please proceed, sir.

REP. ADINOLFI (103rd):

Through you, Mr. Speaker.

Earlier this evening Representative Hetherington asked some questions about the COLA on the retirement pays. And you mentioned that there was a 2 percent cap. And reading through the legislation and the SEBAC agreement, I remember on line 5809 the

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

461
June 6, 2011

allowance shall not exceed 2 percent, but I believe that's only for the calculation of your first retirement check, and this pertains to judges and so on, magistrates and so on.

Now if you go to the -- let me get there, here -- if you go to the SEBAC agreement, or what's in effect right now, if you retire from the State after 6/30/1999, you get a minimum of 2 and a half percent COLA every year. That's even if the consumer price index is nothing. You still get that 2 and a half percent.

And the change that we made was that after 9/2/2011, if you retire, you would only get 2 percent. Okay. That's minimum, not maximum. That's not a cap. If the consumer price index goes to, say, is 8 percent, you can get up to 60 percent of that 8 percent towards your COLA. Now before we said 60 percent and your -- of the consumer price index, a little complicated -- but the maximum that you would get would be 6 percent in the COLA, which is less than the consumer price index.

But in the new SEBAC agreement we change the 2 and half percent minimum to 2 percent, but we raise the maximum from 6 percent to 7 and a half percent.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

462
June 6, 2011

So I don't understand how that can save us any money at all, especially when we're working with all the legislation we're working on, we're planning on a 2 and a half percent COLA year to year.

So my question is, does that cap only apply to the judge for one year or does it apply to the judges in the future, but does not apply to the normal state employees, like everybody that works here?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

And I thank the gentleman from Cheshire for the question. Currently it's two and a half and the cap -- and the max is the 6 percent like you quoted. And it will now go to 2 percent. So it's going further. The minimum is dropping down, but there's never been anybody that has ever acquired more than 2 and a half percent. They have never gone to the maximum of 6 percent.

Through you, madam -- Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Adinolfi.

REP. ADINOLFI (103rd):

Through you, Mr. Speaker.

Thank you for your answer, but I can remember a few years back when, on your Social Security -- I'm a little older -- we got almost a 10 percent increase for one year. So that does happen and it could happen again in the near future, but I just wanted to make it clear that it's not a 2 percent cap in the future. It's a 2 percent minimum on your COLA.

Thank you very much.

And thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on the bill as amended?

Representative Rigby of the 63rd District, you have the floor, sir.

REP. RIGBY (63rd):

Good evening, Mr. Speaker.

DEPUTY SPEAKER RYAN:

Good evening, sir.

REP. RIGBY (63rd):

Mr. Speaker, if I may, some questions for the distinguished chair of the Appropriations Committee?

DEPUTY SPEAKER RYAN:

Please proceed, sir.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

464
June 6, 2011

REP. RIGBY (63rd):

Thank you.

Mr. Speaker, through you, the bill before us seeks to make changes to budget implementer bills that the General Assembly had considered previously. There was discussions regarding the Medicaid reimbursement for pharmacies, specifically the amount that the pharmacy receives for the dispensing the as well as a percentage of an average wholesale price.

The cuts that were previously approved would be devastating to the small families of -- small pharmacies of our state and there was an idea that we could possibly change that and increase it to give these smaller pharmacies a fighting chance for survival. Is there any language in the bill before us that might increase that reimbursement?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the good gentleman for his question. That is something that we are -- we still are struggling with and trying to figure out where

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

465
June 6, 2011

exactly we can do something. We have decided that we are going to pool together a working group over the next six months to evaluate that because of the fact that there have been so many people that have expressed concern about the reimbursement for the pharmacies.

I want to also sort of remind you that we did raise it somewhat. Again, it was not acceptable to many, but unfortunately because of the fact that we could not do a two-tier pricing for independents and for commercial facilities, we were stuck with trying to figure out how do we evaluate it.

I have to tell you that we worked with this, we struggled. And we've looked at the multiple rates all over the country and we have probably -- we don't have the lowest average wholesale price. We are close to the lowest in the dispensing fee, but one of the things that we want to try and do is try and figure out if we could use more of the generic brands in more of the instances so that we would end up -- it would be less of an expense for the pharmacists as a base price.

The other thing was using the Medicaid -- I forgot (inaudible), the medication management program

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

466
June 6, 2011

for fee for service to try and help provide them, because as you see in the language we added in, pharmacists or pharmacy students or somebody of that category working with the individuals, and we are working on doing actual fee-for-service costs for the pharmacists when they do these services.

But as far as actual dollars in the budget higher than what we proposed in the Public Act 11-4, I believe it was, we do not have any more dollar allocations in this current budget in front of us right now, sir.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rigby.

REP. RIGBY (63rd):

Thank you.

I appreciate the Representative's answer and it's good to hear that those talks are still ongoing and that there is a possibility of a change.

My next questions concern the General Assembly's approval or disapproval of the ratified SEBAC agreement. In current statute the General Assembly must act on a ratified agreement within 30 days, and if we do not act the agreement is deemed approved.

Through you, is that correct?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is what is currently in effect. Yes, sir.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rigby.

REP. RIGBY (63rd):

Thank you.

We discussed tonight during the debate that Section 165 of H.B. 6652, as amended, states that within five days we have to act on the ratified agreement, or by default it's deemed approved.

Through you to the Representative chair of the Appropriations Committee, why the change from 30 days to five days for ratification?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you Mr. Speaker, to the good gentleman from Winsted.

The reason why we did that is because we have to

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

468
June 6, 2011

have this issue addressed before June 30, 2011.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rigby.

REP. RIGBY (63rd):

Thank you.

Aside from the inconvenience of a special session in the middle of summer, is there any reason that we wouldn't convene and vote on the SEBAC agreement once it's ratified?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

We have decided that we cannot wait until 2012. We feel that we must act upon this in order for us to achieve the savings that are in the agreement. It is important for us to make sure that those savings begin in 2012/'13 budget. Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rigby.

REP. RIGBY (63rd):

Thank you. I appreciate Representative's answers.

And Mr. Speaker, the Clerk has an amendment. It's LCO 8445. Would you please ask the Clerk to call it and I be allowed summarize?

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8445, which will be designated as House Amendment Schedule "B."

THE CLERK:

LCO Number 8445, House "B," offered by
Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Rigby, you have the floor, sir.

REP. RIGBY (63rd):

Thank you, Mr. Speaker.

This amendment would strike Section 165 of the bill as amended and require that the General Assembly call itself into special session for the purpose of approving the SEBAC agreement. Additionally with that same vote we would decide the matter of nonunion state employees, both classified and nonclassified.

Mr. Speaker, I move adoption of the amendment and when the vote be taken I ask that it be taken by roll call.

DEPUTY SPEAKER ARESIMOWICZ:

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.

DEPUTY SPEAKER ARESIMOWICZ:

The requisite 20 percent has been met. And when he vote is taken it will be taken by roll.

Will you remark further, sir?

REP. RIGBY (63rd):

Mr. Speaker, the General Assembly must have the opportunity to vote on a ratified SEBAC agreement. Not only to vote on the measure, but also to debate it and participate in discussion and learn the details of the agreement.

You know, we heard tonight that the Office of Fiscal Analysis doesn't have critical information. They can't verify and back up the figures that are used to represent the savings within the proposal. We've got \$90 million for an employee's suggestion

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

471
June 6, 2011

box each year. We have \$205 million for annual wellness checkups.

The state employees are funded, are paid by taxpayer dollars and as members of the General Assembly, we represent those taxpayers and they need to have a voice. I urge my colleagues to support the amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on House Amendment Schedule "B."

Representative Betts of the 78th, you have the floor, sir.

REP. BETTS (78th):

Thank you very much, Mr. Speaker.

I rise in very strong support for this. As I stated earlier on in the debate I think it is our legislative responsibility as well as our fiduciary responsibility to watch out for taxpayers' money and to also be cognizant of how the money is being spent.

It's incompressible to me to be able to vote on something that I'm not informed about, haven't had an opportunity to ask a lot of questions about of

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

472
June 6, 2011

something of this magnitude. And I would really urge everybody to take a hard look at this.

I don't know how many of you have been able to read the 300-page document and understand it. I for one have not. I need more time and I think it's the responsible thing to make sure we vote on this. That's what the taxpayers and the voters expect us to do and that's why I'm supporting it.

Thank you very much, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on the amendment?

Representative Coutu of the 47th District, you have the floor, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker, this is a very important amendment. The Governor has stated that he would like to see an up or down vote on things such as wages and adjustments for our state employees. And this is exactly what this is doing.

This is enabling our Legislature, the entity within our government that is responsible for determining how we allocate the funds. We have to

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

473
June 6, 2011

approve that. We are the Legislature and I think this amendment is very important for the integrity of this organization and the future of our State.

We all know originally, it was proposed, a \$2 billion concession package. The compromise was 1.6 billion and in that there's 246 million in a health enhancement plan. There's 75 million in other health care savings from cost containment. There's 180 million in some employee cost saving ideas, a magic box. And maybe 179 million -- my good friend and colleague Representative Davis made it clear that he had a million-dollar idea that we could start off with. So thank you, Representative Davis.

But the bottom line is we have to do something relating to this budget and make sure that we have an up-and-down vote and without this amendment, I am concerned that there's a probability that we will not have a vote. I assume and I'm almost positive it's going to come a day and there will not be a special session. I hope that's not the case, but this amendment clarifies and makes it clear that we will have a vote on this package.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

474
June 6, 2011

Will you remark further on the amendment?

Representative Carter of the 2nd, you have the floor, sir.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

I rise also in strong support of this amendment. As I was speaking just a little bit ago on the floor, you know, this is an opportunity that I think this is important enough we weigh in on this. We don't give a blank check. We're a Legislature. And as the gentlelady was answering my questions, you know, she also agreed that there's probably not much chance that it's going to go until June 30th. It will probably be done.

So this is a no-brainer. There's really no reason why we should not have the opportunity as the State Legislature to vote up or down on this agreement. So I urge everyone's support.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker of the 93rd, you have the floor, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

475
June 6, 2011

Mr. Speaker, I rise to reject this amendment. I think that what we have here in front of us in the bill right now is appropriate. It is already in line with what we have in statute, very similar to 5-278.

I think at this time this is the best way we've been doing this for quite some time and I ask my colleagues to reject this amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further? Will you remark further on the amendment before us? If not, 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 House Amendment Schedule "B" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Will the members please check the board to make sure their vote has been properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally.

The Clerk will please announce the tally.

THE CLERK:

House Bill 6652 as amended by house "A". -- I'm sorry. This is on House "B."

Total number voting	146
Necessary for adoption	74
Those voting Yea	51
Those voting Nay	95
Those absent and not voting	5

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative Williams of the 68th District,
you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And good evening to you.

Mr. Speaker, throughout this debate, you know, we've heard a lot about the variety of taxes that may be imposed on Connecticut taxpayers. And earlier in the debate I spoke quite a bit about of the so-called Amazon tax, the tax on remote sellers. It's a tax that we passed in the Finance Committee after a fairly lengthy debate.

We talked to a variety of people from the private sector who may or may not be affected by this tax and who, many of whom are the people who create jobs by being technology innovators. They are the type of people who create jobs by connecting consumers with high-tech technology companies around the country, companies like Amazon.com, companies like Overstock.com, et cetera.

And so Mr. Speaker, the Clerk has an amendment -- is in possession of an amendment, LCO 8514. I would ask that it be called and I be allowed to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8514, which will be designated House Amendment Schedule "C."

Will be gentleman please repeat the LCO number?

REP. WILLIAMS (68th):

Mr. Speaker, that's 8514.

DEPUTY SPEAKER ARESIMOWICZ:

The Clerk is not in possession of that amendment, sir.

Will the Clerk please call LCO Number 8514.

THE CLERK:

LCO Number 8514, House "C," offered by
Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Williams, please proceed with summarization, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

What this bill -- this amendment would do very simply is eliminate the remote sellers tax, which is otherwise known out in the street as the Amazon tax. It is a tax that is very punitive to the very high-tech industry here in Connecticut. It is also a tax that our commissioner of revenue services initially said we will have a very hard time collecting.

And I would move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on Amendment Schedule "C."

Will you remark?

Representative Sharkey, please proceed, sir.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Mr. Speaker, through you, a question to the proponent of the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

Please proceed, sir.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Do we have a fiscal note on this amendment?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I am looking for the fiscal note now. I thought I had the floor prior to the -- after moving adoption, but I will find that fiscal note if you will give me a moment.

DEPUTY SPEAKER ARESIMOWICZ:

The House will stand at ease.

(Chamber at ease.)

REP. SHARKEY (88th):

Mr. Speaker, just so I can clarify, I do have

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

480
June 6, 2011

the floor at this point, do I not?

DEPUTY SPEAKER ARESIMOWICZ:

Please proceed, sir.

REP. SHARKEY (88th):

well, I'll wait for the gentleman's -- to get an answer to my question, but I to believe I have the floor at this point. Is that correct?

DEPUTY SPEAKER ARESIMOWICZ:

Please proceed.

REP. SHARKEY (88th):

Thank you.

I'll await the answer to my question.

Thank you.

REP. WILLIAMS (68th):

Mr. Speaker, we are in possession of a fiscal note which we can distribute to the Majority Leader, if you would like.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Sharkey.

REP. SHARKEY (88th):

Yeah. Thank you, Mr. Speaker.

Yes. We would like to see the fiscal note. It is not online at this time.

Thank you, Mr. Speaker.

Mr. Speaker, I'm just in receipt of a hard copy of the fiscal note. If the gentleman could just explain perhaps what the fiscal note is telling me. I understand that the proposal to eliminate the Amazon tax itself results in a revenue loss. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Williams.

REP. WILLIAMS (68th):

Mr. Speaker, through you to Representative Sharkey, the revenue loss as indicated by the Office of Fiscal Analysis on that particular item of the fiscal note would be less than \$9.4 million. If I was to interpret that I would assume that that is because it is unclear how much, if any, revenue the State would actually gain from the imposition of the remote sellers tax.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Sharkey.

REP. SHARKEY (88th):

And thank you, Mr. Speaker.

And through you, how does the amendment propose

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

482
June 6, 2011

to make up for the lost revenue from this amendment?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Through you to Representative Sharkey, we're contemplating increasing the Medicaid fraud prevention unit by three employees and reducing Medicaid by \$20 million in short order.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

And through you, have we discussed this question about Medicaid fraud and the cost savings that can be resulting from that? I guess on what basis does the gentleman believe that we can actually achieve that level of savings from the Medicaid program?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And through you to Representative Sharkey, that's a conversation we've had with the Division of Criminal Justice and a discussion that we've had, I think, for quite some time starting with the release of the budget alternative that we, on this side of the aisle, proposed in response to the budget that ultimately passed.

Through you.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Mr. Speaker, I would respectfully -- with due respect to the proponent of the amendment, urge my colleagues to reject it. I think that we are, through this amendment, we are losing a significant amount of revenue, relatively significant amount of revenue. And I think that the -- from our experience on dealing with this issue about Medicaid fraud and some of our past experience in this state dealing with this issue, that savings in the Medicaid in terms of trying to find fraud in the Medicaid program have proven to be very illusory. And as a result, I'm not sure that this amendment would really satisfy what we're ultimately trying to achieve here.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

484
June 6, 2011

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Representative Widlitz of the 98th --

REP. WILLIAMS (68th):

Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Williams.

REP. WILLIAMS (68th):

I apologize. I believe I may have had the floor prior to Representative Sharkey. So perhaps to wrap up on this, if I will.

DEPUTY SPEAKER ARESIMOWICZ:

That is correct, sir. You moved adoption. I looked for you for comment and didn't see anything. So I did move on to Representative Sharkey.

For you, sir, I will allow you to proceed. Representative Williams, you have the floor, sir.

REP. WILLIAMS (68th): .

Thank you, Mr. Speaker.

And just in conclusion on this amendment, you know, Representative Sharkey, I respectfully would respond on the issue of experience that, you know, we have seen a significant decline in the high-tech

industry in the last few weeks since we proposed -- since we passed our budget.

In fact, the experience that we've had here in the last few weeks is that remote sellers and companies that do business with companies here in Connecticut have severed their affiliations in the very same way that companies were located here in Connecticut said that they would. We saw it in Illinois, we saw in other states when the Amazon, so-called Amazon tax was passed, we've see what happens and it happened right here in Connecticut.

We ignored the warnings of the private sector. We ignored the warnings of the small businesses who make up the high-tech retail market here in Connecticut. And what happened is those companies have severed their ties and we at a very -- there's a very real possibility that it will cost hard-working Connecticut people their jobs if we keep this tax going. This is a very difficult issue. There's no doubt about it, a very difficult issue.

There are bricks and mortar companies here in Connecticut that are losing business. I'm not so sure that we can attribute 100 percent of that loss of business to the lack of tax being collected by

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

486
June 6, 2011

companies like Amazon and Overstock.com. But what we know here, as of today, is that since the budget was passed we have lost -- many of these companies have lost their ties with companies nationally that provide much-needed revenue and much-needed jobs to these local companies.

So the choice is we continue with this policy that will result in a loss of jobs and a loss of revenue, or we could repeal it. I would urge repealing it.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz of the 98th District, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I rise in opposition to the amendment. I would ask people to think about the bricks and mortar retailers on main street in your towns who employ people, who pay property taxes, who provide health insurance for their employees.

This is not a new tax. Current law requires people to pay sales tax on out-of-state purchases. Now we learned during a public hearing in the Finance

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

487
June 6, 2011

Committee that most people aren't even aware of this. Only about 1 percent of the filings that came back had these kinds of declarations.

We look to the proliferation and the encouragement of allowing people to operate on an unlevel playing field; you are going to see more and more of your main street retailers just not be able to compete. Granted, online shopping is the wave of the future. They have, in many cases, an economic advantage. We should not be in the position of abandoning our bricks and mortar retailers. I urge rejection of this amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment before us?

Representative Williams of the 68th District, for the second time, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. For the second time.

I would just briefly and respectfully, to Representative Widlitz, the same companies -- many of the companies that are high-tech companies who are affiliates with national Internet companies, those

companies also provide property tax and they also provide, you know, health care insurance to their employees.

So you know, I think that we have to be smarter as a society. We have to be more nimble. We have to be invite high-tech competitive companies here to our state to compete in this new world. It's a world that many people may not like, but it's the world as it exists today.

Mr. Speaker, when the vote is taken, I would ask that it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

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.

DEPUTY SPEAKER ARESIMOWICZ:

The requisite 20 percent has been met. And when the vote is taken it will be taken by roll.

Will you remark further on the amendment before us? Will you remark further on the amendment before us? If not, staff and guests please come to the well of the House. Members take your seat. The machine

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

489
June 6, 2011

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. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

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

THE CLERK:

On House Amendment Schedule "C."

Total number voting 143

Necessary for adoption 72

Those voting Yea 50

Those voting Nay 93

Those absent and not voting 8

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative Miner of the 66th District, you have the floor, sir.

REP. MINER (66th):

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

490
June 6, 2011

Thank you, Mr. Speaker. Good evening.

Mr. Speaker, the Clerk has an amendment, LCO 8530. If he would call it please and I be allowed to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8530, which will be designated House Amendment Schedule "D."

THE CLERK:

LCO Number 8530, House "D," offered by Representative Miner.

DEPUTY SPEAKER ARESIMOWICZ:

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

Hearing none, Representative Miner, you may proceed with summarization, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, the amendment as drafted deals with the issue of prevailing wage, increasing the minimum threshold requirements from \$400,000 for new construction to \$800,000, and from 100,000 to 200,000 dollars for renovations.

And I move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the chamber is on adoption of House Amendment Schedule "D."

Will you remark on the amendment?

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, this year in the Labor Committee we had a rather lively debate and a long public hearing on the issue of prevailing wage. This amendment is actually consistent with the issue that we heard, establishing the same thresholds.

I think during the course of that conversation we heard from a number of chief elected officials, many who talked about school construction. We heard from contractors on both sides of the issue.

Mr. Speaker, I think we have for some time felt that the State of Connecticut and municipalities actually could save money, especially on these projects that cost under a million dollars. I think there was some testimony that if the project gets up over \$10 million that maybe the savings isn't as great as it would be otherwise.

Mr. Speaker, I hope the members of the Chamber will join me in supporting this amendment and when the motion is made, that it be -- the vote is taken, that it be taken by roll call, please.

DEPUTY SPEAKER ARESIMOWICZ:

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.

DEPUTY SPEAKER ARESIMOWICZ:

In the Chair's pinion the requisite 20 percent has been met and when the vote is taken it will be taken by roll.

Will you remark further on the amendment?

Representative Walker of the 93rd, you have the floor, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, I urge my colleagues to reject the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further?

Representative Piscopo of the 76th, you have the

floor, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Mr. Speaker, I testified at that public hearing that was mentioned earlier. This is one of those unfunded mandates that all of our town fathers asked for, the selectmen and mayors of our towns, and our public works departments of our towns. This is something that is due. It's time is due.

I think the last time we raised the threshold was in the early nineties, so there's been a lot of time passed since the early nineties until now. It's just time that we increased the thresholds a bit.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment? Will you remark further on the amendment? If not, staff and guests please come to the well of the House. Members take your seat. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting on House Amendment Schedule "D" by roll call.

Members to the Chamber, please.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Will the members please check the board to ensure that their vote has been properly cast? If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

House Amendment Schedule "D."

Total number voting	147
Necessary for adoption	74
Those voting Yea	58
Those voting Nay	89
Those absent and not voting	4

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative Miner of the 66th District, you have the floor, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, the Chamber may remember that at the time the budget bill was brought out I asked some questions of the cochair of the Appropriations

Committee with regard to the reimbursement level for school construction for vo-ag.

And Mr. Speaker, if the Clerk would call please LCO Number 8498 and I be allowed to summarize, please.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8498, which will be designated House Amendment Schedule "E."

THE CLERK:

LCO Number 8498, House "E," offered by Representative Miner.

DEPUTY SPEAKER ARESIMOWICZ:

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

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, what this amendment does is retain the current reimbursement level for new school and renovation construction for vo-ag centers. The purpose of the amendment is to maintain current

projects at the current funding level and those that are currently in design, those that have actually gone to town meeting and had approvals; the intention is to try and continue this continuity.

As I said at the time -- was the budget document was being discussed, Mr. Speaker, the reimbursement rate for students that go to these schools is not like it is for charter schools or magnet schools. It's far less, and so the impact on the budget to both the sending community and the receiving community would be entirely different by standardizing the reimbursement rate for this school construction.

Mr. Speaker, I would ask that when the vote be taken, it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

And you adoption sir. Correct?

REP. MINER (66th):

And I move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

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.

DEPUTY SPEAKER ARESIMOWICZ:

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

Will you remark further on the amendment?

Representative Rigby of the 63rd District, you have the floor, sir.

REP. RIGBY (63rd):

Thank you, Mr. Speaker.

I rise in strong support of this amendment. In many parts of our State vo-ag programs are a critical component in making sure that agriculture has young people that are motivated, trained and willing to enter the profession. In my district agriculture is big business and it's a driver of the local economy, so I urge my colleagues to support the amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker of the 93rd, you have the floor, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, I urge my colleagues' rejection of

this. I understand the need for the actual -- for the funding for our vo-ag, but I want to point out to the good gentleman from Litchfield that we are honoring any of the agreements up to June 30, 2011. So in essence, part of what he is addressing here in this amendment we are already doing.

But in the future, right now we still have to study that and make sure that all -- of our rates that we offer in education. So I urge my colleagues to reject the amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on House Amendment Schedule "E?" Will you remark further?

Representative Sawyer of the 55th District, you have the floor, madam.

REP. SAWYER (55th):

Thank you, Mr. Speaker.

Taking an extra educational hit, the vocational technical schools will now face, when this passes -- I'm sorry, if this amendment does not pass, I think puts another nail in the coffin saying to future farmers, saying to those young people who have an interest in a lot of the agricultural jobs that are

in Connecticut that, you're not worth as much. Your schools aren't valued as much.

Ladies and gentlemen, we have a very large, large job growth potential in the nursery area. We have the historical growing that we do certainly in a lot of our farms that are, in many cases, historical. And the average age of farmers being about 59 years old -- of age, we need those young people to come forward into the agricultural community and they need the training.

And for us to be able to take this extra whack against these schools that are truly magnet schools in Connecticut is the wrong way to go. So I urge passage of this amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment? If not, staff and guests please come to the well of the House. Members take your seat. 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 "E" by roll call. Members

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

500
June 6, 2011

to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Will the members please check the board to ensure your vote has been properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "E."

Total number voting 147

Necessary for adoption 74

Those voting Yea 52

Those voting Nay 95

Those absent and not voting 4

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected. Will you remark further on the bill as amended?

Representative Hoydick of the 120th, you have the floor, madam.

REP. HOYDICK (120th):

Good evening, Mr. Speaker.

REP. ARESIMOWICZ (30th):

Good evening, madam.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

501
June 6, 2011

REP. HOYDICK (120th):

I rise to -- for the purpose of an amendment.
If you would please allow the Clerk to call LCO 8426
and allow me to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8426,
which will be designated as House Amendment Schedule
"F."

THE CLERK:

LCO Number 8426, House "F," offered by
Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to
summarize the amendment. Is there objection to
summarization? Is there objection to summarization?
Hearing none, Representative Hoydick, please proceed
with summarization, madam.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

As we've discussed this evening and previously
there have been members of our state community, the
ratepayers of CL&P who have been assessed a CTA
charge on their utility bills, on their electricity
bills.

What this amendment would do is direct the remaining surplus at the end of the fiscal year to be used to reimburse those electric ratepayers that are impacted by that \$40 million overcharge that has occurred the first six months of the calendar year.

Mr. Speaker, I propose adoption and I ask that when the vote be taken, it be taken by roll call.

DEPUTY SPEAKER ARESIMOWICZ:

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.

DEPUTY SPEAKER ARESIMOWICZ:

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

Will you remark further, madam? Would you remark further?

Representative Widlitz of the 98th District, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I urge my colleagues to reject the amendment.

Thank you.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

503
June 6, 2011

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on House Amendment
Schedule "F?"

Representative Lavielle of the 143rd, you have
the floor, madam.

REP. LAVIELLE (143rd):

Thank you very much, Mr. Speaker.

Very briefly, I strongly support this amendment
because simply on the principles of seeing, we should
not be asking people to spend money for a particular
reason for a particular purpose, and then use that
money for something else. Therefore I strongly urge
the Chamber to adopt the amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment before
us? Will you remark further on the amendment before
us? If not, staff and guests please come to the well
of the House. Members take your seat. 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 "F" by roll call. Members

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

504
June 6, 2011

to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? If all the members have voted please check the board to ensure your vote has been properly cast. If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "F."

Total number voting	146
Necessary for adoption	74
Those voting Yea	50
Those voting Nay	96
Those absent and not voting	5

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Representative Candelora of the 86th district,
you have the floor, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, the Clerk is in possession of LCO 8508. And I ask that it be called and I be allowed to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8508, which will be designated House Amendment Schedule "G."

THE CLERK:

LCO Number 8508, House "G," offered by
Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Candelora, you have the floor, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, this amendment seeks to restore the personal property tax credit to \$500, to eliminate the earned income tax credit and to reduce the retiree health care account by 38 million in fiscal year '12 and 36 million in fiscal year '11.

And I move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the chamber is on adoption of House Amendment Schedule "G."

Will you remark on the amendment, sir?

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, this Chamber certainly has fought long and hard to protect the personal property tax credit over the years and to actually increase that credit. It's probably one of the only mechanisms, or the best mechanisms we have to offset the rising municipal property taxes.

And certainly as revenues have been turning around and we are seeing surpluses I think that this is one area that we certainly need to restore to provide the property tax relief to our middle-class and frankly, every property owner in the state of Connecticut.

In addition, we've heard debate over the earned income tax credit and what this would do right now is to eliminate that program, to put it off for another day. Connecticut is unique from other states in that we don't tax dollar one. And what this current proposal, if it goes into law, is going to be essentially giving out tax revenue to individuals that don't have a tax liability.

And at a time when we are frankly overtaxing the

residents of Connecticut and generating a billion dollar surplus we certainly should not be taking those tax dollars and distributing them to individuals that do not have a tax liability.

And finally, we're also seeking to readjust the retiree health care accounts and put them into the correct balance of where our comptroller believes that that account should be.

And so I would urge support of this amendment and I ask that when the vote is taken that it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

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.

DEPUTY SPEAKER ARESIMOWICZ:

In the Chair's opinion, the 20 percent has been met. And when the vote is taken it will be taken by roll.

Will you remark further?

Representative Williams of the 68th District, you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker and good evening.

Just briefly in support of the amendment. You know, we've heard for many, many years, those of us who have served here for years and frankly, those of you who are new, you hear all the time about property tax reform. This year we're going to property tax reform.

We have amongst the highest property tax rates in the country. We hear it year after year after year after year and it starts to get a little bit old because we don't do anything about it. We don't reduce mandates on municipalities. We don't change our very cumbersome labor laws. In fact, if we do anything we make it worse. We increase mandates. We increase costs to municipalities every year. And guess what? As soon as we do that property taxes go up.

So we at least have here, under our previous law, we have a property tax credit that is the only hedge that somebody has, a property owner has against rising property taxes. That is the only thing they have and what we did in the budget is we reduced it -- shift away even further at the middle class and

this is one thing that we can do to restore that credit and give property owners a little bit of property tax relief.

So for all the talk we have here about property tax reform, we ain't doing a very good job of it, but by adopting this amendment we may be able to.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment?

Representative Widlitz of the 98th District, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I urge rejection of this amendment. Elimination of the earned income tax credit would be a step backwards. It is one of the most successful antipoverty programs in the country. Many states already have it, including all of the surrounding states, all of the states within our region.

Historically we have rejected previous administration's reluctance to have a property tax credit. We've made a decision here to balance, to restore the property tax credit, not to it's previous \$500 level, but to a \$300 level and along with that

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

510
June 6, 2011

to institute an earned income tax credit for the working -- and I'll reiterate -- for the working poor.

I think this is a good balance. We have vetted this thoroughly throughout our deliberations and the budget and I urge rejection of this amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment before us?

Representative Coutu of the 47th district, you have the floor, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker, the earned income tax credit at a federal level makes sense. At a state level it basically provides certain families, certain people who make up to around 35, 36 thousand dollars and below, up to 8 thousand dollars cash. It's a credit, \$8,000 after this is done. And when you make \$40,000, Mr. Speaker, you get nothing.

So it's winners and losers and that's the problem with adding to the earned income tax credit. I've helped a few hundred people get the earned

income tax credit. It used to be \$5,000. The President made it \$6,000. Now we're going to add up to 1700 more. It's a big concern, Mr. Speaker.

And during these times when we are raising taxes on just about every family, every individual in this state, it's hard to say that we should spend another \$110 million on people -- come January 1st, they will get \$6,000 if you have three children. If you have two children it's somewhere around \$4,000; if they have one child it's somewhere around \$2,000, on January 1st. But those who make over \$40,000 don't get a penny and that is winners and losers.

The second thing what it does, Mr. Speaker, it's an incentive not to get married. And that's a concern that I've had with the earned income tax credit. If you have two people and they both make \$20,000, the solution is not to get married to get that \$8,000. But if you get married you get nothing. So on the fronts, that it deters marriage and then secondly, it's winners and losers. I think it's very important we support this amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

512
June 6, 2011

Will you remark further?

Representative Piscopo of the 76th District, you have the floor, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Mr. Speaker, I remember when we passed the -- this property tax credit. It was a particularly late night on the Finance Committee. The debate went well into the evening and it was a bipartisan effort. We actually -- we teamed up. Democrats and Republicans thought this was a great idea and we passed the \$500 property tax credit. This is very, very important. This is a real, real break.

I will tell you that I went to my accountant this year and when the Governor had proposed getting rid of the property tax credit, down to zero -- and trust me, I'm barely middle class here -- and my accountant said that that property tax break would have cost me 38 percent more on my tax liability. It would have increased my liability 38 percent more of what I was already paying. And I was already getting hit pretty hard.

And so this is real, real important for the property tax for the property owner in this state.

It's a pretty important program and we have an opportunity here to restore it. Let's restore it.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further?

Representative Miner of the 66th District, you have the floor, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, this year the Legislature passed the largest tax increase, income tax increase in the history of the State of Connecticut. I think we all know that most people that pay that income tax, many of them have small businesses.

Not only are they going to pay that income tax personally, they are going to pay an unemployment compensation tax that this Legislature has yet to talk about here. A 2 and a half billion dollar tax load is going to get added on to all these businesspeople, all these small businesses, all the large businesses because we've not yet dealt with that issue.

Ladies and gentlemen, this is an opportunity to

let people keep some of that income tax that this Legislature passed not that long ago and I would urge adoption.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment before us? Will you remark further on the amendment before us? If not, staff and guests please come to the well of the House. Members take your seat. 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 "G" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? If all the members have voted please check the board to determine if your phone has been properly cast. If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "G."

Total number voting 144

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

515
June 6, 2011

Necessary for adoption	73
Those voting Yea	61
Those voting Nay	83
Those absent and not voting	7

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative Alberts of the 50th District, you have the floor, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. Good night.

DEPUTY SPEAKER ARESIMOWICZ:

Not good night yet, but good evening, sir.

REP. ALBERTS (50th):

Well, good evening. Good night. Hopefully we won't say, good morning.

Essentially we've had many different conversations tonight on Medicaid fraud control. The budget that is before us right now in the -- for a vote has funded \$887,000 in the first year of the biennium and proposes \$841,000 approximately for the second year, a decrease of approximately 5 percent. We have a different perspective on this, Mr. Speaker.

I would ask that the Clerk please call LCO 8516

and I be allowed leave to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8516, which will be designated House Amendment Schedule "H."

THE CLERK:

LCO Number 8516, House "H," offered by
Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Alberts, please proceed with summarization, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

Essentially this amendment that is before us does several things. It eliminates an increase in the sales tax. It transfers all funds to -- from the Citizens Election Fund to the general fund. It eliminates the Citizens Election Fund administration account. It does eliminate the creation of the earned income tax credit. It does add three positions in the Department of Criminal Justice to

serve in the Medicaid fraud unit and it reduces Medicaid expense by \$20 million.

Mr. Speaker, I move adoption of the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "H."

Will you remark further on the amendment, sir?

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

Essentially what we're looking to do here is to have shared sacrifice, Mr. Speaker. The Citizens Election fund right now is, I believe, a luxury that can't afford. What we would do is reap savings from the elimination of that account.

In the fiscal note that we have here we will actually have general fund savings of slightly more than \$14 million in fiscal year '12 and just under \$14 million in fiscal year '13.

Mr. Speaker, I do ask that when the vote be taken, it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

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

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

518
June 6, 2011

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ARESIMOWICZ:

The requisite 20 percent has been met and when the vote is taken, it would be taken by roll.

Will you remark further on the amendment before us?

Representative Widlitz of the 98th, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I urge rejection of the amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment? If not, 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, voting House Amendment Schedule "H."

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the

members voted? Will the members please check the board to determine if their vote has been properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "H."

Total number voting 145

Necessary for adoption 73

Those voting Yea 52

Those voting Nay 93

Those absent and not voting 6

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected, Representative Klarides of the 114th you have the floor, madam.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Mr. Speaker, the Clerk is in possession of LCO 8490. I ask that he please call and I be allowed to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8490, which will be designated House Amendment Schedule "I."

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

520
June 6, 2011

THE CLERK:

LCO Number 8490, House "I," offered by
Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Klarides, you have the floor, madam.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Mr. Speaker, what this amendment does is it maintains the sales tax exemption for clothing and footwear under \$50, transfers all the Citizens Election Fund funds to the general fund, eliminates the Citizens Election Fund administration account and eliminates the creation of the earned income tax credit.

Mr. Speaker, I move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "I."

Will you remark further on the amendment, madam?

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Basically we have stood here all session talking about the dire financial straits the State is in and we have spoken time and time again on how the people who need our help the most are people who have been hurt the most.

Mr. Speaker, the maintaining of the sales tax exemption for clothing and footwear under \$50 is used by people who really need that exemption. The Citizens Elections Fund, as has been spoken about time and time again, is something that in these economic times we simply cannot afford. We cannot afford taxpayer funds and taxpayer funding our elections.

In addition, Mr. Speaker, the elimination of the earned income tax credit is something that, as we've spoken about, would be done in a way that no other state in the United States of America has done.

Mr. Speaker, I ask that when this vote be taken, it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

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

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

522
June 6, 2011

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ARESIMOWICZ:

The requisite 20 percent has been met and when the vote is taken it will be taken by roll.

Will you remark further on the amendment before us? Will you remark further on the amendment before us? If not, 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 House Amendment Schedule "I" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Will the members please check the board to ensure that their vote has been properly cast. If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

House Amendment Schedule "I."

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

523
June 6, 2011

Total number voting	146
Necessary for adoption	74
Those voting Yea	51
Those voting Nay	95
Those absent and not voting	5

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Representative Rowe of the 123rd, you have the floor, sir.

REP. ROWE (123rd):

Thank you. Good evening, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Good evening, sir.

REP. ROWE (123rd):

If I could ask a quick question to the chairman of the Appropriations, please.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker, please prepare yourself.

Representative Rowe, please proceed, sir.

REP. ROWE (123rd):

Thank you.

And it has to do with Section 162, which is the commissioner of Economic and Community Development. More specifically -- speak slowly while you get

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

524
June 6, 2011

ready -- but it has to do with Subparagraph C, which is line 7168. And it talks about how the commissioner is going to prescribe the manner in which an entity submits an application for a grant awarded pursuant to the section mentioned earlier, provided such application procedure includes a request for proposal or a competitive award process.

Does the gentlelady see that part?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I do. Could you give me the -- could the gentleman please identify the lines for me, please.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

Thank you.

It begins on 7168.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Yes.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

525
June 6, 2011

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

Okay. Thank you. And I hoping you could just explain to me either what that paragraph accomplishes -- well, I guess that would be one question. And the second one, if you care to answer as well at the same time is, is this new language, is this new procedure that we're asking the commissioner to engage in?

Through you, please.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is correct. I thank the gentleman for the question. This is a -- yes. This is a new procedure.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

Thank you.

Do you -- is the gentelady aware of the

reasoning behind why we wanted to go with this, with this new procedure?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, to the gentleman with the -- proposing the question.

I'm not sure which manner, except for the fact that people are going to submit an application for a grant under DEC -- under Department of Economic Development. And I'm not -- community development -- I'm not exactly sure if they're going to do a request for proposal and then a competitive grant awarded. So I'm not exactly sure. That is not unusual for DECD to propose something like that.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

Okay. I thank the gentlelady for her answer and I'll leave it at that. I appreciate it.

No more questions, unless you want me to ask you some. No? Okay.

However, the Clerk is in, surprisingly in possession of an amendment, which is LCO 8555. I would ask that he call that amendment and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 8555, which will be designated House Amendment Schedule "J."

THE CLERK:

LCO Number 8555, House "J," offered by Representative Cafero Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. If there objection to summarization? Is there objection to summarization? Hearing none, Representative Rowe, please proceed with summarization, sir.

REP. ROWE (123rd):

Thank you, Mr. Speaker.

This proposed amendment would do three things essentially. The first of which would be to essentially balance the retiree health care account, which OFA has indicated will be in surplus. It will be by \$38 million in fiscal year ending '12 and

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

528
June 6, 2011

36 million in fiscal year ending in '13.

It would also eliminate the Citizens Elections Fund and perhaps best of all, it would eliminate the business entity tax.

And I would I move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "J."

Will you remark further on the amendment, sir?

REP. ROWE (123rd):

Thank you.

Briefly, these are three good ideas all wrapped into one amendment. Eliminating the business entity tax is -- may seem like a modest step, but it would provide some real relief and incentive to folks out there that are -- of course, we give lip service to small business being the backbone of our economic engine and yet we hit them with the tax every year, every year, every year.

This would eliminate that and would move economic -- would help Connecticut be true to its new promise that we're open for business. There's not much evidence that we're open for business except for the assertion that we're open for business. This

would at least put some meat on the bones of that.

If will also balance the retiree health care account. We need not fund it as we have -- as fully as we have so we will achieve savings there.

And lastly, as has been pointed out, the Citizens Elections Fund, someone said that in these economic times we can't afford it. I would opine that in any economic times taxpayer funds should not be used to assist us in our election or reelection efforts.

So I encourage both sides to support this and then maybe we can move along and get on with the rest of the two days before us.

Thank you, Mr. Speaker.

A VOICE:

(Inaudible.)

REP. ROWE (123rd):

Yes. I do. And thank you for asking. I'd ask that when the vote be taken, it be taken by roll.

SPEAKER DONOVAN:

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

REPRESENTATIVES:

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

530
June 6, 2011

Aye.

DEPUTY SPEAKER ARESIMOWICZ:

The requisite 20 percent has been met and when the vote is taken it will be taken by roll.

Will you remark?

REP. ROWE (123rd):

Mr. Speaker, I'm sorry.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

The one final comment would be that, there was a baseball reference made a couple days ago and this would be such a boom to the State -- would be like a booming Dave Winfield home run.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

I'm not sure on the analogy, but thank you very much, sir.

Representative Walker of the 93rd, you have the floor, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

I appreciate the gentleman from Trumbull's amendment, but I encourage my colleagues to reject

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

531
June 6, 2011

this amendment.

And thank you for asking him about a roll call
vote.

DEPUTY SPEAKER ARESIMOWICZ:

I think you're quite welcome, madam.

Representative Sampson of the 80th, you have the
floor, sir.

REP. SAMPSON (80th):

Good evening, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Good evening, sir.

REP. SAMPSON (80th):

It sounds to me like my colleague to my left has
a pretty good amendment here, but I'd like to ask a
couple of questions, through you, Mr. Speaker to the
proponent of this amendment, if I could.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe, I know he's right next to
you, but please prepare yourself, sir.

Please proceed, Representative Sampson.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

I have just a couple of brief questions. I'm
wondering, Representative Rowe, if you could share

with us any idea you might have about -- just about how much money the Citizens Elections Fund gives to the election of state representatives, state senators and so on.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

Through you.

I guess I should use my microphone even though he can probably hear me.

Yet the state representatives, as many know in this Chamber, I think they are entitled to a little over \$30,000 after the recent COLA adjustment. The State senators are entitled to a little over a hundred thousand dollars. Constitutional officers are in the hundreds of thousands of dollars. And (inaudible) a savings of \$18 million annually. So this is real money.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Sampson.

REP. SAMPSON (80th):

Thanks to the gentleman for his answer.

And another question. The way I understand it,

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

533
June 6, 2011

Representative Rowe, through you, Mr. Speaker, you can be -- receive these Citizens Election Fund monies even if you are running your campaign unopposed. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Rowe.

REP. ROWE (123rd):

Thank you.

Yes. You know, that's actually been one of the -- my pet peeves about this, is (inaudible) that unopposed candidates get thousands of dollars every cycle from the taxpayer. Unopposed candidates get taxpayer dollars to run their campaigns.

There was an amendment last year to strip that out and that didn't pass, but I think if you asked the average man on the street, they would say that's absurd particularly given this, the economic condition we are in. So you're correct.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

While the two gentlemen could probably point to answers on a piece of paper, it is getting a little out of inhere. So please keep the noise down so we

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

534
June 6, 2011

can hear them converse.

Representative Sampson, please proceed, sir.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

And thank you to the gentleman to my left for his very thorough and well thought out responses to my questions.

I rise in support of this amendment. I think, as simply put as I can say, it's a no-brainer. As my colleague mentioned, it does three very, very simple, but very, very good things. It makes use of a surplus to offset, you know, a hardship to taxpayers might face. It eliminates the business entity tax which would show that we are actually attempting to be open for business. And finally, it eliminates the ridiculous practice of having our citizens fund our political election campaigns.

I daresay that if I walked up to anyone in my district they would probably, if given a choice of getting rid of the Citizens Election Campaign Fund or -- and with that, also getting rid of the business entity tax, they would probably jump at the opportunity.

And as a result, I am very much in support and

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

535
June 6, 2011

in favor of this amendment, Mr. Speaker. And I urge my colleagues to vote the same.

Thanks very much.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much for your questions and comments, sir.

Will you remark further on the amendment? Will you remark further on the amendment? If not, staff and guests please come to the well of the House. Members take your seat. 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 "J" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Will the members please check the board to ensure your vote has been properly cast. If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "J."

Total number voting 145

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

536
June 6, 2011

Necessary for adoption	73
Those voting Yea	51
Those voting Nay	94
Those absent and not voting	6

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Representative Hoydick of the 120th, you have the floor, madam.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

The Clerk is in possession of LCO 8505 and I would ask it to be called and I'm allowed to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8505, which will be designated House Amendment Schedule "K."

THE CLERK:

LCO Number 8505, House "K," offered by Representatives Cafero, Klarides and Candelora.

DEPUTY SPEAKER ARESIMOWICZ:

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

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

537
June 6, 2011

Hearing none, Representative Hoydick, you have the floor, madam.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

The members of this Chamber have recognized how important manufacturing is to our economy and in the ways of bills passed of Commerce we've supported the Manufacturing Investment Act. We've also restored the MME to our towns and municipalities.

And what this amendment does is it eliminates the establishment of a tax on electric generation from natural gas, coal, oil and nuclear facilities. It eliminates the creation on the EITC.

I would move for adoption, roll call vote and ask my colleagues to support this amendment.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "K." Will you remark on the amendment? Madam, you asked for it roll call vote, so the question before the Chamber is now on a roll call vote. All those in favor of a roll call vote please signify it by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ARESIMOWICZ:

Those opposed -- no. The requisite 20 percent has been met and when the vote is taken it will be taken by roll.

Will you remark further on the amendment?

Representative Greene of the 105th, you have the floor, sir.

REP. GREENE (105th):

Thank you, Mr. Speaker.

I rise in support of this amendment. As we all know, each of our constituents has probably contacted us and said that their rates are too high. And right now this amendment will give them some limited, but never the less, very necessary relief and therefore I rise in support of the amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Williams of the 68th, you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker and good evening.

Just briefly in support of the amendment. You know, we have talked for so many years about how Connecticut has the highest electricity rates in the

continental United States or amongst the highest electricity rates in the continental United States.

This, in my opinion, was an ill-conceived proposal. It is a proposal that for so many will be so detrimental in terms of raising electricity rates. And frankly the impact that it will have on the volatility of Connecticut and New England's electricity markets -- is so fragile. It's unbelievable and it's something that we should be very cautious of as we move forward in terms of passing new taxes on electricity bills.

You know, we just talked about how we were eliminating the competitive transition assessment extension and so -- and here we are with the opportunity to do that again, and I would urge adoption.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment?

Representative Roy of the 119th, you have the floor.

Representative Widlitz of the 98th, you have the floor.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

This amendment also eliminates the earned income tax credit. I urge rejection.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment? Will you remark further on the amendment? If not, 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 House Amendment Schedule "K" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Members, please check the board to determine if their vote has been properly cast. If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk will please announce the tally.

THE CLERK:

House Amendment Schedule "K."

Total number voting 145

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

541
June 6, 2011

Necessary for adoption	73
Those voting Yea	56
Those voting Nay	99
Those absent and not voting	6

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative Carter of the 2nd District, you
have the floor, sir.

REP. CARTER (2nd):

Thank you, Mr. Speaker. Good evening.

DEPUTY SPEAKER ARESIMOWICZ:

Good evening, sir.

REP. CARTER (2nd):

Mr. Speaker, the Clerk has an amendment. It is
LCO Number 8562. Would you please ask the Clerk to
call it and I be allowed to summarize?

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8562,
which will be designated House Amendment Schedule
"L."

THE CLERK:

LCO Number 8562, House "L," offered by
Representative Carter.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Carter please proceed with summarization, sir.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

This amendment, LCO 8562 removes the private donations from any costs or calculation for prevailing wage.

Mr. Speaker, I move adoption of the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "L." Will you remark further on the amendment, sir?

REP. CARTER (2nd):

Yes, Mr. Speaker. I ask that when the amendment is voted on, it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

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.

DEPUTY SPEAKER ARESIMOWICZ:

The requisite 20 percent has been met and when the vote is taken it will be taken by roll.

Please proceed, sir.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

I mean, I think every one of us in our district has had an incident where we've really tried very hard in our community to raise money for something that was very important. It happened in Bethel recently. We had a large project redoing the track looking for lighting and we had a large donor.

Well, the nice thing was we had a large donor, but unfortunately it's never enough to cover the cost of the whole project, especially when you figure in prevailing wage. And I realize prevailing wage standards are important, but I'm looking to look at another project here very soon in Redding, Connecticut, which has had a similar thing kind of happening. We've got a large donor who's willing to put forth some money, but now we've got to raise an extra \$500,000 because of the prevailing wage calculation.

Now what this does is this takes the private donations and just removes them from the prevailing wage calculation. Now the good thing about it, it still preserves the current prevailing wage limits so only in this instance will you have somebody giving large donations where it becomes very effective to use something like this.

Incidentally, if you look at the fiscal note associated with this amendment it actually saves the State money. So here we have an idea -- it's never been looked at quite like this to the best of my knowledge. We've looked at prevailing wage everywhere from sideways, but I don't think anybody has ever looked at private donations in that calculation.

So here we have an opportunity that encourages donation, it encourages job growth in the municipalities and it saves the State money. So with that, I encourage everybody in the Chamber to take an honest look at this amendment. I think it's something that we can all take home to our district. It doesn't affect the current prevailing wage calculation for other things, just when there's a huge private donation involved.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

545
June 6, 2011

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on House Amendment
Schedule "L?"

Representative Piscopo of the 76th, you have the
floor, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

In favor of the amendment. This is a great
idea. You know, every year I'll put in four or five
prevailing wage bills in and I've never thought of
this one. This is just a great idea, especially in
these times.

This would exempt private donation. I mean,
we -- Thomaston, we're trying to get a track put in,
you know, and we're going after corporate donations.
We're going after everybody we can because up here
we're kind of tightening up on our bond requests.
And if we could get some private donations in maybe
we will come in under the prevailing wage on a
project.

So this is just a great idea. I hope my
colleagues can see fit to just vote for this one
idea.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

546
June 6, 2011

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz of the 98th, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I urge rejection of the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment? Will you remark further on the amendment? If not, will 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 House Amendment Schedule "L" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Will the members please check the board to determine if their vote has been properly cast. If all the members have voted the machine will be locked. The Clerk will take a tally. The Clerk

will please announce the tally.

THE CLERK:

On House Amendment Schedule "L."

Total number voting 145

Necessary for adoption 73

Those voting Yea 52

Those voting Nay 93

Those absent and not voting 6

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative Williams of the 68th, you have
the floor, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

The Clerk is in possession of LCO 8558. I would
ask that he call it and I be allowed to summarize.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 8558,
which will be designated House Amendment Schedule
"M."

THE CLERK:

LCO Number 8558, House "M," offered by
Representatives Cafero, Klarides and Candelora.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

548
June 6, 2011

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection to summarization? Hearing none, Representative Williams, please proceed with summarization, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

The amendment that's before us does a variety of things. It reduces a variety of taxes and it also changes many of our appropriation levels in this, in the underlying bill. Specifically with regard to the tax side of the equation, it restores the maximum property tax credit to \$500. It restores the exemption on remote sellers, removes the 7 percent sales tax rate for luxury items, eliminates the diesel fuel tax increase and it eliminates additional electrical generation taxes.

There will be a variety of other things discussed, you know, later by Representative Miner and others, but I would move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "M."

Will you remark further on the amendment, sir?

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Ladies and gentlemen, you know, the implementers as we've heard for so long are really the meat to the bones of the budget. The budget is just a bunch of numbers that we pass and of course we happen to have a very lengthy debate about those numbers, but this is really the meat. This is, how do we implement those numbers? And so by adopting the implementer you are therefore saying, I agree with the budget that we adopted many moons ago.

And so what this adjustment seeks to do is to provide some relief in a variety of ways that were -- that we saw in previous amendments, but also previous amendments on the budget. What we're looking to do here is to provide some relief and look at Connecticut as a business friendly state.

You know, we keep hearing over and over and over and over again about jobs are the number one priority and we came here to deal with jobs, jobs, jobs, jobs, jobs. We hear it all the time. And you know what? It almost becomes, like, one of those, you know, lies that we all keep telling each other. Jobs are the

most important thing. And yet, we do things that are not pro jobs and not pro-business.

We have passed the largest tax increase in the State of Connecticut's history. We have passed a variety of antibusiness mandates.

What we can do here tonight is adopt an amendment that provides some relief and provides some sense of a signal to the business committee that Connecticut is truly open for business.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on the amendment?

Representative Miner of the 66th, you have the floor, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, I would ask that when the vote be taken, it be taken by roll call.

DEPUTY SPEAKER ARESIMOWICZ:

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.

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

551
June 6, 2011

DEPUTY SPEAKER ARESIMOWICZ:

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

Would you remark further?

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, what this amendment does is it closes the gap between the budget that was previously passed, the SEBAC agreement which anticipates \$1.6 billion in savings.

In the first year of the budget, Mr. Speaker, the budget has a \$153 million surplus and the second year of the budget has a \$580 million surplus. The budget does make a series of changes in spending: the reduction of about 1200 managers in the first year of the biennium, 1320 in the second year, both having a savings of 120 million in the first, 132 in the second, elimination of drivers for constitutional officers, salary reductions for UConn security officers, elimination of longevity payments, reduction in the campaign grants by half, capping the contributions for part B premiums, and transferring 500 prisoners.

Mr. Speaker, what this does, as I said, it fills the gap between that \$1.6 billion in the current budget has been approved by the House and the Senate. And I think that's it.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on the amendment?

Representative Walker of the 93rd, you have the floor, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, I urge my colleagues to reject the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, madam.

Representative Candelora of the 86th, you have the floor, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise to in support of this amendment. One of the concerns that I've certainly had is when we saw the original budget proposed back in April. There was discussion that we would have

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

553
June 6, 2011

our surplus and that surplus would be used to address our unfunded liabilities.

And what we're seeing now with the underlying bill being proposed, we're not actually going to use that surplus to go toward our unfunded liabilities, which are in the billions. Rather, we're very quickly going to be grabbing that surplus to pay for additional government programs when we're faced with a situation of a budget shortfall. And that certainly is just business as usual. We're taking the easy way out again and we continue to make these decisions that put us in a worse position.

And so I support this amendment because it at least seeks to make the necessary adjustments to address the shortfall with the negotiated SEBAC agreement. And so I would urge my colleagues to support it.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Would you remark further on the amendment?

Representative Davis of the 57th, you have the floor, sir.

REP. DAVIS (117th):

Thank you, Mr. Speaker.

I rise in support of this amendment. It does a lot of good things. It does a lot of things that our constituents have asked for, many times through our town hall meetings that we've all held. We're looking to restore the \$500 tax credit on property taxes. It's needed. People want it. They want that extra \$200. They need it at this time when many families are facing hardship.

We're looking to eliminate the diesel fuel tax. You know, not only do businesses use diesel in their own vehicles, but many private individuals use it as well and it's an opportunity for them to lower their costs during this hard time, economic times. We need this. This should pass.

We're also looking to eliminate the earned income tax credit. By doing that we're saying, you know, it would be a great idea, but now is not the time. The earned income tax credit, if you make minimum wage, you work 40 hours a week, you work every week of the year, you do not even qualify for the earned income tax credit as an individual. It's wrong. It doesn't make sense and it spends a lot of money at a time that we should be saving money here for the State of Connecticut.

So Mr. Speaker, I rise in support of this amendment and ask my colleagues to support it as well.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on the amendment? Will you remark further on the amendment? If not, will 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 House Amendment Schedule "M" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? If all the members -- the members, please check the board to ensure your vote has been properly cast. And if all the members have voted the machine will be locked and the Clerk will take a tally. The Clerk will announce the tally.

THE CLERK:

On House Amendment Schedule "M."

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

556
June 6, 2011

Total number voting	144
Necessary for adoption	73
Those voting Yea	54
Those voting Nay	90
Those absent and not voting	7

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Representative Gonzalez of the 3rd District, you have the floor, madam.

Someone please push off her button.

Representative Tercyak of the 26th District, you have the floor, sir.

REP. TERCYAK (26th):

Thank you very much.

I have a question, through you, sir, about for -- actually two questions to help establish legislative intent.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker, please prepare yourself.

Representative Tercyak, please proceed.

REP. TERCYAK (26th):

Thank you, Mr. Speaker.

Through you, to Representative Walker, when we say, filed with the Clerks of the Senate and House of

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

557
June 6, 2011

Representatives, we mean file them to the current language of 5-278 of the general statutes.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That is correct.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Tercyak.

REP. TERCYAK (26th):

Thank you very much, Mr. Speaker.

And through you, so this agreement is going to be treated just like any other agreement under 5-278. All the normal rules apply. It's just that we're not going to wait until the 2012 legislative session to approve this contract.

It needs to go into effect right away, so it's going to go into effect right away unless we call ourselves into special session to consider it. Is that true, for legislative intent?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

That's right. If we approve the agreement, whether by calling a special session or not, it's going to have the same force and effect as other collective bargaining agreements under 5-278 and the rest of the general statutes.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, madam.

Will you remark further on the bill as amended?

Will you remark further on the bill as amended?

The distinguished Minority Leader Representative Cafero of the 142nd, you have the floor, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Mr. Speaker, for purposes of wrap up. Ladies and gentlemen, we started this debate on probably the biggest implementer of this year about six or seven, whatever, hours ago. And we learned a lot about it. Many of us did not know much about it because it was a very large bill, 277 pages, 175 sections.

And the cornerstone of this bill is balancing our budget. It's called the budget implementer for that reason. And the cornerstone of it is the SEBAC

agreement, \$1.6 billion. An agreement that is yet to be ratified by the unions, an agreement that is yet to be ratified by this Chamber and unfortunately, ladies and gentlemen, an agreement that to this moment we do not understand.

We do not know if it's \$1.6 billion. Yes, we can hear various people from the administration tell us that we had actuaries check it out. Trust us. Well, unfortunately that's not the way this place works. You see, this legislation -- this Legislature takes very seriously that we are a separate and equal branch of government. And several years ago we established the Office of Fiscal Analysis, because up until that point we were at the mercy of Office of Policy and Management, an arm of the Governor's office.

Being a part-time Legislature we couldn't check in to what things cost and price them out, et cetera, to make sure that we were doing the right thing. So we have and rely on the Office of Fiscal Analysis. It is our answer to OPM, so much so that we as a Legislature have passed legislation that says when we estimate the revenues to balance our budget, those revenues must come from a consensus between the

Office of Fiscal Analysis and the Office of Policy and Management.

So on this very important bill, a bill which has \$1.6 billion towards balancing our budget, we gave all the information we could get from the administration to the Office of Fiscal Analysis and said, listen, it's important that we know whether it adds up to \$1.6 billion. It's important that we know that.

And they said, sorry. We don't have enough information. We can't verify. In fact, about \$600 million of it we can't even verify. And yet, we're taking it on faith. We're taking it on faith that it's there and we're using it to balance our budget. And by the way, we as a General Assembly are not, based on this bill, are not coming back into affirmatively ratify the SEBAC agreement after it's ratified by their respective unions. We're abdicating our responsibility.

This multipage document also includes the rest of the monies to balance the budget, \$400 million. \$400 million that we were told if we can't get it out of union concessions we're going to cut spending and it didn't happen. 320 million of it came out of a

surplus that we were told doesn't exist, but that's where we got it, because we wanted to take the easy way out.

As a matter of fact, with the paltry spending cuts that are in this budget -- if you want to call them that -- all lumped in, the bottom line is we still spend almost \$1 billion more in this biennium than we did last year. We increased spending. So think back to that shared sacrifice we heard so much about. It was supposed to be a three-pronged cherry, that we were going to downsize government by cutting programs. What we found out is we actually increased them, increased government spending by almost \$1 billion over two years.

We were going to ask the unions to give up some of what they had, and as it turns out even the government -- Governor would acknowledge he only got 80 percent of what he wanted. And upon closer scrutiny, it looks like he might have gotten less than 50 percent of what he wanted. And we paid a heavy price for it. No layoffs for four years, an extension of our health and pension plan; tying our hands to consolidate, move around, downsize, privatize, do business differently. We can't do it

anymore, or if we do it we got to still keep the same amount of employees we had, because there's no layoffs, no matter what, for four years.

We could have an economic tsunami or a real tsunami, whatever it is there will not be one person that can be laid off. Nobody wants to see anyone lose their job, but can we in this economy -- the Dow I think just lost 600 points today -- in this shaky economy, can we afford to tie our hands for four years? I don't think so.

There's other little things that are throughout this bill, some contradictions, if you will. On the one and we, as a State, say that we will make good on our pension obligations, and yet that we specifically authorize the City of Bridgeport, our largest city, and tell them, you don't have to make good on your pension obligations.

So between using surplus to make up the difference, the surplus we were told would not be used for that purpose, but would be used to pay for long-term debt, between abdicating our responsibility as a Legislature by not voting or possibly not voting on the union concession deal.

By not knowing even, and having the way for our

tmj/jr/rgd/gbr
HOUSE OF REPRESENTATIVES

563
June 6, 2011

own Office of Fiscal Analysis to verify that the union concessions deal actually saves \$1.6 billion, by authorizing our largest city -- you don't have to pay your pension obligations. That's what we're doing in 277 pages. It's dangerous. It's wrong. It's business as usual.

Thank you, Mr. Speaker.

(Speaker Donovan and the Chair.)

SPEAKER DONOVAN:

Thank you, Representative.

Representative Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Mr. Speaker, I'd urge the House to not take their eye off the ball. This is the last implementer of a budget that has really been developed, passed, debated, processed faster and in more complete -- it is more complete during our regular session than anyone I think in this Chamber can remember, with perhaps a few exceptions. We have a budget. We have all of our implementers that are going to be completed before the end of session. In my years in

this Legislature that's never happened.

There are things about this that are also historic in that we are asking for significant concessions from our labor friends in the context of an economic tsunami that has already hit us. We are addressing that problem. We are implementing, in this budget, programs that will help us get out of this situation and we've moved it in record time. I think that's what the people of Connecticut want us to do.

When we are done with this and the Senate passes it, we will have been -- we will have completed, in essence, the fundamental function that we have to carry out as a General Assembly for the people of Connecticut.

Now the specifics that the Minority Leader speaks to, we -- with regard to the SEBAC agreement, this is the responsible thing to do. We understand the timing and the sequencing of the labor negotiations and the ratification process. It would be irresponsible for us to not adopt a budget and basically signal to our friends in labor that we don't have a budget. We don't have anything that really will require them and urge them to adopt the

agreement that has been negotiated by the Governor with them.

This budget, this implementer provides the framework for ratification that I think we all, here in this Chamber, I believe, want to see happen so that we can complete our job for the people of Connecticut.

I won't take the time tonight to go into all the details and responses to all of the issues that were raised tonight during the course of this debate, but I think this is an historic night. I think this is a good thing. I think this implementer represents to the people what they want us to do. They want us to get their business done and we are doing that tonight with this vote.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

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 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 your vote has been properly cast. If all the members have voted the machine will be locked. The Clerk will please take a tally. The Clerk, please announce the tally.

THE CLERK:

House Bill 6652 as amended by House "A."

Total number voting	146
Necessary for adoption	74
Those voting Yea	83
Those voting Nay	63
Those absent and not voting	5

SPEAKER DONOVAN:

Representative Boukus.

REP. BOUKUS (22nd):

Well, Mr. Speaker, after six and a half hours I guess I was a little late on the vote. I would have voted in the affirmative, sir.

SPEAKER DONOVAN:

The transcript will so note.

Thank you, Representative.

REP. BOUKUS (22nd):

Well, thank you, sir.

SPEAKER DONOVAN:

The bill as amended is passed.

Are there any announcements or introductions?

Any announcements or introductions? Representative
Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Good morning.

SPEAKER DONOVAN:

Good morning, sir.

REP. PISCOPO (76th):

For a journal nomination.

SPEAKER DONOVAN:

Please proceed.

REP. PISCOPO (76th):

Would the journal please note that
Representative Guiliano missed votes, business in the
district; Representative Hetherington missed votes
due to illness; Representative Noujaim missed votes
due to illness in the family.

Will the transcript please note that
Representatives Camillo and Hwang missed votes. They
were outside the Chamber on legislative business.

**CONNECTICUT
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**PROCEEDINGS
2011**

**VOL. 54
PART 19
5861 - 6210**

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GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2011**

**VOL. 54
PART 20
6211 - 6545**

mhr/cd/gbr
SENATE

10
June 7, 2011

Mr. President, calling from Senate Agenda Number One, for Tuesday, June 7, 2011, Emergency Certified Bill, House Bill Number 6652, AN ACT IMPLEMENTING THE REVENUE ITEMS IN THE BUDGET AND MAKING BUDGET ADJUSTMENTS, DEFICIENCY APPROPRIATIONS, CERTAIN REVISIONS TO BILLS OF THE CURRENT SESSION, AND MISCELLANEOUS CHANGES TO THE GENERAL STATUTES, as amended by House Amendment Schedule "A," LCO Number 8487, introduced by Representative Donovan, of the 84th, and Senator Williams, of the 29th.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

I move the Emergency Certified Bill.

THE CHAIR:

On -- on acceptance and passage, will you remark?

SENATOR DAILY:

Yes. This is the bill that implements the finance package that we did before and some appropriations measures as well. It establishes the Regional Performance Grants, Municipal Revenue

mhr/cd/gbr
SENATE

11
June 7, 2011

Sharing Grants, makes changes needed to the Economic Recovery Bond language, since we're not doing the bonding that we had thought we had to do. It repeals the cabaret tax that none of us seem to have noticed in the tax package, but certainly was noticed in the House, clarifies that resource recovery facilities are not subjected to sales tax.

There is a slight revision to the cigar tax; cigar tax is still in place but revised. It clarifies that nonemergency transportation and Dial-A-Ride are not subject to livery tax; repeal of the -- there are many sections that deal with the repeal of the Transportation Strategy Board, and various DRS clarifications.

And there's a revision to the Bridgeport Pension Plan. As I think we're all aware, Bridgeport is just about out of money, so it's revised so that their obligations are amortized over a longer period of time.

THE CHAIR:

Thank you, Senator.

Will you remark further on the Emergency Certified Bill?

mhr/cd/gbr
SENATE

12
June 7, 2011

If not -- no. Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President.

I didn't know whether Senator Daily was intending to yield to Senator Harp, but I'm guessing that that's not the case. Oh, that is the case.

Well, in that case, may I yield to Senator Harp, Mr. President?

THE CHAIR:

Senator Harp, will you accept the yield?

SENATOR HARP:

Thank you, very much, Mr. President.

I just wanted to add that this bill includes the deficiency appropriation for Fiscal Year 2011. The bill makes changes to Public Act 11-6, in the General Fund, the Transportation Fund and the Public Utility Fund, and it contains SEBAC changes and other adjustments.

The growth rate for all appropriated funds is for Fiscal Year -- for Fiscal Year '12. Going into Fiscal Year '12 is 4.46 percent, and 1.29 percent for Fiscal Year '13. The budget is \$1 million under the spending cap, in Fiscal Year '12, and \$278.4 million under the spending cap, in Fiscal Year '13.

mhr/cd/gbr
SENATE

13
June 7, 2011

It makes a number of other changes that implement the budget; urge adoption.

THE CHAIR:

Thank you, Senator.

Senator Roraback, you still have the floor. We -- relinquishing the floor?

SENATOR RORABACK:

Thank you, Mr. President.

At this point, I would like to yield to Senator Kane.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President, I do accept the yield.

Through you, Mr. President, I have some questions to Senator Harp on the appropriations side of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Mr. President.

Senator Harp, we have taken up a few budget implementers over the last week or two or so or

mhr/cd/gbr
SENATE

14
June 7, 2011

thereabouts. If you could just explain to me and --
and maybe the people at home, watching possibly on
-- on CT-N, the implementation process.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Mr. President. Basically, the
budget is a series of numbers that reflect policy
decisions that -- that we have made in setting up
those numbers. And so the implementation language,
by and large, is sort of like -- the budget is, if
you would think about it, the ingredients for the
recipe for the state. So it would be the
ingredients, the numbers. The implementation
language is basically the wording of the recipe that
tells you how to put those ingredients together.
And so, by and large, the implementation language
tells us how to spend those dollars.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

mhr/cd/gbr
SENATE

15
June 7, 2011

Thank you, Mr. President.

And through you, to Senator Harp. To use your analogy, does the recipe change?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President. Sometimes, based upon discussions with those, you might want to add a little spice, just to -- to use an analogy.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

Sometimes you may want to take some out.

And the reason I asked that question -- and we'll get away from the cooking because I don't know if have -- however many of us had lunch yet, and I'm kind of hungry, myself -- but the reason I asked that question is because we've had, as I said, two or three implementers, and we have added additional

mhr/cd/gbr
SENATE

16
June 7, 2011

spending in some of those implementers. So that's why I'm hoping you can explain.

And I understand the -- the process, and I appreciate your answer, but we, through our committees, the Appropriations and Finance Committees, voted on a budget a few weeks back, if not a month ago or so -- the time line seems to get so fuzzy -- but the budget was done, if you will, and now we continue to make changes to the spending side of the budget. So is the budget then a moving target?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

Through you, I think that some things occurred, between the time that we passed the budget. Some things were clarified. We discovered that some things may have cost money, and there may have been some misunderstandings. And so, as a result, what we have before us today does reflect some changes.

And so I think that because we've been here and we've discovered where some of these issues were and

mhr/cd/gbr
SENATE

17
June 7, 2011

we had the resources to do so, we endeavored to actually fix those things and have them reflected in this document.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And through you, to Senator Harp, when you say "things occurred," what type of things occur?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

I think the biggest change that you see in this budget, in terms of an expenditure, one of the things that -- that is the dollars that we put in for the hospital tax. It's about \$39.4 million, in Fiscal Year '12, and 36-point -- \$36 million, in Fiscal Year '13. When we passed the budget, we were not certain about the runs and what kinds of things would be in and would be out and how much it would cost to actually come up with something that is favorable to all hospitals.

mhr/cd/gbr
SENATE

18
June 7, 2011

And I believe that when we debated this the last time, I indicated that we had submitted the run that was given by the Connecticut Hospital Association to Washington to see if it would be passed by the Center for Medicare and Medicare Services. And that was actually something that they thought they would approve of, and it just cost us a little bit more. And since it brought us to consensus on the hospital tax, this particular budget actually adds those dollars to do that.

Through you --

THE CHAIR:

Senator Kane.

SENATOR HARP:

-- Mr. President.

SENATOR KANE:

Thank you, Mr. President.

And I'm sure Senator Roraback will have questions in regard to the hospital tax, being the Ranking Republican member of the Finance Committee. In fact, I have a -- a question in regard to the hospital tax, but I'll hold that for -- for a couple moments.

mhr/cd/gbr
SENATE

19
June 7, 2011

But I guess my question in -- when we talk about things that occur during the implementation process or implementer process, are they policy changes that take place, through you, Mr. President, that would take effect after the budget has already been put in place?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

There are some policy changes in the budget that reflect bills that we expected to be passed, and that were not in the budget document, so that you will see in the some of the changes. And I think that I've said on the floor, as these bills have come up, that the budget adjustment would take care of the fiscal note that was in the bill.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

mhr/cd/gbr
SENATE

20
June 7, 2011

Through you, to Senator Harp, can -- can she give me an example or a couple of examples of those type of policy changes that you mention?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

As just a few hours ago we took up a bill that prevented the use of credit scores by certain employers, and there was a fiscal note of \$84,860. And Senator Prague indicated that this would be in the bill that follows, in an appropriation, and that that would take care of the fiscal note. And the bill that we have before us does just that, and that is an example of a policy change.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And through you, to Senator Harp, when you say the bill that's in front of us takes care of that, you are saying that we have an increase in spending?

mhr/cd/gbr
SENATE

21
June 7, 2011

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, there is an appropriation for the amount that reflects the fiscal note in the bill.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

So that proposal, the credit scores -- and I do remember debating with Senator Prague, last evening, that issue -- you're correct. And I -- I actually had some similar questions in regard to the fiscal note, let alone the actual policy of it.

But I guess my question to you is in regards to that policy, since we're -- we're talking about it, is this policy was not able to be implemented without or within available appropriations?

Through you.

THE CHAIR:

mhr/cd/gbr
SENATE

22
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you, very much.

The Office of Fiscal Analysis indicated that there would be a cost, and that's why the cost is represented in this budget adjustment.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And that cost is for?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

I believe it's for the cost of staff to, as I recall this, if -- if the credit scores are used and you complain about it to the Department of Labor, this amount pays for the staff for those complaints, so they can actually process those complaints.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

23
June 7, 2011

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And through you, to Senator Harp, what type of staff are we talking about in relation to this policy?

Through you.

THE CHAIR:

Senator Kane -- uh, Senator Harp. Sorry.
Senator Harp, (inaudible) time.

SENATOR HARP:

Oh, thank you, very much, Mr. -- Mr. President.

I believe that they would be professional staff that would have the ability to analyze the type of -- those types of complaints. I -- I don't know the exact job title.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And through you, to Senator Harp, I believe it was a special investigator and an attorney.

mhr/cd/gbr
SENATE

24
June 7, 2011

Through you, to Senator Harp, do we not have special investigators at Department of Labor currently that could handle this type of a policy change?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

My understanding was that we do currently, through you, Mr. President, have that staff, but their caseloads are high and that there was -- would be a new caseload that would be established. And that's the reason that they would need an individual or at least some FTEs to actually do that, to take into consideration the new caseload.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

What -- what's the reason for the increased caseload? I mean -- I mean, are we not going to

mhr/cd/gbr
SENATE

25
June 7, 2011

educate the business community or employers about
the new policy that we are structuring?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I believe that we are, but, you know,
oftentimes employers, either they weren't able to
learn about it or they inappropriately use -- will
use these credit scores. And this gives a remedy to
those who feel that they've been inappropriately,
that this, the credit scores have been used
inappropriately when considering them for
employment.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

Through you, to Senator Harp, will the
Department of Labor put this new policy up on their
web site? Will they send out a notice to employers?
Will they e-mail employers? Is it something that
will be put on forms? You know, because now that

mhr/cd/gbr
SENATE

26
June 7, 2011

we're talking about this issue, it -- it kind of intrigues me that we need increased manpower for the increased caseload. Well, I would imagine if we had a way to get to these employers and talk to them and explain to them this process, maybe we could decrease that caseload.

So do we have plans for putting this information on the department's web site? Is there another way for us to get in touch with these employers to let them know of this policy?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I believe that almost all employers, at least different types of employers are required to have information that they make available to employees around the services of the Department of Labor. And oftentimes, rather than reducing the number of complaints, it might, in fact, increase the number.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

27
June 7, 2011

Senator Kane.

SENATOR KANE:

I'm sorry, Mr. President. I didn't -- I didn't quite get that answer. Are you -- through you, to Senator Harp -- if you could just repeat that answer? I -- I think you said that educating the employers would increase caseload growth?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

It would. I think that you asked -- through you, Mr. President -- you asked about posters letting employees know, and I -- and I'm thinking about the poster that is at my job that gives me an indication of what my rights are.

You -- you indicated a web site, as well, which would not just notify the employers but the employees of what their rights are. And I'm thinking that the more information is out there, that there may, in fact, be not just the employers who may change their behavior, but for those employers who don't, employees who feel that they've

mhr/cd/gbr
SENATE

28
June 7, 2011

been victims of an unfair practice will, in fact, use the system more. So that I -- I -- I think that it could be the more that we expose the public to this, the more the Department of Labor is, one, going to get questions and perhaps have to do more investigations.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

So without putting words in the your mouth, Senator Harp, I -- this policy may be opening a can of worms in relation to it and may be something that can cause more trouble or I guess, you know, cause a situation where we don't have one currently. So that's -- that's kind of interesting.

I was hoping, though, that when we talk about these policy changes and -- and, I know. I think it was 84,000 in the first year and maybe 85,000 in the second year -- I apologize if my numbers aren't exactly correct -- but it was in many-80s was the -- the value of this in the -- in the implementer.

So I guess, from my side of the aisle and from our side of the aisle, we hope that when we

mhr/cd/gbr
SENATE

29
June 7, 2011

implement a policy like this, that we can do this within the available appropriations. I -- I would have to believe that we have a great number of staff currently that could handle these type of policy changes.

Are there any other policy changes that are -- and -- and, you know, I won't belabor this issue any longer -- are there any other policy changes in this implementer that we will see a greater increase in costs or greater increase in spending, a possibly greater number of employees we're going to be hiring? Is there -- there's more threshold-type of issues in -- in the implementer?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, one of the items -- I'm just going to run through a couple of them -- that was brought to our attention is the maintaining funding for separate guardian ad litem in child protection cases. We thought that if we eliminated the dollars, that there would be a savings. But

mhr/cd/gbr
SENATE

30
June 7, 2011

when we discussed this with the Public Defenders Commission, we learned that just by eliminating the guardian ad litem doesn't minimize the ability of a judge to appoint a guardian ad litem, and so that the reality is that you still need those resources because the judges still have the appointment authority. And that was a mistake that we made in the budget so that we -- we fix that mistake.

Another mistake that we made, and it was because we really didn't quite understand it in the Department of Children and Families' budget, in their board and care account for foster care, they had a program called "Differential Response," which is a program that we all supported. But it was -- we couldn't see it because it was in the board and -- and care account in foster care. We cut the foster care account and thereby cut the Differential Response program, which ultimately will save us money, we believe, in the long run. And so we put those dollars back as well. And so those are some of the things that we put back.

Through you, Mr. -- Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

31
June 7, 2011

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

And I -- I actually appreciated working with Senator Harp this session. I think we're starting to make a good team, because I -- I noticed that you just led me into my next question, and so we're working, feeding off one another, very well today.

The -- the Differential Response system, we did approve a bill in regard to that issue, just a week ago or so. And I believe Senator Musto brought it out. And it spoke about the fact that we will be using private, nonprofit providers for a lot of these services. And I -- I believe I had a conversation with DCF in regards to that as well.

In this \$4 million expenditure in the -- in the implementer, do you have any idea of how that breaks out; how much is done, whether it be in-house or administratively versus what we are going to put forth via contract, or what have you, to private, nonprofit providers for these services?

Through you.

THE CHAIR:

mhr/cd/gbr
SENATE

32
June 7, 2011

Senator Harp.

SENATOR HARP:

Through you, Mr. President, I've got to say that we made that decision a -- a -- shortly after we passed the budget, and I don't recall the breakout.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Okay. Thank you, Mr. President.

I appreciate that. But -- and I appreciate that answer. I do believe that, again, Senator Musto said that we were using a private -- nonprofit providers -- excuse me; tongue twister -- for a lot of these contractual services.

If I could go along with a few other of these that drew my attention in the OFA report. There's one reduction that I'd -- I'd like to ask about. I know that I typically ask about the increases in the spending, but I'll ask one about a reduction. And it is in DDS, and reducing funding for OE expenses at Southbury Training School. Can you speak to that? Through you, oh, Madam President.

mhr/cd/gbr
SENATE

33
June 7, 2011

(President in the Chair.)

SENATOR HARP:

Thank you, very much.

I think it probably -- it has to -- honestly, in all honesty, Madam President, I'm going to have to say that I -- I can't respond to that. I'm not altogether sure I know what that means.

THE CHAIR:

Senator Kane. Good afternoon, sir.

SENATOR KANE:

Good afternoon, Madam President. Nice to see you there.

I guess it -- it speaks to a decrease in natural -- natural gas usage at Southbury Training School. Does that have to do with their -- their own power plan? Does that have to do with reducing buildings? I'm just curious what the -- the savings were?

Through you.

SENATOR HARP:

Through you --

THE CHAIR:

mhr/cd/gbr
SENATE

34
June 7, 2011

Senator --

SENATOR HARP:

-- Madam President.

If it's natural gas, I could imagine it relates to their heating needs. And one of the things that we had asked the -- all of our facilities to do was to consolidate.

And, as you know, Southbury is a -- has a huge physical plant and a number of buildings, and yet their population is reducing over time. And I'm sure this relates to a physical consolidation.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I'll move along. I just -- it -- it is in my district and so I saw that and I wanted to make sure I asked the question in regards to it.

And underneath that is a reduced inmate medical services by a projected Fiscal Year '11 LAP for 2,500,000. Any information you could give me on that particular item?

Through you.

THE CHAIR:

mhr/cd/gbr
SENATE

35
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you, very much.

Yes, those, that reflects the fact that there -- we've closed a prison in the past month and there are fewer inmates. And as a result, there will be a less of a need for -- less of a need for -- for medical care.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And that was for Fiscal Year '11.

Thank you, Madam President.

Anything in the budget; they were speaking of policy changes in -- in inmate services or corrections in regard to the policy change we just made the other day with the reduced risk credits, I believe they were called?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

mhr/cd/gbr
SENATE

36
June 7, 2011

Through you, Madam President, I believe that those savings were in Public Act 11-6. And you'd -- we don't see a reduction in inmate medical services, because I believe those were, as well, included for Fiscal Year '13, in the underlying budget, in Public Act 11-6.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

How about the other policy change we voted upon Saturday, which was the decriminalization of marijuana?

Through you, is there any number changes here, due to that policy change?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, no, I don't believe so.

THE CHAIR:

Senator Kane.

SENATOR KANE:

mhr/cd/gbr
SENATE

37
June 7, 2011

Thank you, Madam President.

There is another one in here for a database administration in OCA, a collection of outpatient surgery patient data. That's an increase of 99,584, in Fiscal Year '12, and 84,584, in Fiscal Year '13. Are those -- is that a position?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, I believe it is a position. And I believe that it is related to the collection of data that is necessary for the Patient Protection and Affordable Care Act implementation.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I'm sorry.

Through you, Madam President, did you say that was a position?

Through you, Madam President.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

38
June 7, 2011

SENATOR HARP:

Yes. I believe it's one database administrator.

THE CHAIR:

Senator --

SENATOR HARP:

Through you, Madam --

THE CHAIR:

-- Kane.

SENATOR HARP:

-- Madam President.

SENATOR KANE:

Thank you, Madam President.

And just a quick question in regards to the hospital tax, because I know that'll get discussed later. But in -- in the OFA analysis, it talks about this 39 million, in Fiscal Year '12, and 36 million, in Fiscal Year '13. Are -- and from the spending side that I'm concerned with, are we -- we're going to approve this implementer, possibly, with this expenditure, without any knowledge of how it's being spent.

Can you speak to how it is being spent?

Through you.

mhr/cd/gbr
SENATE

39
June 7, 2011

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

It's going to be redistributed to the hospitals
who pay the tax.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I -- I kind of figured that, but I curious more
specifically how it would be spend or -- or
distributed, as you say.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

I -- there's a formula that ultimately
indicates how -- how the dollars will be
distributed, and I think it has to do with the
number of Medicaid patients, number of Medicaid
days, Medicare days, unemploying -- let's see --

mhr/cd/gbr
SENATE

40
June 7, 2011

uncompensated care; those types of things relate to the manner in which it will be redistributed.

There are a series of -- of what I would consider six hospitals who lost money over the last five years, who will be -- not be taxed on outpatient revenue. And so they will basically -- would have been losers, had we taxed them on outpatient revenue. And those six hospitals are Milford Hospital, New Milford Hospital, Johnson & Memorial, Waterbury Hospital, the Hospital of St. Raphael's, and Bristol Hospital.

Through you, Madam --

THE CHAIR:

Senator Kane.

SENATOR HARP:

-- President.

SENATOR KANE:

Thank you, Madam President.

I -- I -- it seems as if you have that formula available to you. Are we privy to that same formula? Through you, Madam President.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

41
June 7, 2011

SENATOR HARP:

Thank you, very much.

I think it's available through your caucuses,
perhaps.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Madam President, no, we do not have that
formula. Is -- is there any way for us to get a
copy of that? Through you.

SENATOR HARP:

Thank you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, I believe it's
the CHA plan, so I think you can get it through the
-- the Connecticut Hospital Association.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I can't get it from you?

mhr/cd/gbr
SENATE

42
June 7, 2011

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR KANE:

(Inaudible.)

SENATOR HARP:

Oh, certainly. If you want it from me, you can certainly get it from me.

SENATOR KANE:

Oh, great.

SENATOR HARP:

You -- you didn't ask. I thought you wanted to from a higher source.

SENATOR KANE:

No. Madam President --

THE CHAIR:

Senator Kane.

SENATOR KANE:

-- Senator Harp is the highest source I go to.

THE CHAIR:

Oh.

SENATOR KANE:

Besides yourself --

THE CHAIR:

mhr/cd/gbr
SENATE

43
June 7, 2011

Thank you --

SENATOR KANE:

-- Madam President.

THE CHAIR:

-- Senator.

SENATOR KANE:

Besides yourself, Madam President.

THE CHAIR:

Senator Kane, can we --

SENATOR KANE:

Second.

THE CHAIR:

-- get that --

SENATOR KANE:

Second.

THE CHAIR:

-- in writing, please?

SENATOR KANE:

Second-highest source.

If I can bother you a bit more on some of these other changes, these expenditures, I'd appreciate it, because some drew my attention in the OFA analysis.

mhr/cd/gbr
SENATE

44
June 7, 2011

For example, the Medicaid low-income adults' category had an increase. Is -- can you speak to that?

Through you, Madam President.

THE CHAIR:

Senator -- Senator Harp.

SENATOR HARP:

Thank you.

I think it probably is a caseload adjustment change. You know, it's -- we've had a lot of trouble trying to understand what that caseload is and to -- and so I -- I'm -- I'm -- I'm certain that's probably what it is.

Through you, Madam President.

THE CHAIR:

I'm sorry. Senator Kane.

SENATOR KANE:

Thank you, Madam President.

It is, I'm sure.

And do you -- do we have an understanding why the increased caseload growth?

Through you.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

45
June 7, 2011

SENATOR HARP:

Thank you, very much.

I think that there was a population in SAGA that we are currently covering, that there's a population that is different than the SAGA population that we are currently covering, and that is the 19 and 20-year-olds. So that would make them eligible. There also is no asset test for this particular program. And so for some of the people who are eligible for our grant programs in the Department of Mental Health and Addiction Services, perhaps our AIDS program, while they were not technically eligible for -- for SAGA, without the asset test are eligible for Medicaid.

The fact that these programs have case managers who aggressively work to assure that they get the entitlements that they qualify for and the fact that when these folks go into hospitals, that -- and they're deemed to be eligible, that the hospitals actually have eligibility workers on-site who can make them eligible. And it's in their interest, in this day and age, to actually make them eligible so that they will receive the Medicaid rate, the

mhr/cd/gbr
SENATE

46
June 7, 2011

uncapped rate, which they would not be able to receive under the SAGA program.

So I think those are some of the things that actually make the hospitals, the programs, the federally qualified health care centers more interested in making sure that people who are eligible, this broader population, actually apply for the low-income adult program under Medicaid.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I appreciate asking Senator Harp these type of questions, because she has such a wealth of knowledge in regards to this issue. Last year -- is this part of the -- the change we made last year by taking people off of SAGA and moving them into this category? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, yes. This was one of our proposals last year.

mhr/cd/gbr
SENATE

47
June 7, 2011

Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And, thank you, Madam President.

And through you, to Senator Harp, does that mean this is an entitlement that we will always have to deliver, for lack of a better word?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, it is an entitlement. And it is a Medicaid entitlement, and I -- we can always decide not to provide Medicaid in our state. There are some states that have contemplated that over the past couple of years.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I'm sorry, Madam President. Did you say that we can always decide not to provide Medicaid for certain individuals?

mhr/cd/gbr
SENATE

48
June 7, 2011

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

Yes. I -- I -- I don't think that it's likely that we would, but it is certainly a legislative decision that we could make.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

This change that we made, you spoke about, is a new population we are covered. I think you mentioned 18-year-olds or 18-to-20-year-olds. So this population we were previously not covering?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

It's -- through you, Madam President -- it's 19 and 20-year-olds we were not covering under the

mhr/cd/gbr
SENATE

49
June 7, 2011

State Administered General Assistance program.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And through you, to Senator Harp, is it -- is it not true that any change we make to Medicaid would have to be approved by the federal government?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, yes. As a matter of fact, we have the interesting distinction as being the first program to apply for a plan change that took into consideration the new Patient Protection and Affordable Care Act. And I think that's one of the reasons why the program changed a little bit from what we implemented. So normally we would have had to have done a waiver, but under the Patient Protection and Affordable Care Act, we could actually do a Medicaid plan change. And so we were the first in the nation to expand coverage under Medicaid, through the Patient Protection and

mhr/cd/gbr
SENATE

50
June 7, 2011

Affordable Care Act.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And just to go back a moment to -- to one of the things you mentioned about the asset test, are we able to implement an asset test? I mean, speaking of policy changes, I know it's something that myself and -- and others have talked about in the Appropriations Committee. Are we able to introduce some type of asset test?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Under the regular Medicaid program, not the expansion, there -- there is an asset test. But under the -- the expanded program and in the future through the Patient Protection and Affordable Care Act, I believe that we will no longer be looking at assets.

THE CHAIR:

mhr/cd/gbr
SENATE

51
June 7, 2011

Senator Kane.

SENATOR KANE:

Actually, thank you, Madam President.

That leads me to two questions. What is our asset test now and -- and what -- when you said we will no longer be looking at it, what will we be using?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, I -- I -- I can't tell you what it is. I really don't -- that's one -- something I don't know.

I do know that for people of low income, as of 2014, we will know -- our country no longer requires that we look at assets. And in order to participate in the Patient Protection and Affordable Care Act, we -- if you meet a certain low-income threshold for the program, then we will no longer count assets towards in looking at whether or not you qualify for Medicaid coverage.

THE CHAIR:

mhr/cd/gbr
SENATE

52
June 7, 2011

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Due to federal health care reform?

Through you.

SENATOR HARP:

Thank you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, yes.

SENATOR KANE:

That's what I (inaudible) --

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

If I could jump to Department of Public Works,
it talks about a payment of an unanticipated
contractor claim. Can you explain that?

Through you, Madam President.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

53
June 7, 2011

SENATOR HARP:

Thank you.

Through you, Madam President, I'll have to get back to you on that. I really don't know what that is.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I -- I thank you, Madam President.

I think it's something in regards to rents and moving, a deficiency of \$2.9 million holdback. Any -- any --

SENATOR HARP:

Yeah, I --

SENATOR KANE:

Any of that recollect?

Through you.

SENATOR HARP:

Through you --

THE CHAIR:

Senator Harp.

SENATOR HARP:

-- Madam President. I -- I see the same thing that you do. It -- it says that evidently when the

mhr/cd/gbr
SENATE

54
June 7, 2011

Department of Public Works goes and in reconfigures buildings, their contractors who do that, maybe there was a claim that they didn't anticipate. And as a result, we -- we owed resources. They had to take it out of their rents and moving deficiency line item, and as a result, they had to use \$2.9 million of their holdback.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And the next one is regard to salary adjustments for nonbargaining unit salary increases, which were not implemented.

Through you to Senator Harp, is that something contractual?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

The salary -- the reserve for salary adjustments is something that is in our budget. I believe it's in General Government B, and I believe

mhr/cd/gbr
SENATE

55
June 7, 2011

it's near the Office of Policy and Management portion of the budget and that it's dollars that we have in the budget available in case there are union agreements or that we project we'll need dollars for during the year.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I'm -- and maybe I'm -- I -- trying to wrap my arms around this. You're saying that it's about union agreements throughout the year, but it says nonbargaining units' salary increases.

Through you.

SENATOR HARP:

Thank you --

THE CHAIR:

Senator Harp.

SENATOR HARP:

-- very much. Well, it's -- it's for employee increases throughout the year. And -- and nonbargaining units as well get increases.

Normally, they're tracked to the various union

mhr/cd/gbr
SENATE

56
June 7, 2011

agreements. And so there were dollars left over in -- in -- in that account, and those dollars transferred were so that they could be used to offset a deficiency.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

In Section 100, we have a transfer of funding from the Probate Court Administration Fund to be used at a YMCA in Bridgeport. Can you speak to that? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

It -- it is a transfer of \$150 -- \$150,000 in both years, in Fiscal Year '12 and '13, so it's a total transfer of \$300,000. It comes from the surplus in the Probate Court Fund and is used for the Ralphola Taylor Community YMCA in Bridgeport.

The -- the Probate Court Fund will be starting a new children's probate court there, and as a result, there will be needed -- one of the things

mhr/cd/gbr
SENATE

57
June 7, 2011

they do in these courts is to provide resources for children who may come through probate court. And so the thought was that there was a nexus to that by providing funding for this YMCA in an area where we're going to begin the new children's court -- probate court. Through you --

THE CHAIR:

Senator Kane.

SENATOR HARP:

-- Madam President.

SENATOR KANE:

Thank you, Madam President.

The Probate Court Administration Fund, what is that typically used for?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, it's used to operate the probate courts in our state.

THE CHAIR:

Senator --

SENATOR HARP:

mhr/cd/gbr
SENATE

58
June 7, 2011

Through you.

THE CHAIR:

-- Kane.

SENATOR KANE:

And thank you, Madam President.

And if there is a surplus in that fund, doesn't it normally go to the General Fund?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

There was in this -- in Fiscal Year '11, an \$8 million surplus in the -- in the Probate Court Fund. When we inquired as to whether or not this was in the overall revenue estimates for the state, it was -- we were told that it was not, by the Office of Fiscal Analysis. And so we used -- the probate court said that they needed \$4 million to basically begin their process, and so we transferred \$4 million of the surplus dollars into the probate fund for them to begin to sort of prime to pump so that they could begin to actually pay for their services at -- at the beginning of the fiscal year

mhr/cd/gbr
SENATE

59
June 7, 2011

prior to collecting the assessments that they expect throughout the year.

And then we used the other \$4 million in various ways; one, \$300,000 of which will be going to the Ralphola Taylor Community Center YMCA in Bridgeport.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Just in -- in staying with that Probate Court Administration Fund, is it statutorily required that that money be going into the General Fund?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

There is a statute that requires that it goes into the General Fund. And I believe in one of the previous implementers, we not withstood that and allowed dollars not to go into the General Fund but -- but to be used for other activities that offset some of the costs of the General Fund, in Fiscal

mhr/cd/gbr
SENATE

60
June 7, 2011

Year '12 and '13.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

So we're able to change the statute for
specific earmarks?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

That's one way of looking at it. I certainly
wouldn't say it in quite that way, but one of the
things that we -- we did do was to offset some of
our costs that we know would be going through, like
the Kinship Fund and other things that basically
provide service to the probate court. We used some
of those dollars to reduce our General Fund
obligation in Fiscal Years '12, and when we had a
particular problem.

And so -- so you may call it earmarks, and we
certainly are marking certain, specific things, but

mhr/cd/gbr
SENATE

61
June 7, 2011

they're related to the work of the overall probate court system.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And -- and I don't think it's unfair for me to use that explanation or description, because admittedly, yourself, you said that we put in notwithstanding language to -- lack of a better word -- bypass the statute and specifically choose this community center in Bridgeport for this fund and this \$150,000. So I guess it's not unfair for me to say that it is a -- a specific earmark taken from the Probate Court Administration Fund for this particular YMCA in -- in the City of Bridgeport.

But I'll just move along, if I may. I have a couple questions in regard to the Transportation Strategy Board.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I -- I don't believe Senator Harp wants it --

mhr/cd/gbr
SENATE

62
June 7, 2011

or understood, it's not transportation but we are just speaking about appropriations. And -- and here's my question to you, Senator Harp, and it'll be appropriations' related, it won't be specific to any transportation items.

But the Transportation Strategy Board, I believe -- and -- and correct me if I'm wrong -- would need legislative approval, at least the committees of cognizance, in order to make policy changes or pick particular projects. Would this -- and -- and you could take that as the first half of the question, and -- and if I'm wrong, you could correct me on how it works. But, number two, would this take away that checks and balance and give the Governor and the Commissioner of DOT full reign and when it comes to transportation policy?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, this actually is in the -- the finance portion of the bill, but I'm going to take a crack at it. I recall when we

mhr/cd/gbr
SENATE

63
June 7, 2011

implemented the -- the Transportation Strategy Board. It's something that was a legislative artifact, and just as we could implement it, we can actually eliminate it. And I believe that Public Act 11-6 actually does eliminate the -- the board. And so what it would do -- and I believe the board existed for, I don't know, maybe a decade -- and it would take us back to -- by eliminating it, it would take us back to implementing policy in the way that we did prior to having a Transportation Strategy Board.

And having never served on the Transportation Committee, I couldn't begin to tell you what that is, but I'm assuming that we would go back to when the -- the legislative Transportation Committee having far more authority in terms of the overall planning, the Finance, Revenue and Bonding Committee having more authority and -- and that you wouldn't have this -- this planning mechanism in place that focused on one portion of the state.

So that's just my guess at it, and I don't know if you care to ask someone else who -- who may know more about it than I do.

mhr/cd/gbr
SENATE

64
June 7, 2011

But through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

No, you're probably right. I -- I just asked you the question because, Senator Harp, you have a -- a good handle on the -- on the budget from each line item, so I figured you'd be an appropriate person to have ask that question with -- with your depth of knowledge on -- on the budget. So that's why I -- I kind of asked that question.

Let me just ask you one more, small thing, and I'll then I'll bring this full circle to -- to where I'd really like to have the conversation, and that is in regards to the consumer protection and the charitable gaming.

How many people currently are employed in the Charitable Gaming Unit?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

mhr/cd/gbr
SENATE

65
June 7, 2011

I don't recall. I think it's seven or eight, through you, Madam President. But I -- I honestly don't know. I don't know remember.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I believe it's two, but through you, Madam President.

SENATOR HARP:

Thank you.

There are two in the budget, but I think you asked how many are currently employed.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I'm sorry. Could Senator Harp repeat her answer?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

There are two that we put in the -- in the new budget, but I think there are at least seven, eight,

mhr/cd/gbr
SENATE

66
June 7, 2011

or nine people in the unit, currently.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And that -- that may be. On -- my understanding is after July 1, when the Charitable Gaming Unit moves over to Consumer Protection, there will be two. So I could be wrong.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

But you're absolutely right, but that's not the question you asked me. You asked me how many are currently employed in the Charitable Gaming Unit, and I answered I think seven or eight. Two are -- are going to be moving from that unit over to the Department of Consumer Protection because we're eliminating the Division of Special Revenue.

Through you, Madam President.

THE CHAIR:

Senator Kane.

mhr/cd/gbr
SENATE

67
June 7, 2011

SENATOR KANE:

Agreed. I -- I thank you, Madam President.

I probably should have been more clear with my question. But regardless, whether it's two, seven or eight, why do we need a director to oversee these individuals?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

It was the Department of Consumer Protection indicated that they needed someone in charge of that area, and so that's why you see it in this proposal.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Through you, to Senator Harp.

So we need a director to oversee two individuals? Through you.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

68
June 7, 2011

SENATOR HARP:

Thank you, very much.

I think you have a manager over an area of responsibility of which there will be three individuals who will be carrying out something that maybe eight or nine people carried out previously.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

How much will this new position make?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, I believe it'll be in the executive pay range, and usually that starts between 112, and it goes up. And it's negotiated through the HR process.

Through you, Madam President.

THE CHAIR:

Senator Kane.

mhr/cd/gbr
SENATE

69
June 7, 2011

SENATOR KANE:

Thank you, Madam President.

So we're going to hire a director at \$112,000 or more to oversee two people, to oversee charitable gaming.

How much -- what is -- first of all, what is charitable gaming?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Well, through you, Madam President, I learned a lot about charitable gaming. There are all these things that, you know, in all honesty, I hadn't heard of. Because we have something called "sealed tickets"; and sealed tickets; we have Bingo games; we have teacup raffles. And, you know, please don't ask me to explain exactly what all of these things are. I know what Bingo is, but teacup raffles and sealed tickets, I -- I just have a foggy idea of what it is they are. But they're opportunities for nonprofit organizations to raise money, utilizing gaming to some extent, to get people to support the nonprofit initiative.

mhr/cd/gbr
SENATE

70
June 7, 2011

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And I -- and I appreciate the, you know, the Governor and -- and the Administration looking to consolidate and looking to, you know, bring this unit over to Consumer Protection. And it makes sense if you're going to actually consolidate, but when you're going to hire a new person to oversee two or three individuals, at a hundred thousand dollars, to me that's not consolidation. To me, that's just shifting the chairs on the Titanic. So that's why I -- I asked that question.

I will bring it all back to one very big question, Senator Harp, through you, Madam President. And -- and it -- and it goes to our spending. In this year, I believe you mentioned, in this budget we have some deficient -- deficiency appropriations for 2011. And I believe you also stated that this bill puts us under the spending cap by a million dollars; one million dollars. And I know that sounds like a lot in a movie, but that

mhr/cd/gbr
SENATE

71
June 7, 2011

doesn't -- it's not a great deal right here when we speak of a \$20 billion budget.

So are you comfortable with us being within a million dollars of our spending cap, when we know we make, on average, a hundred million dollars in deficiency appropriations every year?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, I am comfortable. The spending cap is, according to 2-33a, is basically related to appropriations. And so you're appropriations have to be under the spending cap. Now, as long as we don't appropriate any more, we are fine. When it becomes a problem again is if there is some form of appropriation that may be required for the deficiency bill.

But we have, aside from appropriations, other tools that we can use. We can do transfers in our \$19.1 billion budget. We can do deappropriations in various line items, and that's what we've done in the past. So am I comfortable? I absolutely am.

mhr/cd/gbr
SENATE

72
June 7, 2011

We are under the spending cap, and that is what is required constitutionally.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And aren't these deficiency appropriations, appropriations?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

You can appropriate more if you're under the spending cap, and one of the reasons that we were able to appropriate in this budget is because we had room under the spending cap. Next year, if we have deficiencies, we won't have that room and so we'll have to do deappropriations.

And -- and I think you pointed out, as well, that there was a deappropriation in the reserve for Salary Adjustment account. That's because we came very close to the spending cap, and as a result, we had to deappropriate.

mhr/cd/gbr
SENATE

73
June 7, 2011

And we'll have to do that if there are problems when we come to the deficiency bill this time next year -- we'll actually be in May, next year. But we have, as I said before, the tools of deappropriation and transfer that will allow us, if we have a problem, to -- will -- it will allow us to remain under the spending cap.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And thank Senator Harp for her answer.

In my short time in the Legislature, I'll -- willing to bet that we've done more appropriations than deappropriations in -- in the Legislature. So I don't know if I feel as comfortable as you do, Senator Harp, especially being within that close, within a smidgen, when you talk about a million dollars on a \$20 billion budget. I think we are well too close to our spending cap.

I appreciate Senator Harp for all her answers. She does have a great depth and knowledge of the budget, and that's why I come to you, Senator Harp.

mhr/cd/gbr
SENATE

74
June 7, 2011

But I don't necessarily agree with you, but I do appreciate your knowledge on this.

I do believe we are dangerously close to the spending cap. We have a -- a lot of appropriations that we see, even in this bill. Senator Harp and I have gone back and forth a number of times on -- on the implementers that we have done, Madam President, and this is yet another example of our inability to reduce spending.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not -- oh, Senator Roraback.

I was trying. I thought maybe. I'll keep trying.

SENATOR RORABACK:

Thank you, Madam President.

Forgive me for not being as quick on my feet as -- as I once was and will probably -- and will probably never be again, Madam President.

Through you, I -- I'm trying to determine where to start in scrutinizing the bill before us. It is

mhr/cd/gbr
SENATE

75
June 7, 2011

a big bill, Madam President, and there are a number of provisions which invite inquiry. But I guess I'd like to start with the punch line, because I think sometimes if you start with the punch line and work backwards, it's easier for people to understand what one's concerns are.

So through you, Madam President, I guess I'll -- I'll address my questions to Senator Daily, although they might, if Senator Daily chooses to yield to Senator Harp, I would certainly understand.

There has been much made of the necessity, in this budget process, of securing concessions from state employees in order to balance our budget. And through you, Madam President, to either Senator Daily or -- well, through Senator Daily, before us for the very first time today we have a synopsis of what the deal that was reached between the Administration and the bargaining unit is.

Is that correct, Madam President, through you, to Senator Daily?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

Through you, yes, it is.

SENATOR RORABACK:

And --

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

-- through you, Madam President, as I read the bill, this may be -- if this bill passes -- this may be the only opportunity members of this Circle have to review, scrutinize and ask questions about the contents of that package.

Through you, Madam President, to Senator Daily, would she agree that that could well be the case?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Yes.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

And thank you, Madam President.

The -- the original budget which passed, Public Act 11 -- or is it a special act? I always get confused whether the budget is a public or, a special

mhr/cd/gbr
SENATE

77
June 7, 2011

act, but 11-6. At the time we passed our original budget, there was a clear impression that was created, and it was reduced to writing in the bill, that when the time came to ratify a concession package after the unions had done their thing, that the General Assembly would reconvene and, itself, approve the concession package.

And through you, Madam President, to Senator Daily, the bill before us says now that the General Assembly does not need to convene.

And through you, Madam President, to Senator Daily, does she know why we made that change?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, I think my recollection is that that was an unanswered question at the time that we passed the budget, and here is the answer.

THE CHAIR:

Yes, Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

mhr/cd/gbr
SENATE

78
June 7, 2011

I guess the language in Section 12 of -- of Senate Bill 1239, which is now Public Act 11-6, said that the -- the concession agreement shall be subject to approval of the General Assembly.

And through you, Madam President, to Senator Daily, did she think that there was some question what that meant?

Madam President, through you, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, I had no question about what that meant, but I knew that there was a question about whether that would be executed or changed.

SENATOR RORABACK:

Okay. Thank you, Madam President.

I guess I didn't. I did not know that that might be changed. That was -- when we passed the budget, I thought that that was the deal. So Senator Daily may have been possessed of better -- and she usually is -- possessed of better information than I was about what was in the offing.

mhr/cd/gbr
SENATE

79
June 7, 2011

But through you, Madam President, that -- that deal has now changed and the bill before us provides that there need not be a vote of the General Assembly to ratify or confirm any concession package that may be agreed to by the unions. And does Senator Daily know why it is that we are choosing not to require the General Assembly to put its stamp of approval on that package?

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

And through you, Madam President, I think that that language better conforms to our actual practice whereby we get a contract and if it's not passed within -- if we don't vote on it within 30 days, I think it is, it's deemed approved.

SENATOR RORABACK:

Thank --

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I certainly will agree with Senator Daily that that is the common practice, but I would respectfully suggest that this is an uncommon agreement that we -- that is being currently debated amongst the ranks of our -- our rank-and-file state employees. It's anything but the norm, and because of that, I think both the membership in -- in our state employee unions and the membership in our General Assembly ought to have an opportunity to debate and approve this concession package.

But, Madam President, in light of Senator Daily's answers, it seems clear to me that because this may be the only opportunity we have as members of the General Assembly to ask questions and hopefully receive answers about the contents of that concession package, that we can't do our job as -- as Senators without undertaking a -- a somewhat exhaustive discussion about what's in there.

So, through you, Madam President, to Senator Daily, does Senator Daily know whether the Office of Fiscal Analysis has had an opportunity to review and comment on the concession package?

Through you, Madam President, to, Senator Daily.

mhr/cd/gbr
SENATE

81
June 7, 2011

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

I know that they were looking at that package.

I don't have in front of me their comment.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And -- and I -- I am mindful of the rules against reading things, but I have in front of me a memo that was prepared yesterday by the Director of the Office of Fiscal Analysis and addressed to the House Minority Leader, Representative Cafero. And what the Office of Fiscal Analysis told Representative Cafero yesterday was that, Please note that at this time we are unable to determine or verify the levels that are contained in these estimates in many cases.

Through you, Madam President, to Senator Daily, has she been able to determine or verify the levels that are contained in these estimates?

mhr/cd/gbr
SENATE

82
June 7, 2011

Through you, Madam President, to, Senator
Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

No, I have not.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Madam President, does Senator Daily know --
well, I have to say that it's -- it -- it is of
concern to me, of serious concern to me that Senator
Daily has not been able to determine or verify the
levels. The Office of Fiscal Analysis has not been
able to determine or verify the levels. I don't
know how we as a General Assembly can be expected to
put our imprimatur on a package where nobody has
provided reliable information as to the foundation
upon which \$1.6 billion in savings is predicated.

Specifically, Madam President, through you to
Senator Daily, she's probably aware that the
concession package includes a new -- a new
provision, which is called "Value Based Health and

mhr/cd/gbr
SENATE

83
June 7, 2011

Dental." Through you, Madam President, to Senator Daily, is she generally familiar with that inclusion, that new phenomenon that's included in the concession package?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Madam President, yes, I am, sir.

SENATOR RORABACK:

And, Madam President, that phenomenon is advertised to yield \$205 million in savings over the next two years. And the Office of Fiscal Analysis has, when they reviewed this, their conclusion is that additional information was provided which states the savings assumes a 10 percent reduction in claims' cost for health, but no corresponding backup on how that assumption was reached has been provided.

Through you, Madam President, to Senator Daily, does she know, does she have any additional backup information as to how it is being assumed that we're going to have a 10 percent reduction in claims' cost by virtue of the implementation of Value Based Health and Dental programs?

mhr/cd/gbr
SENATE

84
June 7, 2011

Through you, Madam President, to, Senator
Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

And through you, Madam President, no, I -- I
don't have that information.

And OPM provided that information. It would
seem quite readily apparent that they're basing
their information on that practice in other
industries.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I think all of us appreciate why it is that we
have the Office of Fiscal Analysis. It's because
the Legislative Branch long ago recognized the need
for our branch of government to have a professional
office to give us reliable advice as to what the
costs of any program that we might implement would
be and to evaluate the fiscal consequences of any
information coming before us.

mhr/cd/gbr
SENATE

85
June 7, 2011

When the Office of Fiscal Analysis says they have no corresponding backup on how an assumption is reached, well, I think that language bears repeating -- no corresponding backup on how that assumption is reached. That's scary, Madam President. We're not talking about 50 cents; we're talking about more than \$200 million in assumed savings, when there's no backup, no backup to the Office of Fiscal Analysis. They don't -- that's a polite way of saying we're the professional office and we don't have a clue. There's no backup to these assumptions, so take them at face value.

The Office of Fiscal Analysis has been told to take a very long lunch because there's nothing that we're going to furnish you to enable you to do your job, and let the free-fall begin.

Madam President, at least with the Value Based Health Care, there's a representation that somehow we're going to achieve a 10 percent reduction in claims' costs in this fiscal year and in next fiscal year. But there are two other aspects of the concession package which are even sketchier and with respect to which there is even less information.

mhr/cd/gbr
SENATE

86
June 7, 2011

The first of those, Madam President, is a technology initiative which is advertised to produce \$90 million in savings over the next two years. And the Office of Fiscal Analysis, when asked to give us their best analysis of the integrity of this particular assumption, reports as follows:

Achievability of savings cannot be determined. Information as to how savings were estimated has not been provided.

And through you, Madam President, to Senator Daily, does she know how the savings can be achieved? And has she been provided with information as to how the estimated savings will be achieved?

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

And through you, Madam President, no, I wouldn't claim to know any more than OFA does.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

mhr/cd/gbr
SENATE

87
June 7, 2011

And again, respectfully, Madam President, when OFA says they know nothing and Senator Daily says, I don't know anything more than OFA knows, that means no one around here knows nothing -- and I hope my English teacher is not watching.

A VOICE:

Obviously.

SENATOR RORABACK:

On this particular subject.

But, Madam President, if nowhere -- in no one around here knowing nothing on this particular subject, this particular subject is a \$90 million subject about which no one around here knows nothing. And, Madam President, while \$90 million may seem like a lot of money, there's a \$180 million component of this concession package which is labeled "SEBAC Budget Savings Initiative." And when asked to evaluate this particular provision, the Office of Fiscal Analysis stated, Achievable of savings cannot be determined. Information as to how savings were estimated has not been provided.

And, again, not to be a broken record, but through you, to Senator Daily, has -- does she know, does she have a basis upon which to determine the

mhr/cd/gbr
SENATE

88
June 7, 2011

achievability of these savings or has she been provided with information as to how these savings have been estimated?

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

No, I have not.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

So now, Madam President, we have \$180 million and \$90 million; that's \$270 million that nobody knows nothing about. And it's -- it's not a criticism of Senator Daily. How can she know if the Office of Fiscal Analysis doesn't know? And if the Office of Fiscal Analysis doesn't know, how can anybody know? Madam President, I -- I really think that the people of the State of Connecticut -- I doubt many of them, at two o'clock on a Tuesday afternoon, are glued to Senator Daily and I, and if you think --

THE CHAIR:

mhr/cd/gbr
SENATE

89
June 7, 2011

I am.

SENATOR RORABACK:

Thank you, Madam President.

And that's only -- there -- if you were freed from the shackles up there, you might not have to pay attention to us.

But it seems to me that this is no laughing matter. We are balancing our budget on \$270 million of assumed savings that no one has any information about, no one in this building, anyway; maybe people elsewhere do. But I think we have a responsibility, Madam President, to not act on the basis of no information.

I mean, we -- we -- we always are acting on the basis of incomplete information, because that's the nature of what we do, but rarely -- actually, I would even hazard to say, never in my 17 years in this proud institution have I been called upon to act on the basis of no information.

And so when you take the fact that we're being asked to act on the basis of no information, and that at the very least there's \$270 million of savings about which we have no information -- and I would submit that the -- there's really \$500 million

mhr/cd/gbr
SENATE

90
June 7, 2011

in savings, because I think that value health initiative is also very thin in the information department, I don't think we're living up to what our constituents expect of us.

Madam President, I have some more mundane questions, and I guess all is relative, then, and in other contexts these questions would not be mundane, but because this is such a big bill, with such big numbers in it, I have some more mundane questions that I'd like to pose through you, to Senator Daily or Senator Harp. And the first of those questions, Madam President -- technical issue -- solved.

THE CHAIR:

Solved. '

SENATOR RORABACK:

The first of those questions goes to when we -- through you, Madam President, to Senator Daily -- I think when we passed the budget last month, we assumed \$2 billion in savings. And I believe, Madam President, that the concession package is advertised to achieve \$1.6 billion in savings, although I would respectfully maintain that the savings that nobody knows nothing about aren't really savings. So that

mhr/cd/gbr
SENATE

91
June 7, 2011

leaves a \$400 million hole that has to be plugged in order to balance our budget.

And through you, Madam President, to Senator Daily, does this bill do that?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I'm stricken by not having a mundane response. I'll have to find that out.

SENATOR RORABACK:

And -- and it's -- it's conceivable that question might --

SENATOR DAILY:

But I could --

SENATOR RORABACK:

-- best be --

SENATOR DAILY:

-- yield to --

SENATOR RORABACK:

-- directed --

SENATOR DAILY:

-- Senator Harp --

SENATOR RORABACK:

Thank -- thank --

mhr/cd/gbr
SENATE

92
June 7, 2011

THE CHAIR:

Senator Harp --

SENATOR DAILY:

-- who has answers --

THE CHAIR:

-- will you accept --

SENATOR DAILY:

-- to those things.

THE CHAIR:

-- the yield?

SENATOR HARP:

Yes.

Yes; so you're asking the question about there's approximately \$400 million that we don't find, that we expected in Public Act 11-6; right? So the way that we come to balance is that there is available in excess revenue, in Fiscal Year '12, \$369.3 million, and in Fiscal Year '13, \$634.8 million. So, ultimately, our balance after you -- in '12 -- after you do the SEBAC savings of 299.3 for the General Fund and 42.5 in the Transportation Fund and the Plan C -- we call them "Plan C cuts," -- then there is a -- a net impact of \$301.2 million,

mhr/cd/gbr
SENATE

93
June 7, 2011

which means there is an available balance of \$68.1 million, in '12.

And so with the net appropriation increases that we have in this budget, that's \$56.3 million, but then there's also a net revenue increase of \$33.4 million and then the transfer from the General Fund to this, the Special Transportation Fund. The ultimate net impact is \$19.6 million. And so, ultimately, there is available \$87.7 million. We've reserved for GAP, \$75 million, and there is currently an available balance of \$12.7 million, for Fiscal Year '12.

And we go through that same process for Fiscal Year '13, where we ultimately end up with a balance of \$445.9 million.

Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Wow; thank you, Senator Harp.

And thank you, Madam President.

The answer I was looking for was we have a \$400 million hole in our budget. We're going to plug that by tapping into the surplus that was built

mhr/cd/gbr
SENATE

94
June 7, 2011

into the original budget that we passed, which I think had an assumed surplus of about \$300 million, in Fiscal Year '12, and about \$600 million, in Fiscal Year '13.

And through you, Madam President, to Senator Harp, is it -- is it the case that at least 300 million of the \$400 million hole, speaking in round numbers, is being dealt with by tapping into the surplus which was incorporated into the original budget?

Through you, Madam President, to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, you will note that I don't use the term "surplus," because I think the term surplus basically is a technical term. So I called it "excess revenue," but using your definition of surplus, yes.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

mhr/cd/gbr
SENATE

95
June 7, 2011

And -- and the nomenclature is of less moment to me than the substance of what we're discussing.

And I -- I think it was at the time the budget was passed, many wondered why it is that we would have built in such a large surplus at a time when our economy is gasping for breath. And there were some who anticipated that this day might come where we fell short in achieving the savings that were contemplated by the Governor in terms of eliciting concessions from state employee unions and that we would turn to this pool of money. And so that day has come, and -- and I think there's not a lot of surprise about that.

The other question I wanted to ask, perhaps through you, to Senator Harp -- and if Senator Kane covered this ground, I apologize -- but through you, Madam President, to Senator Harp, will passage of this bill put a padlock on the restrooms in Willington, on I-84?

Through you, Madam President, to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

mhr/cd/gbr
SENATE

96
June 7, 2011

Through you, one of the things, then -- and this is really a great process that we begin in the Appropriations Committee -- you know, we have a subcommittee on transportation. And the transportation subcommittee, on their own, actually discovered that we had a number of rest stops, but particularly the Willington rest stop, where there were major problems. And I believe it had to do with their septic system as well as a -- a lot of asbestos, problems with the overall facility. And they were told it was going to take \$5 million to actually remediate all of those problems. And so they recommended that we close, not just West Willington, but almost all of our rest stops, because they believe that the cost -- we've -- basically haven't been taking care of them -- and the cost to bring them up to a decent standard would be significant. For Willington alone, it was over \$5 million.

And so our budget, the Appropriations Committee budget, recommended ultimately closing all of them, but particularly Willington. So the budget, itself, basically closed Willington. And I'm assuming that -- I assumed that it was both rest stops, if there

mhr/cd/gbr
SENATE

97
June 7, 2011

are rest stops on east side -- this bill says "West Willington," and my understanding is that is the one that has a substantial septic problems and would cost over \$5 million to remediate. So it's going to be closed and it will no -- no longer be staffed.

Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I'm not from that part of the state so I -- and I don't travel that stretch of road often enough to have a command of the geography.

But through you, Madam President, to Senator Harp, are there -- are there rest stations on both sides of the highway, such that if you can't go to West Willington, there's one on the east side of the highway that you could go to?

SENATOR HARP:

Thank you.

Through you, Madam President, I, too, am not familiar with that part of the state. I assumed that it -- they were on both sides, but I know occasionally there's only one on one side. I know

mhr/cd/gbr
SENATE

98
June 7, 2011

the one in Middletown, there's just -- I don't know if it's Middletown -- there's one on one side but not on the other side. I know the West Willington side is the one that is in need of substantial remediation and will be closed.

Through you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And if Madam -- I know, well, I think that Madam President may know the answer to this question, and I'm going to ask her to give me a thumbs up if it is the case that there is but one rest stop for both, going east and -- and west.

So -- and, you know, it actually -- there are so many people in the State of Connecticut who pay their taxes, obey our laws, ask very little of state government, and it always amazes me, Madam President, what gets the public's attention. And I have been -- I was -- on Monday morning, I went down to the bank in Torrington to do some banking, because I haven't been home in a long time, and the -- my friend, the receptionist at the bank, said,

mhr/cd/gbr
SENATE

99
June 7, 2011

What are you doing? When Roger and I go to the Cape, we use this facility; you can't let that go. And I've gotten e-mails from people in Goshen saying, We take the grand kids; we always stop in Willington.

This is not a luxury. This is just something that we expect our state to accommodate for us. And, Madam President, in the grand scheme of things -- I guess there's a sign up. I haven't -- I don't travel that road, but I think a sign has recently gone up saying, This rest area is going to close July 1st or whatever, and people are noticing and people who have used that are upset. And they're contacting their elected officials because it is going to matter to them in the course of their lives.

And I'm just sorry that this has to fall by the wayside, and I would hope that if there was, in fact, there is, in fact, excess revenue, that maybe this would be an appropriate place to invest some of that excess revenue for a true public benefit.

Through you, Madam President, a couple questions. I think things are best directed to Senator Daily. The first question goes to the so-

mhr/cd/gbr
SENATE

100
June 7, 2011

called "Amazon Tax." Through you, Madam President, to Senator Daily, this bill makes certain changes with respect to the Amazon Tax, and was wondering if Senator Daily could give a brief explanation of those.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

And through you, Madam President, yes. It makes the effective day the date of passage of the budget, and it states that a company has to have a certain presence here.

THE CHAIR:

Senator Roraback.

SENATOR DAILY:

The presence that we've established through the nexus, as a seller.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I guess the -- the first thing I was trying to figure out is if we've back-dated its effective

mhr/cd/gbr
SENATE

101
June 7, 2011

date, if today, on June 7th, if this bill passes, we're going to back date its effective date to May 4th. How will that work mechanically? How can you tell a company now, Oh, we're going to ask you to collect sales tax from a month ago?

Through you, Madam President, to Senator Daily, does she know how that will work?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

I do not personally know the mechanics of it, but I know that this was requested by the Commissioner to make this tax easier to implement.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And that -- that would be the same Commissioner who cautioned us that this tax would be unworkable and might likely result in a revenue loss?

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

mhr/cd/gbr
SENATE

102
June 7, 2011

SENATOR DAILY:

Thank you, Madam President.

And through you, Madam President, to Senator Roraback, yes. This is from the same Commissioner, and then after we passed it and they, the agency looked at it, the very intelligent Commissioner found a way to make this work. And this is what implements the way they see making it work.

THE CHAIR:

Senate Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And through you, to Senator Daily, I don't know whether Senator Daily knows whether -- and I -- no one would ever dispute the intelligence, integrity, work ethic of the Commissioner; he is known to all of us.

But through you, Madam President, to Senator Daily, does she know whether the Commissioner has found a way for -- I think it's about 20 of these on-line companies -- to reestablish their affiliate relationships with Connecticut businesses that they have severed in the wake of the passage of this tax?

Through you, Madam President, to Senator Daily.

mhr/cd/gbr
SENATE

103
June 7, 2011

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

I -- I don't know the answer to that specific part of it, but I do know that I saw one press release about a company pulling out. And they were a company who did advertising, not sales, and we don't tax advertising. So I'm a little perplexed by that.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I -- I didn't see that report. I -- I just saw the report that, I believe it was 20 on-line retailers have chosen to sever their relationship with Connecticut businesses, resulting in harm to Connecticut businesses and no tax benefit for the state, which was, I think, a foreseeable consequence of the passage of this.

With respect to the hospital tax, Madam President, through you, to Senator Harp, does she have a final run of the distribution of the hospital

mhr/cd/gbr
SENATE

104
June 7, 2011

tax? Through you, Madam President, to --

THE CHAIR:

Senator Harp.

SENATOR RORABACK:

And -- and I heard, Madam President, I did hear her conversation with Senator Kane. I just didn't -- what I want to establish is, is this kismet?

Through you, Madam President, is this it? Do we really have at long last what the deal is?

Through you, Madam President, to Senator --

THE CHAIR:

Senator Harp.

SENATOR RORABACK:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

Through you, I believe it's the last run, but I can't say for certain that it is. And it's the CHA plan, through you, if that helps.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam.

mhr/cd/gbr
SENATE

105
June 7, 2011

It does help. It still -- it still takes my breath away that we can't have in front of us the answer to such an important question before we are asked to vote on it. And -- and it's not Senator Harp's fault; it's just the way this process has been unfolding. There's been three, four, five, six, seven iterations of how this tax is going to work. And it's first the verdict and then the trial. And I don't think that's how people want their state government to run.

It is a disappointment to -- it should be a disappointment to everyone, that whatever information Senator Harp has isn't available or hasn't been made available to all Legislators and the public so that we could get feedback on this. But maybe it's such an inside -- such an inside game that it's felt unnecessary for Legislators to be informed about what the resolution is. But that's -- that's a sad state of affairs for all of us, Madam President, that something as consequential as this is, if not affirmatively concealed, at least inadvertently omitted from our attention.

Madam President, I'd also like to ask, through you, to either Senator Daily or Senator Harp,

mhr/cd/gbr
SENATE

106
June 7, 2011

whomever feels most competent to answer this -- actually, it's probably Senator Daily, because it's kind of a revenue finance thing. We, in our budget, increased the conveyance tax on real estate by a quarter-of-a-percent and increased the sales tax by 0.35 percent, 0.10 of which was advertised to be property tax relief for municipalities.

And through you, Madam President, to Senator Daily, does she have an understanding of how the revenue which is raised by the quarter-of-a-percent sales [sic] tax increase and the tenth-of-a-percent sales tax increase, which has been advertised as being municipal tax relief, does -- does she know, first of all, how much money those new taxes will generate?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Madam President, I think I'd have to get back to him and see if we have the exact amount of money that that raises. And it does provide property tax relief through different municipal grants.

THE CHAIR:

mhr/cd/gbr
SENATE

107
June 7, 2011

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And my understanding is that these two new taxes, each of them raises between 40 and 50 million dollars, so it's about \$90 million in the aggregate, a little more in the second year. And my understanding is that this, of this \$90 million, the first \$40 million of it is going to be used to reimburse municipalities what they would otherwise have received through the Manufacturers Machinery and Equipment property tax program.

Through you, Madam President, Senator Daily concur that that's the general structure that we're working with?

SENATOR DAILY:

That's exactly right.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And so that leaves approximately \$50 million to be distributed back to our towns in the form of, quote, property tax relief. And I don't know, Madam

mhr/cd/gbr
SENATE

108
June 7, 2011

President, whether Senator Daily has had an opportunity to review how much money her district is going to be generating in furtherance of this program and how much money her district is going to be receiving back in the form of property tax relief. Has -- has Senator Daily had an opportunity to do that calculation?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

No, I have not.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Senator Daily may not have had an opportunity to do that; I have had an opportunity to do that, Madam President. And what I have learned is disturbing, because what I have learned is that many of the towns in my district will be paying in a lot more money. Let's take the Town of Brookfield, for example. The Town of Brookfield will be paying \$442,000 in the increased property -- the increased

mhr/cd/gbr
SENATE

109
June 7, 2011

conveyance tax, the 0.25 percent in conveyance tax and the -- I never know how to say tenth of -- the tenth-of-a-percent in the sales tax. Those two numbers in Fiscal Year '12, the Town of Brookfield will be paying \$442,000 into the system. And, Madam President, under the formula that this bill and the prior budget bill set forth, the Town of Brookfield will be getting back \$216,000, for a net loss of \$225,000 to the people of the Town of Brookfield.

And through you, Madam President, to Senator Daily, was her understanding when we passed this so-called municipal property tax relief, was it her understanding that municipalities would end up on the losing side? Did she anticipate there would be winners and losers?

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, yes, I expected that there would be some winners and losers, in the way we use those terms here. And I

mhr/cd/gbr
SENATE

110
June 7, 2011

think you and I represent districts that have a great deal of similarities.

So, for instance, the Town of Westbrook, where I live, has an outlet. The Town of Haddam has almost no commercial revenue, so it won't be even. Clinton, another town that I represent, has an outlet mall. They'll be a big sales tax generator. Deep River has a lovely downtown but not a whole lot of sales tax revenue. So spreading that out over the district, it does create winners and losers.

They are able, of course, to get back on the winning side, if you will, with the Regional Performance Grants. That's money set aside to encourage towns to do things regionally, two or more towns. My towns, the towns I represent -- not that I own -- my towns do a lot of work in that area already. And I expect they'll really step it up when that money is hanging there, available to be awarded.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

mhr/cd/gbr
SENATE

111
June 7, 2011

And I -- and I appreciate what Senator Daily said. I certainly understood there were going to be winners and losers in the fact that some towns have sales tax revenue and others don't have sales tax revenue. Some towns have a hot real estate market; other towns may have a cold real estate market.

But the types of winners and losers that I was referring to was -- did -- I -- I always thought that if this was going to be property tax relief, that the money that was raised in my town would stay in my town. I didn't anticipate that the money that was raised in my town was going to be sent to Hartford and washed, and then I would get back something, a percentage of the dollar.

And that -- and that's what I mean by winners and losers, Madam President. I think there are towns in my district that may be getting back 10 or 15 or 20 cents on the dollar and other towns that are going to be getting back \$3 for their dollar.

And through you, Madam President, to Senator Daily, is that what she had understood to be the premise of this municipal property tax relief, that we would be taking money from many of the towns that

mhr/cd/gbr
SENATE

112
June 7, 2011

I represent, and likely many of the towns that Senator Daily represents, and redistributing it to towns that we don't represent?

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, I really didn't have the expectation that it would be, well, according to the regional districts, as they've been defined, that more of the money would be kept in that district but redistributed within the district.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And sadly what this formula does is it redistributes the money out of our districts, in many cases, and to the detriment of the towns that we represent. And I'm sorry that that's how this property tax relief -- it was -- it sounded so good, Madam President, and yet in its implementation, I think it's not fair and I don't think it's as

mhr/cd/gbr
SENATE

113
June 7, 2011

advertised.

SENATOR DAILY:

If I may --

SENATOR RORABACK:

Two -- and, please, through you, Madam President, to Senator Daily.

SENATOR DAILY:

Through you, Madam President, the conveyance tax part of it was certainly intended for the kind of redistribution that you just described, and I don't know if that's the portion that you're referring to. But there is an incredible variance statewide in what towns would earn in property tax - or in conveyance tax -- so that has a definite redistribution outside of our own districts.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And as Senator Daily knows, before our budget was passed, there was already a real estate conveyance tax, and a half-a-percent, in most cases, would go to the State of Connecticut. A quarter-of-a-percent was retained locally. And now we're

mhr/cd/gbr
SENATE

114
June 7, 2011

adding another quarter-of-a-percent, but I think many of us were led to believe that that new quarter-of-a-percent would be kept close to home to help offset property tax increases. But instead, Madam President, that new quarter-of-a-percent is looking more like state relief than town relief, notwithstanding that it's been advertised as town relief. Because that money is hemorrhaging from many of my towns into the state coffers and then making its way to parts unknown. And, Madam President, that's my objection to this -- this formula, and I don't think it's what -- I don't think that that's what people had in mind when this was originally conceived.

That having been said, Madam President, I have two more lines of inquiry, one of which goes to the circumstances of the City of Bridgeport.

And through you, Madam President, to Senator Daily, this bill has a provision which permits the City of Bridgeport to underfund their municipal pension fund in some measurement.

And through you, Madam President, to Senator Daily, could she tell us a little bit about that provision and how it came to be here?

mhr/cd/gbr
SENATE

115
June 7, 2011

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, certainly. I think we all are aware of the dire fiscal straights that Bridgeport finds itself in. And this would allow them some pension deficit funding bonds to fund unfunded past obligations. So that's what they will do and they'll amortize their -- their debt there.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I didn't know -- through you, to Senator Daily -- if she knows the magnitude of the unfunded liability approximately today.

Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

mhr/cd/gbr
SENATE

116
June 7, 2011

I'm not actually certain. I don't want to give you a wrong amount, and I've heard a number of figures bandied about.

SENATOR RORABACK:

Thank you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I well appreciate the exigent circumstances that exist in Bridgeport and how tough it is to balance that budget and why it is that we ought to be thinking long and hard how best to chart a course to solvency, quite frankly.

My concern, Madam President, is that that Promised Land that we're en route to, that day when we have resources sufficient to stabilize these pension plan obligations may not come. And -- and I'm guessing that the -- we're -- we're saying \$7 million is a sufficient contribution this year. I'm guessing that we would say and next year it should be 15, and the year after that 25, and the year after that 40, and the year after that 60. And if

mhr/cd/gbr
SENATE

117
June 7, 2011

we do all those things, then we'll get to where we need to be.

And, Madam President, through you, my fear standing here today is that three years from now we may not be in a better place and the noose will tighten and we'll have to really figure out how to address this pickle.

And lastly, Madam President, this bill appears -- through you -- and -- and please, through you, Madam President, to Senator Daily.

SENATOR DAILY:

Thank you --

THE CHAIR:

Senator Daily.

SENATOR DAILY:

-- very much, Madam President, and through you.

Senator, I want to let you know that I share your concern, and for that reason, well part of that reason, this was worked out, this plan between our Treasurer and Bridgeport's and the actuaries there. So it's the best shot of having it work. But I do share your very valid concerns about how it moves in the future.

THE CHAIR:

mhr/cd/gbr
SENATE

118
June 7, 2011

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

And I should say, you know, that -- I've -- I've always -- take the position back home. This -- this is not a Republican concern or a Democratic concern, it's a concern of the people of the State of Connecticut. Madam President, no matter what your political philosophy may be, what your leanings are philosophically, mathematics is mathematics, and the numbers either work or they don't work. And I just hope that the City of Bridgeport does get on its feet, does stabilize, is able to keep its promises. And I just hope that nothing that we're doing today will diminish those prospects, and I want those prospects to be enhanced.

And I would also say, Madam President, I express some concerns about the absence of information, that the flier that we're all taking today. And, quite frankly, when I go back home, I say to my constituents, It doesn't matter whether you're a Democrat or a Republican. Do you want us voting on the basis of no information? Now I -- to me, it's not a partisan question, it's a basic

mhr/cd/gbr
SENATE

119
June 7, 2011

responsibility question. And in most cases, people agree that we ought to be doing the best we can to build our public policy on the foundation of reliable, sound information. And I don't think we're doing that in this particular case.

But this bill gets rid of the securitization. A year ago, Madam President, we thought that in order to balance the Fiscal Year '11 budget, we'd have to borrow a lot of money. Thanks to some tentative recovery in our economy, we don't have to do that.

So through you, Madam President, to Senator Daily, we're not going to have to securitize a lot of money; is that correct?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

No, we're not going to have to securitize, and that's very good news for us and for the state.

THE CHAIR:

Thank you.

SENATOR RORABACK:

Thank you.

mhr/cd/gbr
SENATE

120
June 7, 2011

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

And poor Senator Daily; I remember it, as if it were yesterday, when she stood there and said, It's a tax and I can't -- I'm not going to -- I'm not going to sugarcoat it. And I think it's good news for everyone in Connecticut that this one particular tax isn't going to be there.

The only wrinkle on that, Madam President, is that the State of Connecticut has already collected a lot of money in anticipation of the securitization. All of us on our electric bills, and I think beginning January 1st, started paying into a fund.

And through you, to Senator Daily, does she know when I might expect my check back for that money that doesn't have to be used for these purposes?

Through you, Madam President, to Senator Daily.

SENATOR DAILY:

I advise you not to wait by the mailbox.

SENATOR RORABACK:

Right.

mhr/cd/gbr
SENATE

121
June 7, 2011

SENATOR DAILY:

That money was not taken in anticipation of securitization. That money, according to the vote we took before, was put right into the General Fund. You did receive a reduction in your electric bill, in January, not as great as it would have been had we not planned on securitizing or not taken that 40 million. You will receive a reduction in your electric bill in the very near future, I guess July when they have it -- all the mechanics in place.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank -- thank you, Madam President.

And that -- and that day, I think not just for me but for most Connecticut families, that day can't come soon enough, because as gas prices have risen, as home heating fuel has risen, any -- we'll cop any break we can get. And I'm glad that's going to happen.

I'm very appreciative of the Chamber's indulgence. I'm appreciative of Senator Daily's responses. I'm appreciative of Senator Harp's

mhr/cd/gbr
SENATE

122
June 7, 2011

responses. I am crestfallen, quite frankly, that none of us has any information.

It's not that we have bad information, it's that we have no information. And we are going headlong; damn the torpedoes. Here we go, Madam President. I don't think anyone knows where we're going to end up, but I have a feeling it may not be in a very good place.

So I urge rejection of the amendment.

Thank you, Madam President.

THE CHAIR:

Thank you, very much.

Will you mark further?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. Good afternoon to you and to everybody else in the Chamber today.

THE CHAIR:

Good afternoon, sir.

SENATOR FRANTZ:

In fact, Senator Roraback is correct. This is probably our last chance to speak out about the budget through this implementer bill here today, this afternoon. And, indeed, I think we should all

mhr/cd/gbr
SENATE

123
June 7, 2011

express our opinions about it, because there is much to be concerned about.

The road we are travelling down is, in fact, a lot different than most other states around us and most other states in the country. And in those great words of Robert Frost, when we came to that -- that division in the road and there were, there was a choice, I think the imagination tells you, Yeah, take the one that looks a little more adventurous, a little more interesting. And maybe it may have a few more challenges in it, but it may also be much more of a reward once you get to the end of that road or get into going down that road.

But I think what we're starting to see, certainly on this side of the aisle, is a very bumpy road, one that's full of ravines, and rocks, and boulders, and one that's going to be very, very difficult to get around for a lot of reasons related to the -- the fiscal issue that we're -- we're dealing with here as a result of this budget.

And I think that just as a small example, because ladies and gentlemen, we're talking about billions of dollars here, billions of dollars that

mhr/cd/gbr
SENATE

124
June 7, 2011

are unidentified in terms of savings, apparently;
billions of dollars in new taxes.

But if you take just one, small example of
what's going on here in the State of Connecticut --
and I hope people are watching this -- if you look
at that one account that contains approximately \$40
million that is transferred to the General Fund as a
result of putting what is considered by most to be a
tax on your electrical bill, a monthly tax of
somewhere between \$2.50 and \$6-a-cents -- six -- \$6
every month, it adds up to, over the course of
five-plus months, to about \$40 million.

That's the taxpayer's money, the rate-payer's
money. And rather than considering, even just for a
minute, sending that money back to the taxpayer and
the rate-payer, what we're doing is we're putting it
into the General Fund. We know that we here in
Connecticut are already faced with 372 taxes -- 372.
Most of those you've never heard of before but
you're paying them. And the fact that Connecticut
wouldn't consider, here in this Chamber or
downstairs or in the Executive Branch, to return
some of that money, if not all of that money to the
-- to the rate-payer and the taxpayer is -- is

mhr/cd/gbr
SENATE

125
June 7, 2011

beyond comprehension. A deal is a deal and I think it's not very straightforward and honest with everybody in the state to -- to not even consider returning that money, after putting in a somewhat deceptive tax, I think most of us would consider it.

Through you, Madam President, I do have a couple of questions on the underlying -- or on the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

And this will be for Senator Daily, through you, Madam President.

I'm a little confused about how the Municipal Revenue Sharing plan works. And can you confirm through the Madam President that this revenue is coming from a twenty or quarter -- 25 basis point increase in the real estate conveyance tax and a one-tenth-of-a-percent Sales and Use Tax increase?

Through you, Madam President.

THE CHAIR:

Senator Daily.

mhr/cd/gbr
SENATE

126
June 7, 2011

SENATOR DAILY:

Thank you, Madam President.

Yes, Senator Frantz, as well as a tax on hotel occupancy, an increase there, and on car rentals.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And is there also a component of the 25 basis point real estate conveyance tax and a Sales and Use Tax increase as well?

THE CHAIR:

Senator --

SENATOR DAILY:

Yes.

SENATOR FRANTZ:

Yes.

THE CHAIR:

-- Daily.

SENATOR FRANTZ:

Okay; thank you. You did -- you did answer that before.

SENATOR DAILY:

I said "yes and."

mhr/cd/gbr
SENATE

127
June 7, 2011

SENATOR FRANTZ:

Got you.

SENATOR DAILY:

(Inaudible.)

SENATOR FRANTZ:

Thank you. Thank you.

Through you, Madam President, in the case -- just picking a municipality out of the hat, Stamford, Connecticut, it looks as though during the next fiscal year or Fiscal Year 2012, that that 25 basis point increase in real estate conveyance tax will deliver to the state just shy of \$2 million, and the increase in Sales and Use Tax will deliver approximately \$1.6 million, for a total of \$3.5 million. Is that correct?

Through you, Madam President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

Senator Frantz, I don't have that run in front of me, but I don't doubt that you're correct.

THE CHAIR:

mhr/cd/gbr
SENATE

128
June 7, 2011

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And through you, Madam President, when you look at the Municipal Revenue Sharing Grant net result of a formula that I don't really understand, it looks as though Stamford receives back a total of \$1 million from the 3.5 that comes to Hartford, for a net loss in Fiscal Year '12, of 2 -- \$2.5 million. Is -- is that correct?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

As I was trying to explain to our colleague, I don't think that's actually correct because there's also the regional Incentive Grants. So a direct check back to Stamford, I think you're right. But the other pots of money that will be distributed regionally will add more. And I'm sure Stamford will be eligible for those.

THE CHAIR:

Senator Frantz.

mhr/cd/gbr
SENATE

129
June 7, 2011

SENATOR FRANTZ:

Thank you.

And through you, Madam President, in your estimation, would the additional incremental benefit to the City of Stamford, would that make up for a portion or perhaps all of or maybe in excess of the -- of the \$2.5 million?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, I really, I wouldn't want to guess because we don't have the numbers that would be redistributed with the regional Incentive Grant. Stamford is a pretty smart, well-run city. I would imagine that they would have a great idea of how to get back some of that money with those regional incentives.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And through you, Madam President, I -- I -- I hope you're right. It seems like an additional

mhr/cd/gbr
SENATE

130
June 7, 2011

price tag as it faces -- as it looks on -- on a piece of paper here.

And -- and, yes, I agree with you, through you, Madam President, Senator Daily, that Stamford is intelligent about this, but I'm not sure that they will be able to come up with enough justifiable requests to make up for that, and that is of great concern.

And I think everybody in the -- in the state would agree that a tax system that -- that taxes more heavily -- if you need a break, feel free to sit down.

SENATOR DAILY:

(Inaudible) have to.

SENATOR FRANTZ:

If -- if -- if we have a system that taxes the more successful areas of the state and distributes that, to a certain degree, throughout the rest of the state, that's probably a fair and justifiable system. But the -- and -- and, Madam President, I just want to note, let Senator Daily know that I'm done with questions to her. I'm just making a comment, so I don't want to keep you standing up.

mhr/cd/gbr
SENATE

131
June 7, 2011

Thanks.

THE CHAIR:

Thank you, Senator.

SENATOR FRANTZ:

Thank you.

If we have a system that redistributes the revenue throughout the state, I think you can make a case for that to a certain degree. However, there's probably a point of diminishing returns at which taxpayers say, Enough is enough. And if you take a city like Stamford, Connecticut, and you look at the revenues that they typically put in under normal circumstances -- not during a recession -- but under normal circumstances, to the -- to the state's revenue coffers, and then you look at what comes back to the City of Stamford, you're talking about 1.2 to 1.4 percent.

In the case of a Town like Greenwich, Connecticut, which under normal circumstances it sends approximately a billion dollars in income tax, estate tax, Sales and Use Tax to the State of Connecticut and it gets back a whopping 0.6 percent, about \$6 million. And I think taxpayers, when

mhr/cd/gbr
SENATE

132
June 7, 2011

today learn those figures, they look -- they look at this taxing scheme and they say, Enough is enough. We do believe in supporting in a fair way the rest of the state, but we're not up for paying for everything, and we'd love a little something in return for this. Our roads are -- are a mess down there.

We are getting some attention in Southwestern Connecticut to some of the problems that we have as a result of a -- one of the tougher winters in -- in recent memory. But I think, in general, people who pick up the tax tab down there are getting sick and tired of seeing this money continue to go everywhere else, and then to be hit up again with a Municipal Revenue Sharing and sharing grant scheme that takes even more money away, in all likelihood.

The Senator did make it clear that there may be some other chances to get some additional grants to those different municipalities and towns, but we think we know what's going on here, and I think taxpayers are saying, Enough is enough.

And one -- one of our biggest problems -- and we'll discuss this later on this evening -- is that people are leaving the state. We are amongst the

mhr/cd/gbr
SENATE

133
June 7, 2011

highest taxed people in the country, especially when we take into account the fact that we don't allow deductions here in the State of Connecticut.

And it all does boil down to the income tax at the end of the day. That's how people make their money in small business and medium-sized businesses, their -- their flow-through corporate structures, LLCs and -- and Sub-Ss and -- and the like. So we have to be very, very careful about taking this to an extreme where people say, Enough is enough. It's the biggest, single complaint I get, and it's not just Greenwich and Darien and New Canaan, it's many other towns and outside of Fairfield County.

Moving on, Madam President, the State of Connecticut has learned of the largest tax increase in its history here in the last couple of months, and I'm scratching my head wondering why we can't effectively review, as a member of this legislative body, to review and approve the SEBAC contract, which has been a bit of a mystery here. And I thought that was really part of the deal in return for the 3.6 -- \$3.7 billion, over the next two years, in increased taxes. Part of the deal should be that we as a

mhr/cd/gbr
SENATE

134
June 7, 2011

legislative body have a chance to see what's going on with the contracts here. And I know there are procedures, union procedures to review the contract, approve it or disapprove it, change it, whatever it they need to do, but it should come back to the -- to the General Assembly. This was part of the deal from the get-go is that we were going to have the ability to approve this or not approve it, send it back for some modification and then hopefully approve it again. This implementer bill takes away the ability for the General Assembly to do that.

And Senator Roraback made some very good points before about the information that -- that we seeked in this -- in this proposed agreement here. We don't -- we don't know really where we stand. If -- if they come out at OFA and say that there are at least \$700 million that they can't stand behind or identify, then we should be asking ourselves are we putting ourselves in a real weak position going forward here today, because we will be the high-taxed state forever going forward, and we'll be one of the highest cost-structure states going forward; because, again, we've raised the bar here

mhr/cd/gbr
SENATE

135
June 7, 2011

and everything begins to compound over the course of time.

So, through you, Madam President, I do have a couple of questions for Senator Harp.

THE CHAIR:

Senator Harp, prepare yourself.

Please proceed, sir.

SENATOR FRANTZ:

Thank you, Madam President.

Senator Harp, through you -- through you, Madam President, could you just briefly tell us the -- the function as you see it, as the Co-Chair of the Appropriations Committee, the function of the Office of Fiscal Analysis and how -- how good you think that are? I think they're very good, but tell me in your opinion how good you think they are.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

The Office of Fiscal Analysis provide the -- the technical and support function of behalf of Legislators who want to understand what is happening fiscally, both on the appropriations side as well as

mhr/cd/gbr
SENATE

136
June 7, 2011

on the revenue side, for the State of Connecticut
Legislators.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And -- and, Madam President, the second part of
the question is you -- you feel that they do a -- a
terrific job.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, I -- I think I
agree with the gentleman that they do a -- a
terrific job. They're in a very different position,
though, than the Office of Policy and Management
that actually has all of the information.
Oftentimes, they're constrained by the information
that they receive from various sectors.

We don't have -- and one of the things that
they had indicated would be helpful to have, they
don't have, for example, an economist. We can't run
our own REMI models that might be helpful. But

mhr/cd/gbr
SENATE

137
June 7, 2011

given their technical expertise as professionals, I think it's outstanding.

Would it be great if they could receive more information? I think that they would like to have the automating budget system, which they don't have access to, that is -- it's an administrative process. So would they be more efficient? They've convinced us they would if they had access to that, but -- but they don't. But in spite of that, they're terrific.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And -- and I'd like to also reiterate that my experiences with OFA have been terrific, and they are quick on their feet. They're quick with their minds to get you answers that you need. In the heat of the final days of session here, it's really, really quite impressive.

So I -- I think, through you, Madam President, that Senator Harp would agree with me that their conclusions are valuable and worthy in the whole discussion of where we're going on this budget and

mhr/cd/gbr
SENATE

138
June 7, 2011

on this budget implementer.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

If -- if that's a question, I would agree that actually, for Legislators, their fiscal notes, their assessment of revenues, et cetera, are things that -- that are the only things that we can really pay attention to, when they have access to the information and can provide it for us.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

And -- and, Madam President, the comment I have is that since we all agree that they're terrific at what they do, highly, highly competent, when you're talking about a number that approaches a billion dollars, in the case of the SEBAC proposed agreement and they're concerned about what makes up these numbers and they're -- and they're concerned that they might, in fact, not be able to stand behind

mhr/cd/gbr
SENATE

139
June 7, 2011

those numbers, that gives me great pause for concern. I think it should give every taxpayer and citizen of the State of Connecticut some pause, as well.

And, Madam President, through you, to Senator Harp, can you give us the rationale for there being no legislative ability here to -- to be a part of that contract and -- and finally to approve it or disapprove it at some point during the session or afterwards?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

Through you, I think that there's a misunderstanding about what we as a Legislature do when it comes to collective bargaining contracts. We don't -- we can either approve or disapprove of them. And it's really on a narrow area, and that's whether or not there's money in the budget for those contracts or whether or not, you know, certainly there are savings.

And so that narrow area is where we operate. We don't make decisions about the policies that are

mhr/cd/gbr
SENATE

140
June 7, 2011

in those contracts; those are collectively bargained between the bargaining agents and our state government.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

Through you, Madam President, I -- I do appreciate the -- the -- the protocol; however, the original budget proposal called for the General Assembly to have the ability to approve the contract after it was approved by the unions -- unions, assuming it was. And now the budget implementer takes away the ability of the General Assembly to do so.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, I don't believe that it does. It just basically says that it -- it follows the same pattern that we've always used for contracts, for collectively bargained contracts. It basically says that as it does in Section 5-278,

mhr/cd/gbr
SENATE

141
June 7, 2011

that the General Assembly may call itself into a --
a special session and that if we -- within five days
-- and that -- that if we don't, that the -- by
making the decision not to, we're assuming -- we're
deeming it approved.

So the reality is that we are approving it if
we do not call ourselves in, but we are not saying
that we're not going to call ourselves in, we're
saying that we don't have to. If we don't, it's a
decision that we've made to deem it approved. And
so by making that decision -- and this is something
that is in our statutes currently, and the way that
we've operated for decades -- ultimately says that
we are using this as a part of an approval process.

So, you know, there are some who say that every
contract needs to be voted out. But that's not what
is done in the State of Connecticut, and we approve
things oftentimes by not taking them up. And if you
look at Section 5-278, it indicates that that is
part of the process of approving contracts in our
state by actually not voting on them.

Thank you --

THE CHAIR:

Senator Frantz.

mhr/cd/gbr
SENATE

142
June 7, 2011

SENATOR HARP:

-- Madam President.

SENATOR FRANTZ:

Thank you.

And, Madam President, a comment on that.

That's what gives me great -- great concern is that as part of the original budget, because the Governor felt so strongly about this, that -- that the General Assembly should be in a position to approve these contracts, and now we're going back to the same old business-as-usual approach. And we know exactly what's going to happen. I doubt we're going to be back in here within the next two weeks, after session is over tomorrow night, at midnight, to approve or disapprove of the agreement. And so we, in fact, go back to the old way that's gotten us into so much trouble here.

Up until a couple of years ago, we've been growing our cost structure at almost 7 percent, per year, for 34 years now. Mathematically, it's just unsustainable, again, unless we strike oil or find some other magnificent industry that's going to deliver unheard of revenues to the State of

mhr/cd/gbr
SENATE

143
June 7, 2011

Connecticut. We're just not going to be able to keep up with that.

And, furthermore, if in fact we don't have the savings, the real, genuine savings over the next two years that -- that we're hoping to have, this \$1.6 billion agreement, say it's down to 600 or 800 million dollars as opposed to 1.6, the shared sacrifice there -- which I think we all embraced, at least to a certain degree, and was probably the right thing for Connecticut, but based on a lower cost structure -- that becomes very, very out of proportion. Instead of a 50/50 deal going into it, which is what most people, I think, imagined when the idea was first suggested, you know, the same way that we tell our kids, you know, you guys are going to share the -- share the cupcake; that kind of means right down the middle. But that shared sacrifice has turned into something more like maybe an 80 to -- 80 percent versus 20 percent, increased taxes versus reduced expenses, reduced obligations to the State of Connecticut.

So it really is a leap of faith to take that out of our hands and to also potentially not have the kind of savings that we desperately need here in

mhr/cd/gbr
SENATE

144
June 7, 2011

Connecticut. We know the economy may be recovered a little bit, but we think we're getting into a second phase of -- of this recession here, which is not going to be very good for revenues; we just don't know where we're going to be.

Madam President, moving on to a new subject, hopefully a little more upbeat, the hospital tax. I understand that there is a new formula that's being discussed, and we know nothing about it.

So, through you, Madam President, can I ask the Senator a good -- a question on that?

THE CHAIR:

Senator Harp.

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

Through you, Madam President, is there a new hospital tax formula that we need to know about?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Madam President, I believe it's the same formula that I referenced when we debated

mhr/cd/gbr
SENATE

145
June 7, 2011

Public Act 11-6. It was a proposal that, my understanding, was signed off by all of the hospitals. We call it the "CHA plan" or the Connecticut Hospital Association plan. And I believe at the time I said that it -- it was being sent to Washington or to CMS. I don't -- don't know if they're exactly in Washington or right outside of Washington -- to determine whether or not it would be approved by the Centers for Medicare & Medicaid Services.

And so my understanding is that -- that it did work, that it would be approved, but it -- so it's really not new, and it is the formula that all of the hospitals signed off on that they thought would be fairest to all of the hospitals in our state.

Through you, Madam President.

THE CHAIR:

(Inaudible.)

SENATOR FRANTZ:

Thank you.

And through you, Madam President, were there any dissenting votes on that or was that a unanimous agreement, including Stamford Hospital, Greenwich Hospital, Waterbury Hospital, et cetera?

mhr/cd/gbr
SENATE

146
June 7, 2011

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, I'm not aware of it. I don't belong to the organization so I don't exactly know what the vote would have to be in order for it to be considered their plan, but I'm assuming that at least the majority of the hospitals approved it.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

I thank you for that answer.

The next question concerns the portion, I believe it's \$180 million in the proposed agreement that will -- that is called the "Budget Savings Initiative." And that is one of the areas that OFA has had a difficult time trying to get their hands around.

If, in -- the first part of the question, through you, Madam President, to you, Senator Harp

mhr/cd/gbr
SENATE

147
June 7, 2011

is do you believe in that number, 180 million?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, it is a part of the agreement, the SEBAC agreement. I believe that it is called the "SEBAC Budget Savings Initiative," and it basically relies upon ideas proposed by employees to reduce costs and to improve efficiencies through reduced procurement costs and efficient agency operations, in order to achieve \$90 million, in Fiscal Year '12, and another \$90 million, in Fiscal Year '13. So I do believe that there are opportunities to become more efficient in our state. I think that we've, on this floor and in our various committees, have talked about any number of means to reduce the number of times paper passes around and to better utilize technology.

And I believe that there were a number of members on the employees' side who felt that they had something to bring to the table that would create savings on behalf of the work that they do

mhr/cd/gbr
SENATE

148
June 7, 2011

for the people of this state. So, yes, I believe that this is achievable.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

Through you, Madam President, thank you for that answer. I am done with my questions to you, Senator Harp.

But my rhetorical question is if there is \$180 million worth of savings over the next two years, where were all of those ideas over the last decade or so? It's not the first year that we've had fiscal challenges.

I would -- I would hope that all employees of the State of Connecticut are constantly looking for ways to save the taxpayer money, to create a much leaner and meaner machine in all of the different agencies and commissions and all the other functions of the state. I would -- I would urge them, even if it has nothing to do with this agreement or this budget, continue to come out with those great ideas that are going to save us all money and ultimately

mhr/cd/gbr
SENATE

149
June 7, 2011

save -- save jobs and make sure that state workers are fairly compensated for their -- their good work for the State of Connecticut.

The concern I have, Madam President, these days with the State of Connecticut is that we are spending too much money. We are borrowing too much money, and we're taxing too much. And that's going to be to our detriment, longer term.

There were 40-or-so kids here; my guess would be, about 8-to-10 years old, before. That's why we're here. We're here as fiduciaries to protect their futures. Forget about our generation; let's think about the next generation. And someone who is being born now, tomorrow, is already saddled with approximately 24, \$25,000 debt, right here in the State of Connecticut, particularly because we have such huge, unfunded liabilities in the pension area and the health care area.

And we have such a tough time balancing budgets, I just have a tough time imagining how we're ever going to start to nip away at some of those larger figures of somewhere between 80 and 100 billion dollars. And we're a small state. We're 3.4, 3.5 million people. It's of -- of great concern. And

mhr/cd/gbr
SENATE

150
June 7, 2011

we're, by choosing this different road, we're not addressing the issues that will, ultimately, left unchecked choke this state and provide a dismal future for future generations.

And we've seen this happen over the course of -- of history, and how quickly we forget as human beings some of the horrendous things that have happened in economic terms. You know, Germany, during the 1930s; Argentina, at the turn of the last century, the most wealthy country in the world on a per capita basis for -- for a few decades anyway, absolutely fell off the cliff and became bankrupt, and became the laughing stock of the international community because they just couldn't get their -- their act together. They borrowed too much and they paid too much, and their government expanded too much.

We are in the focal point, under a microscope from Moody's and S&P. Whitney George has written a recent report. She focuses on three states in particular, California, New York, and -- and Connecticut, and we're slowly inching towards the top of her list. She's the universal authority on municipal bond markets and who's going to be the

mhr/cd/gbr
SENATE

151
June 7, 2011

winner and who's going to be the loser in -- in that universe.

So if you look at the national numbers from an economic point of view, we were barely making two-and-a-half to maybe 2.7 percent gross domestic product growth on an annualized basis going forward; that may have just slipped here. We know for a fact in the backdrop of the -- the markets falling -- the Dow was down close to 800, 900 points here, over the last ten days or so -- we're looking at a truly scary housing situation. Wall Street Journal, yesterday morning or this morning -- I cannot remember -- says that 40 percent of mortgage holders are underwater, meaning that the value of their mortgage is greater than the value of their home. All wealth emanates from one's biggest investment, their home, and we're in trouble there again.

Are we going into a double-dip recession? I don't know but it doesn't feel really good right now. Interest rates for almost a decade have remained at historic lows. We've seen this happen in Japan, and for 30 years now, close to 30 years now, Japan has stagnated, and -- and -- and the population is hurting as a result of it, when they

mhr/cd/gbr
SENATE

152
June 7, 2011

could be thriving with a very different policy of keeping government spending under control and making sure that the consumer is, in fact, spending and people are investing and that they are -- and that they are saving.

Inflation is reported nationally, federally, at a very low level because they've taken all of the different components out of it, fuel, food, all of these different components, food that you and I would eat, anyway. They take it out. And we look at a low number and say, That's great, we don't -- at least we don't have stagflation. But we know. Our gut tells us and our intellect, in many cases, most cases, tells us that inflation is right around the corner. We could be staring at some of the most scary economic and fiscal circumstances that we've seen since the early 1970s, and we have to be careful about this.

We need state policies, especially fiscal policies that make sense going forward against this backdrop of potentially getting into another economic quagmire, oil prices hovering around 95 to \$100 a barrel. That's the biggest, single component of inflation, and it's not even included. If we

mhr/cd/gbr
SENATE

153
June 7, 2011

have anymore trouble in the Middle East, we're looking at higher than that. Goldman Sachs even says it could be \$200 within four to five years; that's not good for us.

So against that backdrop -- and I hope and -- and I am hopeful that we are not going to face another economic meltdown, but just in case, and even if we go back to the norm and start to grow again at an honest three-and-a-half percent per year at the national level, we here in Connecticut need to be mindful of our fiscal policies and particular in our cost structure, because if we're not, we're asking for a disaster here.

And with that, Madam President, I am optimistic. If we pull together in a bipartisan fashion, Executive Branch and the Legislative Branch, and get everybody to work on good, positive ideas to get employment going here again in the State of Connecticut, bring the companies back, make it more attractive, we've got a bright future to look forward to.

Thank you.

THE CHAIR:

Thank you, Senator.

mhr/cd/gbr
SENATE

154
June 7, 2011

Will you remark?

Senator McLachlan. Good afternoon, sir.

SENATOR McLACHLAN:

Good afternoon, Madam President.

I stand for the purpose of questions to Senator Daily, please.

THE CHAIR:

Senator Daily, prepare yourself.

Please proceed, sir.

SENATOR McLACHLAN:

Thank you, Madam President.

Good afternoon, Senator Daily.

And I wonder if you could share with us a little more detail about the municipal revenue process, the calculation, the collections, and how that was designed. When I look at information provided by our terrific staff in the Senate Republican Office, they -- they gave me fairly specific details of estimated conveyance revenue, the estimated sales tax revenue from the increase in the sales tax, for each town, and then also what the Revenue Sharing Grant would be. But I'm very interested in the calculation that -- that was done as part of this budget document, as it relates to

mhr/cd/gbr
SENATE

155
June 7, 2011

the total pie, if you will, from which the grants derive from.

My question is: When I look at the numbers of the sales tax from the City of Danbury, for instance, I see an amount generated in Fiscal '12, of 1.9 million, and Fiscal '13, of just under 2 million. And it's my understanding, though, that in the State of Connecticut, operation of our tax collections, the reporting of sales tax is skewed a bit, based upon towns because of the location of what's known as "home stores." And so, for instance, in Danbury we are the home of the greatest, the largest indoor mall in all of New England, known as the "Danbury Fair Mall." And we have many anchor stores.

And it's my understanding that the sales tax from those stores are not attributed to Danbury, they're reported either in West Hartford or Manchester. It's also my understanding that Wal-Mart, for instance, reports out of Manchester.

Through you, Madam President, is that your understanding that when these reports are created, they do not reflect the actual sales tax in each of

mhr/cd/gbr
SENATE

156
June 7, 2011

those communities?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, the law requires that they report by their location. Now does -- do all stores obey that law? I'm inclined to think no. But that law has been on the books for, I think, about four years, and we've been trying to get companies to do what the law requires.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Daily.

Well, I appreciate you clarifying that that is the obligations of the stores to -- to report that way. It was my understanding that DRS gets sort of lump sum reporting from each of those parent companies and that it tends to come by way of their home store. So I assume that DRS is working diligently with those -- those megastore operations to report that way.

mhr/cd/gbr
SENATE

157
June 7, 2011

Having said that, I also understand that there are a number of sales tax -- sales tax dollars that come in that are not attributable to a particular community.

Through you, Madam President, are you aware of -- of sales tax that is nonattributable geographically?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, aside from the example you gave about stores, in some instances lumping it together, I'm think -- trying to think of any instance where it wouldn't be reported geographically. Maybe you know of some. I -- I don't. I can't think of any.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Daily.

It was my understanding that there's another pot of -- of sales tax dollars that are not

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2011**

**VOL. 54
PART 20
6211 - 6545**

mhr/cd/gbr
SENATE

158
June 7, 2011

attributed, they're unallocated to a particular community.

And my question is: Whatever that pot of money is, is that pot of money also put into the calculation of the pool of monies available for the grants in this new Municipal Revenue Sharing program?

Through you, Madam President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

And through you, Madam President, I don't know of that pot of money, so I don't know of its allocation or distribution.

I would -- if I were doing it, what I would do is put that money into the pool of money to be part of how it's distributed or redistributed in regional groups.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Daily.

mhr/cd/gbr
SENATE

159
June 7, 2011

So I'll -- I'll do some more homework on that, but I appreciate your giving some input on -- on that concern. It -- I understood that it -- that pot of money could exceed nearly or more than a half-a-billion dollars, and my question was: Is that pot of sales tax dollars being included in the grant calculations, even though those dollars are not attributed to one of the 169 towns in Connecticut? (Inaudible) --

SENATOR DAILY:

Sir?

SENATOR McLACHLAN:

Sure.

SENATOR DAILY:

If I may, through you --

THE CHAIR:

Please.

SENATOR DAILY:

-- Madam President?

I would have to repeat. I don't know of such a sort of allocation, and there's nobody here from DRS that could answer our question, so you -- when you get that kind of information, maybe you'll share it with me. And I will be grateful to you.

mhr/cd/gbr
SENATE

160
June 7, 2011

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

I will seek that information, the answer to that question and be glad to share it with you.

The -- the calculations, though, I have the same concern, if you will, that Senator Roraback shared, a little earlier today. And by using the information provided by our great staff in the Senate Republican Office, Lisa Hammersley -- where is she, and God bless her -- this revenue calculation that seems to be coming out of the City of Danbury, I'll use as an example, is 5,093,045, so a little over \$5 million in new taxes generated -- new sales taxes generated from stores and businesses in the City of Danbury. And the amount through this Municipal Revenue Sharing program coming back to the city is about \$1.6 million.

Now, certainly the mayor and the city council in Danbury, I'm sure are grateful that that helps fill some of the needs in the city budget, but the concern is that the City of Danbury and its customers are generating over \$5 million and less

mhr/cd/gbr
SENATE

161
June 7, 2011

than a third, in fact 32 percent, of those dollars are coming back to the community.

And -- and I guess that's the same concern that you had in Westbrook because you have limited commercial businesses in Westbrook, and I -- and I think you said it was a -- a small mall in Westbrook that seems to be generating most of your sales tax. But in Danbury, we are an economic engine for sales tax and -- and it seems patently unfair, if you will, that so much is being generating and so little comes back. And I'm not sure that's the message that we heard when this idea was introduced as part of the Governor's budget.

Another question, if I may, to Senator Daily, as it relates to the hospital tax.

THE CHAIR:

Please proceed, sir.

SENATOR McLACHLAN:

Thank you, Madam President.

In Section 67 of the bill before us, it appears that there's an increase in the hospital tax of a little over \$75 million.

mhr/cd/gbr
SENATE

162
June 7, 2011

Through you, Madam President, can you clarify for us, is that an accurate assessment?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Madam President.

First, I want to clarify about my own town, Westbrook. We have an outlet mall. We have a good-size car dealer and a wonderful hotel. So our receipts will be more than what we get from the -- than what is returned to us through the same formula. So we're talking far fewer dollars, far fewer people, but we're -- we'd be in the same boat. And that's the way many of our funds are collected and redistributed. And in terms of the hotel tax, I would yield to Senator Harp -- not the hotel, the hospital --

SENATOR McLACHLAN:

Hospital.

SENATOR DAILY:

-- tax.

SENATOR McLACHLAN:

Hospital tax.

mhr/cd/gbr
SENATE

163
June 7, 2011

THE CHAIR:

Hospital.

Senator Harp, will you accept the yield, ma'am?

SENATOR HARP:

Yes. Thank you.

I'll try. Could he repeat the question, please, because I -- could the good gentleman from Danbury repeat the question?

THE CHAIR:

Senator McLachlan, will --

SENATOR McLACHLAN:

Thank you --

THE CHAIR:

-- you repeat the question?

SENATOR McLACHLAN:

-- Madam President.

And thank you, Senator Harp, for your assistance with this -- with these questions; actually I'll have a couple of others for you.

The hospital tax in Section 67 appears to -- this bill appears to increase, if I'm not mistaken, the hospital tax by over \$75 million. Is this -- translate into an increase in spending from the budget previously adopted by the Legislature?

mhr/cd/gbr
SENATE

164
June 7, 2011

Through you, Madam President.

SENATOR HARP:

Thank you.

Through you, Madam President, the -- the -- the dollars, there is an increase in the distribution of the hospital tax so that what is taxed actually goes back to the hospitals. It's about 39.4 million in Fiscal Year '12, and 36 million in Fiscal Year '13. Those dollars, as you know, then we receive federal reimbursement for approximately half of that. So all together, it's around 33 million. And I think that that ultimately provides some of the excess revenue that we discussed earlier today.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

I -- I think I've listed to most of the debate this afternoon, although I may have missed your comment regarding that. So if you would indulge me, does that translate into increased spending in this budget versus the previously --

mhr/cd/gbr
SENATE

165
June 7, 2011

THE CHAIR:

Senator --

SENATOR McLACHLAN:

-- passed budget?

THE CHAIR:

-- McLachlan -- Senator Harp. Sorry.

SENATOR HARP:

Yes. I -- I think that I -- I -- I think that -- that I had indicated that there was an excess spending, the biggest portion of which is the 39.4, in Fiscal Year '12, and the 36 million, in Fiscal Year '13, but there are other areas of, as well, increased spending in the -- in this new budget adjustment.

There are also cuts in this budget adjustment.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

And you mentioned that this does translate into increased spending but there are some other cuts. Does the bottom line spending number increase in this budget implementer, before us today, in

mhr/cd/gbr
SENATE

166
June 7, 2011

comparison to the budget passed by the General
Assembly previously? Through you, Madam
President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, I believe it
does.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

And -- and thank you, Senator Harp.

Could you clarify what that amount is of
increased spending in this bill before us today in
comparison to the previously adopted budget?

Through you, Madam President.

THE CHAIR:

President -- I mean President? Thank you.

Senator Harp.

SENATOR HARP:

Could you hold on for just a moment; let me
just check to see.

mhr/cd/gbr
SENATE

167
June 7, 2011

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

SENATOR HARP:

Through you, Madam President, I believe I'm going to try to do it this way. The added spending relates to about \$301 million, for Fiscal Year '12, and about \$115.4 million, in Fiscal Year '13.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

The -- I did hear you talk about rest areas previously, and if I'm not mistaken, more than one rest area was impacted by this budget implementer.

In fact, in the City of Danbury, right on the state line with New York, we have a rest area, as I understand. It's a -- it's a relatively small one; if I'm not mistaken, it's staffed by one state employee at -- at most times and volunteers who serve as tourist guides.

mhr/cd/gbr
SENATE

168
June 7, 2011

Through you, Madam President, is this rest area on Interstate 84 in Danbury slated for closure?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, not in Fiscal Year '12.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

And through you, Madam President, to Senator Harp, what would the savings be for the closure of the Danbury rest area on Interstate 84?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, I believe that it would be -- the savings that would occur would have to do with staff, that staff the facility. And I think there's one supervisor and one other person

mhr/cd/gbr
SENATE

169
June 7, 2011

for over a 24-hour period. I don't know the exact amount.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Is -- looking now, if we may for a moment, at Section 139, 140, it talks about liability protections to municipalities.

And through you, Madam President, to Senator Harp, does this language in any way impact municipalities by way of additional cost to municipalities?

And through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I believe that this ultimately -- let's see.

Could we stand at ease, so I can just check this out?

THE CHAIR:

The Senate will stand at ease.

mhr/cd/gbr
SENATE

170
June 7, 2011

(Chamber at ease.)

SENATOR HARP:

Thank you --

THE CHAIR:

Senate come --

SENATOR HARP:

-- Madam President.

THE CHAIR:

-- back to order.

SENATOR HARP:

I believe that this actually -- if I understand this, I think that it protects large municipalities from liabilities when they allow individuals to use their property for recreation without charge and that the bill basically makes it clear that state and local taxes are excluded.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

mhr/cd/gbr
SENATE

171
June 7, 2011

I guess I was -- thought I was reading that it was a repeal of liability protections to municipalities, and my concern was if we're repealing liability protection to municipalities, then municipalities would have to assume additional insurance coverage to cover that protection. Am I mistaken by that understanding?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, this is a very complicated measure that has to do with a bill that has yet passed, hasn't passed yet. And so, in all honesty, I'm probably not best suited to answer that question.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

mhr/cd/gbr
SENATE

172
June 7, 2011

So I'm hoping that you're referring to a bill that I -- I strongly support, which is to hold harmless in -- in limited ways municipalities in their parks and open-spaced lands. Is that the bill you're referring to, Senator Harp?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, I believe so, yes.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

The -- the next questions -- question relates to Sections 146 to 151, which I have read, and it refers to a new judge's retirement plan.

And through you, Madam President, to Senator Harp, is this retirement plan or language different from the rest of state employees?

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

173
June 7, 2011

SENATOR HARP:

Thank you, very, very much, Madam President.

I believe that this language actually assures that the judge's retirement will conform to the retirement changes that are made in the SEBAC agreement.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

And so it's your understanding that it's going to be virtually identical? Because when I look at it, it seems to be an incentive for early retirement.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, I don't believe that it's an incentive for early retirement.

THE CHAIR:

Senator McLachlan.

mhr/cd/gbr
SENATE

174
June 7, 2011

SENATOR McLACHLAN:

Thank you, Madam President.

Would you agree, then, through you, Madam President, to Senator Harp, would you agree that the language in those sections certainly encourage someone in that position to consider retirement earlier and specifically before the effective date of this new rule?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I believe that for judges in particular, it's probably best if you don't retire before 70, because you get two-thirds of your income can come back as a -- a referee and almost earn what you earn without -- by working half-time, without working full time, so that I don't believe that there's anything in this bill that militates against a -- that being probably the greatest benefit to someone and who is a judge in -- in our state, that if you can continue to be a judge until age 70, that that is the best outcome for you, and I would imagine your family,

mhr/cd/gbr
SENATE

175
June 7, 2011

because of the pension that you will receive.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

Well, that's -- I -- I think that's an interesting observation. I -- I don't see it that way. I think that it seems to me, based upon some dramatic changes beginning in September, that that would take pause for a number of people to consider perhaps moving along sooner rather than later, based upon changes in the benefit plan. And that's why I -- I referred to it, frankly, as a somewhat early retirement plan.

In -- in the -- Section 165 refers to adoption of the SEBAC agreement, and I know you've had discussion about this already. But I'm -- I'm trying to understand a little better how we've gotten from a budget introduced by the Governor that seemed to imply that -- that a -- a vote by the Legislature is highly recommended by the Governor -- certainly it's not his ultimate decision -- and that the previous bill, budget bill approved by the

mhr/cd/gbr
SENATE

176
June 7, 2011

General Assembly seemed to also indicate that a vote of the General Assembly would be necessary or should happen. But in Section 165 it -- it refers to a special session.

And through you, Madam President, could you just clarify how that changes the rules of the General Assembly's normal process available to them to approve a collective bargaining agreement?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Normally I -- I believe that the General Assembly basically will, after it receives -- after an agreement is filed with the Clerk's Office, the General Assembly, while it's in session, has 30 days to approve the contract. If it doesn't approve of it within the 30 days, it's deemed approved.

Basically what this does is to -- is to basically say that the General Assembly may call itself into special session, and that if the agreement is not approved in five days, it will be deemed approved by the Legislature.

mhr/cd/gbr
SENATE

177
June 7, 2011

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

In reviewing a reference to the Joint Rules of the Connecticut General Assembly, it specifically points to Joint Rule 31, which talks about, in the Joint Rules -- can just get to that one, please; one moment -- that Joint Rule 31 calls on the Appropriations Committee of the -- the Joint Committee of Appropriations to be very active in the process of reviewing collective bargaining agreements and conducting a public hearing.

Through you, Madam President, do you -- do you personally object to that as the Chairperson of Appropriations?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Madam President, you could -- could the gentleman please repeat the question? I -- I don't really quite understand the question, and I would

mhr/cd/gbr
SENATE

178
June 7, 2011

hate to respond to it, not quite understanding it.

I -- I'm trying to understand what I would be
objecting to?

THE CHAIR:

Senator McLachlan.

SENATOR HARP:

Through you.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

Glad to repeat. I -- I'll -- and I'll
abbreviate it. I think that -- excuse me -- the --
the bill before us, in Section 165 also refers to
Rule 31 of the Joint Rules of the Connecticut
General Assembly, and in the Joint Rules in that
section, it talks about the Appropriations Committee
having a -- a very proactive role in the process of
reviewing and adopting, approving collective
bargaining agreements, including a public hearing.

My question is: As the Co-Chair of the
Appropriations Committee, do you object to that
process?

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

179
June 7, 2011

SENATOR HARP:

Through you, Madam President, I -- I believe, though, that what Section 165 does is it -- it not withstands that it gives -- it -- it not withstands the Appropriations Committee's involvement. And that gives a five-day window for the General Assembly to act, if it chooses to act.

And I am not offended by that, if that's what you're at -- asking, because the budget that we're -- adjustment that we're passing today presupposes that all of the elements that are in the SEBAC plan be ratified in order for this budget to work.

So, in many respects, coming back in, having Appropriations go through its process is somewhat redundant to what we're doing today in passing this budget adjustment or implementation bill. So -- so I -- I don't think that it's necessary for the Appropriations Committee to come and hold a public hearing and to pass it, since the entire General Assembly is aware of all of the changes in the agreement and is also aware of how it will impact our budget.

And by voting this, the House, by voting for it actually has approved it already. And there are

mhr/cd/gbr
SENATE

180
June 7, 2011

what, 151 individuals there? And if we approve it, there are 36. And to come back in, I think, to approve it yet again, would be redundant, so I -- I don't find it offensive in the least and support the five-calendar-day option to call ourselves back in, should we believe that it is necessary.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp for your assessment and opinion on the process.

I then would like to refer to, if I may, to a memo from the Office of Fiscal Analysis expressing concerns that that office, a nonpartisan office of the General Assembly, stating they can't verify approximately \$1 billion in anticipated savings from the proposed SEBAC concession agreement.

Through you, Madam President, could you respond in any way that might shed light on that memo to the General Assembly, but more importantly if you could give your opinion on how that memo may impact your previous statement that it's redundant for the

mhr/cd/gbr
SENATE

181
June 7, 2011

General Assembly to come back, either in special session or by way of Rule 31 to adopt the collective bargaining agreements?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

I am not aware of the letter to which the gentleman speaks and nor am I aware of the precise language that he refers to. It's certainly not a part of the fiscal note of this bill. So if he could read to me exactly what was stated in the letter, than perhaps I can give my assessment of -- of -- of how I would take it and what it means, based upon whether or not it's an analysis of the SEBAC agreement or exactly what it is.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

If we could stand at ease for a moment, I'll try to recover the quote --

mhr/cd/gbr
SENATE

182
June 7, 2011

THE CHAIR:

The Senate --

SENATOR McLACHLAN:

-- that I (inaudible).

THE CHAIR:

-- will stand at ease.

(Chamber at ease.)

THE CHAIR:

Senator McLachlan.

The Senate will come back to order.

SENATOR McLACHLAN:

Thank you, Madam President.

Through you, Madam President, to Senator Harp, perhaps this memo is not as widely distributed, although I first saw it on the Internet. It's actually from the Office of Fiscal Analysis, dated yesterday, to the Minority Leader of the House. And the question to OFA was an analysis of the SEBAC savings assumed in H.B. 6652.

In the second paragraph of this memo it says, "Please note that at this time we are unable to

mhr/cd/gbr
SENATE

183
June 7, 2011

determine or verify the levels that are contained in these estimates in many cases."

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

I -- I still -- I think I would like to, through you, Madam President, to request the question that was -- the query that was given to the Office of Policy and Management and if I could hear the query, because the answer relates to the query.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

I don't have before me the letter from the Minority Leader of the House to the Office of Fiscal Analysis; however, this memo, in response, opens with the statement, quote, You asked for an analysis of the SEBAC savings assumed in H B 6652.

The second paragraph references a chart, shows each savings item. But it's the third paragraph of the response memo that says, once again, quote, Please note that at this time we are unable to determine or verify the levels that are contained in these estimates in many cases.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

And I think that in -- in -- in all honesty, that's probably true. Some of the actuarial data that particularly the health care portion was built upon, was built by an actuarial -- an actuary that actually used proprietary data. So that proprietary data was not available, is only available to those who actually contracted for it and not available to the Office of Fiscal Analysis.

And oftentimes that is the case that when either the Administration contracts with a -- a contractor and they have -- provide proprietary information, it's not made available back to our Office of Fiscal Analysis in a timely fashion for

mhr/cd/gbr
SENATE

185
June 7, 2011

them to comment on what's available. That doesn't mean that -- it just means that they don't have the information available to them at the time.

And so I would say that what they're basically saying is that they can't independently verify or calculate whether or not it's true because they haven't received the proprietary information that, in this case, the assumptions were built upon.

Through you, Madam President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

I'm assuming, then, that you are referring to a consultant that was hired, I assume by OPM, to help design a health-enhancement program, and it is the health-enhancement program design where the consultant refers to 4 percent reductions of health care claims in the first year and 10 percent reductions of health care claims in the second year, assuming that Connecticut state employees engage and participate in this newly designed, health-enhancement program. Through you, Madam

mhr/cd/gbr
SENATE

186
June 7, 2011

President, is that what you're referring to when you say that it is proprietary information and not available to our General Assembly's Office of Fiscal Analysis?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

I was trying to determine who the accountant was that does the -- the -- and who they work for. And I guess it's the state health care cost-containment group as well as the Administration, but it is not the Legislature.

And I missed -- I didn't actually hear his question. So, at any rate, could you repeat your question, sir?

Through you --

THE CHAIR:

Senator --

SENATOR HARP:

-- Madam President.

THE CHAIR:

There's a phone ringing in the place. Could we shut the phone off, please?

mhr/cd/gbr
SENATE

187
June 7, 2011

Thank you.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

I think we were discussing -- through you, Madam President, Senator Harp had referred to proprietary information. This is a little disheartening to me, but we're talking about one agency that has proprietary information, an agency of government, and the Legislature's nonpartisan Office of Fiscal Analysis is not granted access to the proprietary information so that they can do their analysis of the budget. And so that's one point that's disheartening to me, is I think the Office of Fiscal Analysis should be able to see all the same information that the Office of Policy and Management sees.

If I'm not mistaken, when there was a Republican Governor, the other side of the aisle probably made that same statement.

But having said that, is this proprietary information that you refer to what I understand to be part of the health-enhancement program that is suggested to save \$246 million?

mhr/cd/gbr
SENATE

188
June 7, 2011

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, yes.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

And the consultant, as I understand, it's proprietary information, but we do have some highlights, as -- is what I've read, that the consultants suggest that in the first year, the new health-enhancement program, which is voluntary on the part of state employees, can achieve 4 percent reductions in health care claims, in the first year, and 10 percent reductions in health care claims, in the second year.

Through you, Madam President, to Senator Harp, is that how we achieve \$246 million in savings through the health-enhancement program?

THE CHAIR:

mhr/cd/gbr
SENATE

189
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, I believe that that's a portion of it. A portion of it comes from your regular -- I think a portion of it comes from your regular health care and another portion comes from your -- your dental.

I think another portion of it comes from people who don't participate, the ones that will be paying an -- an added premium share because they don't participate in the overall, new-value health care program.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp.

I hope that me drinking Pepsi doesn't mean I have to pay a penalty in the health care costs, but it -- it -- it seems that much of the savings, although we don't have the proprietary information, much of the savings is not necessarily reductions in health care claims but more importantly increased

mhr/cd/gbr
SENATE

190
June 7, 2011

premium costs to state employees who fail to join the program. Is that -- is that correct?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, I think that a -- a portion of it is for those who, for one reason or another, decide not to join the value-based program.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

And, finally, if I may, Senator Harp, the health-enhancement program and the proprietary information that suggests we could save \$246 million, were you privy to review that information, and if so, are you comfortable with the assumptions of that report?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Madam President.

mhr/cd/gbr
SENATE

191
June 7, 2011

I actually am so glad that the state is doing this. One of the things that we look at over the years is the Office of Health Care Access looks at something called "ambulatory care sensitive hospitalizations." And they also look at overutilization of our emergency departments. And we spend, as a state, hundreds of millions of dollars in various areas because when people don't get their primary care visits in a timely fashion, they overutilize our emergency departments and they access the health care delivery system at the absolute wrong time.

So what this program does is to recognize that when you do that, it costs us all a lot more money. And so there are both positive as well as negative incentives to assure that we appropriately utilize the health care delivery system. So what you see is, you know, if you inappropriately use your emergency department, it's going to cost you \$35. Some people refuse to get a primary care provider and use the emergency departments as their access to the health care delivery system. It drives the cost of health care up.

Now the question is: Have I seen it? No.

mhr/cd/gbr .
SENATE

192
June 7, 2011

Do I think that it's a movement in the right direction? I absolutely do, because this is where you can really reduce the cost of health care. If people access it at the appropriate time, if they get their well -- their well-child visits, if they get their well-adults visits, if they monitor their blood pressure, if they exercise, if they monitor their weight; that's -- that's where the real opportunities are to save. And I believe that they will save that. We'll have a much healthier work force, and if you're healthy, you're happier, Madam President. And I am. I think private industry has done this for years, and finally we're doing it. It's a great opportunity for us to save, and I believe that we will save that and beyond.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Madam President.

Thank you, Senator Harp for your very informative answers to my questions and concerns. I continue, frankly, to be amazed at your grasp of

mhr/cd/gbr
SENATE

193
June 7, 2011

this very complicated state budget and really do appreciate you being attentive to my questions.

I -- I must say that in -- in several cases, I think we disagree. I -- I do agree with you in this health-enhancement program idea, generally speaking. I'm very concerned that the cost savings attributable to a short-term implementation of this program among state employees can garner the fairly aggressive savings that are -- are being proposed and included in this budget, although I do think it's a good idea that we look out for the best interest of our employees and certainly all the residents of the State of Connecticut. And I'm sure someone is going to tap me on the shoulder and tell me that I should drink far more water than what I'm drinking today.

But having said that, I -- I also wish to say that it, this budget continues to gravely concern me, in that it doesn't seem to be plugged into reality of our economy. This economy, as much as we grasp for areas of good news, as much as we anxiously await unemployment reports and hopeful that more Connecticut residents will be returning to work, there is not evidence as of yet that the

mhr/cd/gbr
SENATE

194
June 7, 2011

residents of the State of Connecticut can afford a government that is spending more money in the next two years than they did in the last two years. And it's a state of residents who have their own budget struggles in their homes and, in some cases, in their small businesses, and for those that work for big companies, the struggles that are faced there with some of the new burdens put -- placed upon them from this budget.

So I still am very, very concerned that this legislative body has to change direction, and it has failed to do so. As much as we have raised issues of concern from our constituents, businesses in our community, as much as we have asked for consideration of alternatives by way of amendments, this body has failed to take seriously those suggestions.

And when we stop listening, when we stop listening to the residents of the State of Connecticut, it's really at our own peril, frankly, for many reasons. Number one, and most importantly, is the good health -- the good health and the economic viability of the State of Connecticut. But, frankly, why would we want to go against what

mhr/cd/gbr
SENATE

195
June 7, 2011

the residents of Connecticut are suggesting we should do?

At this point, I stand opposed to the bill before us. I will listen to further debate. I'm hopeful that some of the ideas that may be introduced by my fellow Senators on the Republican side of the aisle, those suggestions will be seriously considered. And I look forward to further dialogue.

Thank you, Mr. President.

(Senator Duff, of the 25th, in the Chair.)

THE CHAIR:

Thank you, Senator.

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

Great to see you up there. It's another beautiful, sunny, summer day, ten-of-four in the afternoon. We're doing the -- we're doing the people's business, and that's a good thing.

At the -- at the outset, I just want to associate myself with the remarks of my colleagues

mhr/cd/gbr
SENATE

196
June 7, 2011

who, while stating that, at least from our side of the aisle, we may not agree with the policy initiatives, certainly the expertise shown by Senators Daily and Harp cannot be questioned. And the ability to discuss the figures off the top of one's head is -- is pretty darn amazing, and I'm always impressed.

And to my colleagues who had a long set of questions, Senator Kane, Senator Roraback, Senator Frantz, and Senator McLachlan, I think they've help put a lot of meat on the bones. I feel much more comfortable discussing crime and punishment than I do with the nuances of finance and appropriations, but I owe it to my constituents to try to plow through here.

And so, Mr. President, some questions through you, and I'm going to guess that the first set of questions probably would best be answered by Senator Harp.

THE CHAIR:

Please proceed, sir.

SENATOR KISSEL:

Thank you.

mhr/cd/gbr
SENATE

197
June 7, 2011

I have in front of me two OLR bill analyses. One is for House Bill 6652 and the other one is for Senate Bill 1244. And is the bill that we have before us, this Emergency Certified Bill, sort of a combination of concepts in both of those bills?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

I -- I believe so.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

And is everything in the OLR bill analysis for Senate Bill 1244 in this new House Bill 6652 or are there some things in 1244 that are not in 6652?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

198
June 7, 2011

I believe so. I think that we did two numbers, not knowing for sure where we would start the bill.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

Okay. I want to go through this point by point because, again, when it comes to matters of finance and appropriations, some of these things you folks take for granted and you -- and you can just rattle off, but I, for me, I have to be a little bit more pedantic and slog through.

The first point that I see that the Emergency Certified Bill does is it says -- according to my notes -- it makes various expenditure and revenue changes which result in a General Fund surplus of \$87.8 million and a one million -- and one million in a Special Transportation Fund in Fiscal Year 2012, and a General Fund surplus of 495.8 million into 58.9 million in the Special Transportation Fund, in 2013. And so my first question regarding this first

mhr/cd/gbr
SENATE

199
June 7, 2011

general point is: Where are these funds coming from
and why are we juggling them like this?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

The funds are coming from various revenue
sources. Some of them are coming from taxes,
various forms of taxes. Others are coming from the
federal government. Is that what you're asking,
sir? So all of the various revenue sources that we
have, the funds are coming from those places.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

So the first order of business is we have these
additional -- are these, well, actually a question.

Through you, Mr. President, are these
unanticipated revenues?

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

200
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Mr. Presidents, I would say that some of them are unanticipated and some of them are anticipated.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And through you, Mr. President, could the good Senator sort of delineate which ones were anticipated and which ones are a pleasant surprise?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Mr. President, I believe that a number of the federal reimbursements are anticipated and that the, on the tax side, that some of the taxes are projected and that projections may have improved over time.

THE CHAIR:

mhr/cd/gbr
SENATE

201
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And on the federal funds, where we were anticipating that we were going to get these revenues, again -- and I think Senator Harp may have just indicated what they were -- but again, through you, Mr. President, on those anticipated funds that we sort of thought they were coming, they have come, what federal programs are they associated with?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

By and large, most of them are associated with the Medicaid program.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and regarding the Medicaid program, do we have to ask for waivers with that or make special application or are these funds that are based upon a

mhr/cd/gbr
SENATE

202
June 7, 2011

formula and we just submit information and receive certain funds back?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, Mr. President, I believe that Medicaid requires that we do a state plan that determines the various benefits that we have in our state plan.

If it's not allowed for a state plan, then we can waive certain portions of the federal medical law, and there are certain waivers that are allowed to allow Medicaid in a cost-neutral basis to apply towards programming that typically wouldn't apply without the waiver.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And one of the things that I sometimes confuse and my -- and it's difficult for my constituents to

mhr/cd/gbr
SENATE

203
June 7, 2011

get their arms around is there's on the federal level Medicaid and Medicare. And I'm just wondering. What's the difference between those two programs?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Medicaid is a program for the medically indigent, by and large. Medicare is a program; it's a health care program for those who have participated, I guess, paid in over time, and are over 65.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And is it a correct inference then that the Medicare program is administered by the federal government but the Medicaid program is something that the state takes care of and then we get reimbursed certain amounts from the federal government?

mhr/cd/gbr
SENATE

204
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

That's correct.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

And through you, Mr. President, I've heard that we have a very generous Medicaid program and that programs such as HUSKY are certain percentages above the federal poverty level. First of all, is a program such as the HUSKY program part of Medicaid?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much. It's -- it's rather a complicated --'

SENATOR KISSEL:

I've got all day.

SENATOR HARP:

-- question but it is -- it is part of what they call the S-CHIPs, the State Children's Health Insurance Program, which is different than the Medicaid program, by and large, although a portion of the S-CHIPs program is actually part of the Medicaid program, so the base of it, because we aggressively increased the number of children in -- who were eligible at our base as the children who are -- are on Medicaid. And -- and at the upper levels, it's all S-CHIPs or -- or a HUSKY B.

I know that that sounds complicated, but up to a certain point -- because we get reimbursed a little bit higher for S-CHIPs -- up to a certain point we -- particularly for the -- the parents of HUSKY children -- they're on HUSKY too -- we're reimbursed at -- reimbursed at the Medicaid rate.

And at the -- and then as we go up to -- for children, we go all the way up to 300 percent of poverty in HUSKY B, where for the federal program I think it -- it caps at 250. We're reimbursed, I think, at 65 percent for -- for the kids that are -- are in that program.

THE CHAIR:

mhr/cd/gbr
SENATE

206
June 7, 2011

Sorry. Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

I apologize. I didn't want to seem smarmy by saying I had all day. Clearly all of us in this Circle only have until tomorrow, midnight, to get our business done.

Through you, Mr. President, with our very high benefit ratio -- and by that I mean rather than at the poverty level -- we have some programs that I believe I heard we will compensate up to three -- individuals that fall up to 300 times the poverty level. Are those programs -- do we get reimbursement from the federal government because we are a generous state?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

We get reimbursed for those eligible costs for what we pay, so -- so yes. And when we get up to a certain amount, then we're paying state-only funds. And those that go up to 300 are for children only.

mhr/cd/gbr
SENATE

207
June 7, 2011

Thank you.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, so on the federal reimbursement side, we had projections as to what the reimbursement was going to be. We seem to be on target for that.

I recall in a recent Memorial Day parade, I had some time to chat with our newly elected United States Senator, Richard Blumenthal, as well as my Congressman, Joe Courtney. But it was actually the conversation I had with Senator Blumenthal, you know, what's going on in Washington; how are things? And he said there's -- there's not a lot of activity down there because of the different control by the House of Representatives of the United States Senate.

Is there any concern regarding these federal funding streams, and is there the possibility that any of them are at risk, going forward?

mhr/cd/gbr
SENATE

208
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I guess there's always risk. You know, certainly there has been a lot of discussion about reducing the amount of the overall federal budget, and since both Medicare and Medicaid are a large portion of that budget, I would imagine that there might be some initiatives that would try to reduce that amount. What I've seen over time, though, is Medicaid for states is the easiest way for the federal government to infuse the states with resources. And I would be very surprised if Medicaid were cut. I -- there have been proposals to cap Medicaid, and I believe that Arizona is one of the states that did that through their waiver process.

But I believe that the Medicare, on the other hand, I -- I would be very surprised if -- and I know that there are those that say that it's about to run out of money, but I'd be very surprised in

mhr/cd/gbr
SENATE

209
June 7, 2011

our country if we would ever reduce our commitment to our elderly through that program substantially.

And I would also be very surprised if we reduced much of Medicaid because it is such a tool on behalf of states and provides a -- a tool, too, for the federal government to finance states when we run into these economic downturns.

And I've seen it happen at least a couple of times in my history here. And the way that the federal government infuses states with funds is through the changing the federal match to Medicaid, and it gets money into our state governments, almost immediately. And I would guess that most delegations, no matter their party affiliation, would not interfere with that much.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And I don't -- it's -- and I know it's not just the microphones on our side of the Circle, because I've heard that little whistle at various points all afternoon.

mhr/cd/gbr
SENATE

210
June 7, 2011

The other thing that I discussed with our United States Senator was the debt ceiling for the United States Government. I had expressed to him that it was my understanding that Congress had until about the beginning of August to wrestle with that issue. He was of the firm belief that the longer they put off that determination, the more problematic it might be for the -- for the United States.

If Congress does not raise the debt ceiling, would that have any adverse impact on any of our revenue streams from the federal government, to the best of your knowledge?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

I believe that it may, but I'm not certain I could detail what that would be.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

mhr/cd/gbr
SENATE

. 211
June 7, 2011

Thank you, very much.

On the other part of this, this first issue, there were some unexpected upticks in revenue streams based upon state -- state taxation policy. And I'm just wondering if we know what some of those unexpected revenues are associated with. Are they associated with estate taxes, corporate taxes, sales taxes, income taxes; do we have a handle on what's -- what portion of our taxation policy seems to be performing better than anticipated?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

I'm going to say that -- that I personally don't know and would have to get back to you on that. And I don't know whether or not there would be someone else in the Circle who would have a better sense of that than I do.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

mhr/cd/gbr
SENATE

212
June 7, 2011

Just briefly, and I know she's engaged in a deep conversation, but I don't know if our Finance Chair might know the answer to that question.

I'll circle back on that question later,
Mr. President.

THE CHAIR:

Senator Kissel..

SENATOR KISSEL:

Thank you.

Through you, so we're juggling these figures. We have some anticipated revenues from the federal government, some unanticipated revenues from state taxation policy, and we're shifting around these dollars.

And I'm just wondering. What motivated the shift to get a certain amount of money to the General Fund and certain amounts of money to the Special Transportation Fund?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

The General Fund dollars, I think we'd always projected a slight enhanced revenue or surplus -- although not a technical surplus -- in the General Fund. And -- and I think that one of the reasons that we thought that was probably important that we have those dollars is that currently our Rainy Day Fund is -- is empty. We have some responsibility to pay back some of our Economic Recovery Bonds, and we have an, what they call an "OPEB liability" as well as historic underfunding of some of our pension liability that would require that, over time, that we catch up with if, over time, our overall credit REMI doesn't suffer. This would allow us to stabilize some of that.

And so I think that the -- the thinking was that if we have those dollars, it could begin to take care of some of those liabilities as we move forward, that it would strengthen our financial position.

Through you, Mr. Président.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

mhr/cd/gbr
SENATE

214
June 7, 2011

And -- and I appreciate the answer that Senator Harp gave me regarding that.

What I see in the shift is that in Fiscal Year 2012, the -- the bump to the General Fund and the Special Transportation Fund are modest compared to Fiscal Year 2013. So let me start by focusing on the Special Transportation Fund.

It appears that there will be an additional million dollars shifted over to the Special Transportation Fund, but in the second year, 2013, there's an -- an additional 58.9 million shifted over to the Special Transportation Fund. And I'm just wondering. What's the policy behind a fairly modest shift in 2012 but a substantially greater shift in 2013?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I believe that this is just what will be generated. I -- I don't know that there's any real policy change.

mhr/cd/gbr
SENATE

215
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

Are there specific revenue streams dedicated to the Special Transportation Fund, such that what we anticipate in 2012 results in a million, and what we anticipate in 2013 results in that substantially higher dollar amount?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I'm sure that it has a lot to do with gas taxes and with the cost of gas and the various types of oil taxes that we have. I'm not an expert on any of those things (inaudible) but I -- I do go to the pump every day and I notice that it costs more. And I would imagine that we're getting -- because it costs more, that we're collecting more taxes.

THE CHAIR:

mhr/cd/gbr
SENATE

216
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much. Mr. President.

Yeah. And I think that anybody who has been paying over \$4 a gallon for gasoline knows that along with that, there's probably some more taxes. What's scary is that if this projection for 2013 is based upon higher gasoline prices, then that's not a good thing. So I hope this higher projection doesn't mean that our financial advisors and analysts feel that in 2013 there'll be another huge uptick in the price of gasoline.

And regarding the -- the General Fund, it's my understanding -- well, first of all, through you, Mr. President, my notes say that the General Fund would have a surplus of 87.8, in 2012, and 495.8, in 2013. And I thought -- maybe I was incorrect -- that when Senator Harp responded to one of my questions she qualified the term "surplus." And I'm just wondering if we should just call this a surplus or if it's somehow qualified.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

217
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you.

It's a just a -- a -- through you, Mr. President -- a particular idiosyncrasy that I have, that it's really not a -- I think our statutes tell us how to dispose of surplus. It's really not a surplus until the Comptroller closes the books. So it's -- but, you know, for the sort of common sort of understanding of the word "surplus," it's surplus. But it's not surplus that would require that we handle it in certain ways that our statutes require that we do once the books are closed.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And I -- and I will let my friend and colleague from New Haven know, I have a lot of constituents which -- which would characterize it as an overtaxation, so surplus actually seems pretty modest as a characterization. But I guess it's a bird in the hand is -- don't count your chickens before they're -- they're hatched, and so this is an

mhr/cd/gbr
SENATE

218
June 7, 2011

anticipated revenue enhancement, down the road. But until the books are closed, I -- I appreciate the fact that we probably shouldn't technically call -- call it a surplus.

I'd like to progress now to -- to the second bullet that I have, and it talks about making changes to the MM&E PILOT payment.

And if -- my first question through you, Mr. President is: MM&E PILOT program; what is that?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Mr. President, may I yield to my colleague, who is the Senate Chair of the Finance, Revenue and Bonding Committee and can answer these questions?

THE CHAIR:

Senator Daily, do you accept the yield?

SENATOR DAILY:

Thank you, Mr. President.

I do.

A VOICE:

Fine.

SENATOR DAILY:

mhr/cd/gbr
SENATE

219
June 7, 2011

MM&E is Manufacturers' Machinery and Equipment.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

But I -- my question is the MM&E program, what exactly is the manufacturers' and machine equipment program?

THE CHAIR:

Senator --

SENATOR KISSEL:

Through you, Mr. President.

THE CHAIR:

-- Daily.

SENATOR DAILY:

Thank you, Mr. President.

And through you, Mr. President, we formerly had an exemption for that equipment that would be bought by companies in certain towns, and then we would reimburse those towns some amount of money to make up for the exemption from the tax rules. That program has gone away totally, and instead we're using that money, that small addition to the sales tax -- that is the municipal part -- to create a

mhr/cd/gbr
SENATE

220
June 7, 2011

fund and distribute the money in the same way the towns would have received that exemption had that law stayed on the books and we had gone forward.

Now, that is 99 percent the case, because there were still some of the, what we typically call "failure to file," and they came in late and were granted those funds that they would have been eligible for. So adding those towns to the pool reduced slightly what would go then to everybody else, because it's always been a fund that was one pot distributed to everybody that was eligible.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President, and through you, I really appreciate that answer.

Is there or was there a definition of what machinery and manufacturing equipment would qualify for this versus other stuff that -- copier machines, and things like that, that wouldn't really qualify?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

221
June 7, 2011

Thank you, Mr. President.

And through you, I never looked for it, that I can recall, but yes, there had to have been a definition in order for the towns and us and the manufacturers to all work together.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President, and through you.

Had -- I'm trying to recall, and I believe that Senator Daily and I entered the Circle around the same time --

SENATOR DAILY:

We did.

SENATOR KISSEL:

-- which was probably -- yes, which we're in our 19th year.

Has this program been around all that time or was this something that we passed sometime in the last 19 years?

Through you, Mr. President.

SENATOR DAILY:

mhr/cd/gbr
SENATE

222
June 7, 2011

Thank you, very much.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

And through you, Mr. President, I think it's been around for a long time.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And it's my understanding that we created this program because, let's say a company has a factory in Virginia, a factory in North Carolina, and a factory in Connecticut, and they're all aging and then they -- where do they want to refurbish and get up and running? And so if you make it an incentive for them to upgrade their machinery here in Connecticut, then if, God forbid, down the road they decide to consolidate into two factories, then the one that just got upgraded is more likely to stay with their employees there.

Is that one of the concepts behind the MM&E program?

mhr/cd/gbr
SENATE

223
June 7, 2011

Through you, Mr. President.

SENATOR DAILY:

Thank you --

THE CHAIR:

Senator --

SENATOR DAILY:

-- Mr. President.

THE CHAIR:

-- Daily.

SENATOR DAILY:

And through you, yes, it would be for a competitive advantage.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And it's -- it's my recollection that over the years this program has ebbed and flowed. And we've had different Administrations; we had Governor Weicker, with the A Connecticut Party; we had Governor Rowland, Governor Rell, and now Governor Malloy. And but it's my recollection that this manufacture -- machine and manufacturing equipment program sometimes doesn't get the amount of funding

mhr/cd/gbr
SENATE

224
June 7, 2011

in one year that it had in a previous year,
depending on the ebbs and flows of our economy here
in the State of Connecticut. Would that be
correct?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, Mr. President, yes, Senator, I
think that's a description.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And why is -- why was a decision made to phase
this out, going forward?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

It was the recommendation of the Governor, and
I would say it's for just the reason that you stated
with the ebbs and flows. It's also costly to

mhr/cd/gbr
SENATE .

225
June 7, 2011

administer it the way it has been. So to just keep them permanently exempt makes a whole lot more sense to me.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and to expand upon that, through you, Mr. President, when you say that just to keep them permanently exempt, what exactly do you mean by that?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President, and through you, Mr. President.

That property will be exempt from sales tax.

THE CHAIR:

Senator Kissel.

SENATOR DAILY:

For that -- I'm --

THE CHAIR:

mhr/cd/gbr
SENATE

226
June 7, 2011

· Senator Daily.

SENATOR DAILY:

I misstated. I'm sorry. Those acquisitions will be exempt from property tax.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

I -- I appreciate that.

And is that through statute?

Through you, Mr. President.

THE CHAIR:

Senator Kissel -- uh, Daily.

SENATOR DAILY:

Thank you, Mr. President.

That was the language in the budget that we adopted.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

So what we're doing is we're creating a different revenue stream to help make the municipalities whole, and that's that increase to

mhr/cd/gbr
SENATE

227
June 7, 2011

the sales tax. It is required that the municipalities -- well, is it the intention of that legislation that, going forward, that that will always be used towards supplanting what had heretofore been revenue coming in through the MM&E program?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

There's no phase-out contemplated in this legislation.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

How was the formula arrived at, as to the money generated by the increase in the sales tax and what would flow back to municipalities, as it pertains to this MM&E program?

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

228
June 7, 2011

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President, and through you,
Mr. President.

I can't give you the exact formula, Senator.
It's based on what they -- they, the municipalities
-- would have received had this program continued,
altered by the ones that were late-filers and
changed the division. .

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and through you, Mr. -- Mr. President,
it strikes me that there's a disconnect between
municipalities that may have a lot of machinery and
manufacturing equipment and, for example, Windsor
Locks, that I represent, and other communities that
have large retail areas where the increase in sales
tax would probably be generated, for example,
Enfield with all its malls. And I'm just wondering
if there has -- there should be a relationship
between the two or that whatever formula there is --
and I understand that there's -- we don't have the

mhr/cd/gbr
SENATE

229
June 7, 2011

details on the formula, but that it all sort of works out in the end and that it's projected to continue to work out for the municipalities that have the machinery and manufacturing equipment.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

And I'm very grateful to the -- for the opportunity to explain. There's been a -- there have been a lot of questions today and a lot of comments on the redistribution of the monies that we're collecting.

Now, in the case of sales tax, the monies generated in one municipality don't necessarily belong to them as such; they're realized from people from all around that area. The money from a hotel tax is likely not raised by the residents of that town or city, although in some cases it would -- would be. So I think that's true. Conveyance tax is probably the one that most -- could be most identified with the town where it occurs.

mhr/cd/gbr
SENATE

230
June 7, 2011

So for the municipal grants and revenue sharing, if you will, that we're doing here, we're collecting that small percent, extra percent on the sales tax. We're collecting the conveyance tax. We're collecting the hotel tax. We're collecting car rental tax, and then we're redistributing it in various ways, MM&E, based on what a municipality would have been eligible for.

In other areas, it's Incentive Grants, regional grants.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And to expand upon that, on the Incentive Grants, do we know what criterion will be used as far as awarding those Incentive Grants?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

231
June 7, 2011

Yes, we do. It's in the early part of this, but it's spelled out.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, Mr. President, it's my understanding that when this idea was origin -- originally proposed, and there were various bills regarding allowing municipalities to tack on an additional amount, and then there would be some utilization of that additional revenue, that the municipalities had an option. Do municipalities still have an option regarding the enhanced, for example, sales tax or is this something that will fall on all municipalities and they don't have a choice?

And I say that because a lot of my communities are -- are battling for retail dollars with Massachusetts, and Massachusetts is extremely competitive. And whenever people go and they look at, you know, in their newspapers, they -- they see ads from Massachusetts and ads from Connecticut. And they compare and contrast, and if we're at a tax

mhr/cd/gbr
SENATE

232
June 7, 2011

disadvantage, even if the price is the same, people might choose to drive up the road into Massachusetts. And so I'm just wondering. If a border community didn't want to do this, do they have a right not to do this or is all -- are all 169 municipalities have to do this?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And through you, Mr. President, a municipal option was never contemplated; it's statewide.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

Well, when you say "municipal option was never contemplated," I think the idea was kicked around. Maybe when this was put together it was never contemplated, but I think the idea of giving some towns an option -- maybe it was last year that that kind of proposal was on the table.

SENATOR DAILY:

mhr/cd/gbr
SENATE

233
June 7, 2011

Through you, Mr. President, if I may?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I certainly did overspeak when I said that. It was not contemplated in the proposal made by the Governor or taken up by the Legislature.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And before I pursue to my third bullet point, while I have Senator Daily, when I was speaking earlier to Senator Harp, it was indicated that we're actually getting some unanticipated revenues and that this acknowledges that. The federal funds were anticipated but we might have had some upticks in the revenue streams from state monies.

And I was just inquiring, if you might know, is it -- are we doing a little bit better in retail, so sales taxes are a little higher than anticipated? Is it income taxes? Because I think it's always good if there's some good news on the horizon. What's the good news?

mhr/cd/gbr
SENATE

234
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Daily, with the good news.

SENATOR DAILY:

Thank you, very much.

I'm here to deliver the good news to you,
Senator.

Yes, income tax is up; sales tax is up. I
don't have the whole list, but it is good news.

SENATOR KISSEL:

Okay.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And given the state of our economy and -- and
our nation, I think any bit of good news is always
welcome.

I'd like to move along to my next section of
inquiry, and this one seems to be fairly narrowly
drawn. It says it allows citizens of municipalities
to vote to implement ferry service. And I'm just --
I've -- I don't know whether to pose that question

mhr/cd/gbr
SENATE

235
June 7, 2011

to Senator Daily --

SENATOR DAILY:

Oh, I'm --

SENATOR KISSEL:

She's ready to go --

THE CHAIR:

Senator Daily --

SENATOR KISSEL:

-- so I may --

THE CHAIR:

-- will be more --

SENATOR KISSEL:

-- (inaudible) --

THE CHAIR:

-- than happy to answer that.

SENATOR KISSEL:

There's probably more ferries down in your neck
of the woods than --

SENATOR DAILY:

I'm ready --

SENATOR KISSEL:

-- up in mine.

SENATOR DAILY:

mhr/cd/gbr
SENATE

236
June 7, 2011

-- to go.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

And through you, Mr. President, taxing districts are unable to tax for certain services that they want to deliver to their district. One of the difficulties that came about on the Thimble Islands, there had been a ferry service and it was discontinued. So they now want to raise their own taxes to run their own ferry. And any taxing district now will be able to do that.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and I apologize for this to the people of the area around the Thimble Islands, but what municipality would that be or municipalities?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

237
June 7, 2011

Thank you, very much, Mr. President.

That's off the coast of Branford. In the summer, you should take your family. They have this delightful cruise, separate from the ferry, that goes around the Thimble Islands and gives the history of it.

SENATOR KISSEL:

That --

SENATOR DAILY:

It's a short cruise.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, Mr. President.

And I really actually appreciate that.

Once upon a time there was a -- one of my Senate colleagues highly recommended going down to the -- to the zoo located in Bridgeport. And I took my family there, and we actually had a great time.

And so down in Branford, and I'm sure that Senator Meyer appreciates that recommendation, as well, since he represents Branford.

And regarding this ability, would these elections take place just like any other taxing

mhr/cd/gbr
SENATE

238
June 7, 2011

district? I know up in our neck of the woods we have districts for lakes and districts for fire departments and, in other words, the rules for these elections and everything else, pretty much already codified in statute, and then for this ferry service they just follow the same parameters?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

Yes, that does not change the construct of the taxes districts in any way.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Great. Thank you, very much.

Regarding Section 8, which would allow the City of Bridgeport to not fund the ARC for their pension deficit, I'm just wondering, ARC, what that stands for?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

239
June 7, 2011

Thank you, very much.

I don't think I understood the question. What
what stood for?

THE CHAIR:

Senator Kissel, can you reframe your question,
please?

SENATOR KISSEL:

Yes, sir, Mr. President.

Through you, Mr. President, my notes indicate
that Section 8 would allow the City of Bridgeport to
not fund -- and I have in my notes A-R-C for their
pension deficit funding bonds. And it allows the
city to make a \$7 million contribution in lieu of
the ARC; and I don't know what ARC stands for.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

I don't know what -- what ARC stands for
either. But what this does is set up a way for
Bridgeport to begin paying off their pension
liability. And it's \$7 million into a fund this
year; 10.5, I think, next year; and it'll grow
exponentially. And then the hope is that they're

mhr/cd/gbr
SENATE

240
June 7, 2011

solvent enough that their pension is sound.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and my friend and colleague, Senator Gerratana said ARC stands for "Association of Retarded Citizens" -- and I know that -- but that didn't seem to apply here. I can't imagine. It's got to have something to do with retirement or something else like that. So I know one acronym, what it stands for, but this has got to be something different.

SENATOR DAILY:

I -- I don't think it applies here, so I think you're right; it would be something different.

SENATOR KISSEL:

And why are we --

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And -- and why are we doing this for the City of Bridgeport?

mhr/cd/gbr
SENATE

241
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

Bridgeport is a great city which is struggling to make ends meet financially; they're in pretty bad shape. And this is one area where they wouldn't be able to make their payment as it was required, without help from the state. And the Treasurer's Office worked very closely with the City of Bridgeport, and their actuaries worked with Bridgeport's actuaries to try to make this the best that it could be, going forward.

So I think you'll need to take your family to the zoo again. I'm going to take my family to a baseball game there. We should all try to do some more.

THE CHAIR:

Senator Kissel, after the Thimble Islands, we're going to Bridgeport.

You have the floor, sir.

SENATOR KISSEL:

mhr/cd/gbr
SENATE

242
June 7, 2011

You know, actually, I think that that --

SENATOR DAILY:

Tourism begins at home.

SENATOR KISSEL:

Thank you, Mr. President.

I think by the end of -- of this particular set of questioning, we will have the entire tourism for the State of Connecticut chartered for the -- for the rest of the summer.

Is the City of Bridgeport's pension situation -- first of all, the fact that they're making any kind of payments at all, I think is a good thing. But were -- were there years of chronic inattention to their pension system; in other words, how did they get in this spot, so that at least one of the takeaways can be if other municipals leaders are looking, that they would know do this or don't do that?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

243
June 7, 2011

Well, we know because we're standing here talking about it that they didn't make sufficient contributions.

I don't -- I'll tell you, when I became first selectman and we had a pension fund, it was totally unfunded. Before me, the town had borrowed money to begin that and never put anything into it.

And then your other question about ARC, I now have the answer; it's Actuarially Required Contribution.

SENATOR KISSEL:

I just received that note as well.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And I was -- before I move on to my next point, I -- I think that point is extremely well taken. And I think that probably the biggest takeaway from what Bridgeport is facing and -- is the fact that if there's consistently inattention to these funds or consistent underfunding, that it puts either a municipality, a state, or I would suggest even our national government, in a dangerous situation.

You know the old saying; eventually you have to pay the piper. But I -- but I -- but I think that it's good, as opposed to over the years we've seen, we've had to take over, you know, I think a lot of stuff over -- was it Waterbury? And down near the casinos, there was an area where we had to take over.

A VOICE:

Jewett City.

SENATOR KISSEL:

Jewett City, exactly. And -- and so the fact that Bridgeport is willing to take some incremental steps to get its financial house in order, I think is a -- probably a good thing.

The next point that I want to get to is Section 9. And it says it implements the one percent rail fare increase every calendar year from January 1, 2012, to January 1, 2018.

And I'm just wondering. My first question, through you, Mr. President is: Where; what's the current rail fare and to which rails does this apply?

THE CHAIR:

mhr/cd/gbr
SENATE

245
June 7, 2011

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

This postpones the scheduled fare increase.

And this is the New-York-to-New-Haven line. The fare increases were set a couple of years ago, and there was a pretty big outcry from passengers on the trains, regular users, that they were horrible trains and they shouldn't have to pay more money to ride those terrible trains, and they shouldn't be paying in advance of the new cars. So that was -- that increase was delayed at that time to be concurrent with the new cars.

Well, sadly, we don't have those cars yet, so there's another delay. And we will increase the fares when people are riding on nice train cars. I think there's been a demonstration run on one of the cars, and there's still some things being worked out, kinks being worked out. So we hope to have full service of the first eight, I think. But there's numbers of them to come after that.

(Senator Coleman, of the 2nd, in the Chair.)

mhr/cd/gbr
SENATE

246
June 7, 2011

SENATOR KISSEL:

Thank you, very much, Mr. President.

Great to see a new Mr. President this
afternoon.

THE CHAIR:

Always good to see you.

SENATOR KISSEL:

Thank you.

I appreciate that answer. That actually
explains quite a bit. Is it anticipated that at
least the eight rail cars that are on-line or are
set to go
on-line would be available to the commuters by
January 1 of 2012, when the increase is supposed to
go into effect?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

I certainly hope so. We certainly anticipate
that.

THE CHAIR:

mhr/cd/gbr
SENATE

247
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And has there been any outreach or any assurance from the Department of Transportation regarding how that's all going?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

The last time that I was privy to some discussion was at a bond meeting where they were talking about they were still on schedule. They were -- they're way behind schedule but on a new, revised schedule, and they're hoping that this will all be there for the fare increase.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

So it's my guess that given the outcry from the individuals that were using this rail line, that if the trains aren't ready by January 1, then the -- the response probably would be another postponement,

mhr/cd/gbr
SENATE

248
June 7, 2011

because it does seem to me that if we're going to expect the folks to pay an increase in their fares, they should at least have the new trains.

Would that be a correct assessment?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

We all were part of instituting fares in anticipation of trains, and then the Governor rolled those back when there was an outcry about the outdated trains and the increased fare. So, hopefully everything will come together. We'll have the new trains and the increased fares, and, if not, I'm sure we'll hear about it very quickly.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and is -- are these -- is this Metro-North; is that what we call this or is this something different?

mhr/cd/gbr
SENATE

249
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

Yes.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

You could tell I live up in -- near the border of Massachusetts. We're looking forward to trains, though, in the future.

My next point is that various sections of the bill delete references to the TSB account, consistent with the budget. And I'm just wondering what the TSB account is.

Through you, Mr. President.

(Senator Duff, of the 25th, in the Chair.)

SENATOR DAILY:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

250
June 7, 2011

It's the Transportation Strategy Board, a board which has been in effect for approximately ten years. And the work that they were doing is being returned to, really, the Department of Transportation.

They currently are noted many places in our statutes, and they had a fund that helped them operate or enabled them to operate. That fund is going into Transportation, and they are many references in here to the Transportation Strategy Board and its elimination, since we had to execute language in so many places in our statutes.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, how many -- how much dollars was associated with this strategy board?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

mhr/cd/gbr
SENATE

251
June 7, 2011

I don't know how much has gone into the Transportation Strategy Board or what their fund balance is today.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President, and through you.

Does this mean someone is going to lose their job or was this basically a volunteer board that met monthly or at certain periods of time? I'm just not really familiar with the Transportation Strategy Board.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

Any -- any employment in that position -- and I'm not sure there is any -- would be subsumed into Transportation. And I think it was mostly -- there was a director, I'm quite sure, but I think it was mostly volunteers. Appointments by --

THE CHAIR:

mhr/cd/gbr
SENATE

252
June 7, 2011

Senator Kissel.

SENATOR DAILY:

-- the General Assembly.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And through you, Mr. President, was there a determination, perhaps not by Finance, Revenue and Bonding, but perhaps Transportation, that we could do just as well subsuming this into the Department of Transportation and that, despite all the good intentions of the members of the strategy board, that we can still do well overseeing our transportation policy without a Transportation Strategy Board?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

I'd say yes.

THE CHAIR:

mhr/cd/gbr
SENATE

253
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

My next question revolves around Section 37, which eliminates those companies that are subject to the Business Entity Tax and have a majority ownership in Connecticut from the film tax transferability restrictions that were passed in the budget. And, hate to say it, but that sounds like gobble de gouke to me, and I'm just wondering, majority ownership in the -- in Connecticut from the film tax transferability restrictions. I'm just wondering what this section does.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

The credits are limited to a maximum of 50 percent in any one year, and then in 2012 it goes to 25 percent. What happens is to make the -- the benefits different than they had been in the past, it would be a slight reduction and have it be something that's an amount sustainable for us, going

mhr/cd/gbr
SENATE

254
June 7, 2011

forward.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

So is this -- does this have to do with our change in policy over the last few years, where we're trying to create tax credits to entice movie makers to come and make movies in the State of Connecticut? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

Yes, sir, it does. And what we're trying to do is make sure that this is stabilized, so that we can continue to attract business. We've done a pretty good job with that, but we can't do it with benefits that are so generous it hurts the state; we're trying to help the state. So this hopes to accomplish that, going forward.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

mhr/cd/gbr
SENATE

255
June 7, 2011

Thank you, very much, Mr. President.

I know in, up in our neck of the woods, actually in Senator LeBeau's district, there's talk of creating these studios and -- and -- and -- and film enterprise -- I don't -- I -- it's probably a term of art, but this area where there would be a lot of editing and all this other stuff associated with film making in the Town of South Windsor. And I'm just wondering if this might impact that projected build out that is still being talked about, that could create hundreds of jobs or if this is different from that.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

This is different from that, but we certainly hope that all of our efforts will help to attract that business to South Windsor.

And we have developed many terrific businesses; Blue Sky, in Greenwich; NBC is now in Stamford; Sonalysts, which is in Senator Stillman's district, in Waterford; they've expanded; they do marvelous film editing and sound work. So, yes, it's intended

mhr/cd/gbr
SENATE

256
June 7, 2011

to have bricks and mortars in our state; have employees in our state; have courses at our junior colleges, community colleges, on these film things. So it's doing everything we can to encourage that business in our state.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And that's really great news. I mean, because South Windsor's -- my mom and dad live there. It's a hop, skip, and a jump down the street and -- and, you know, we want all good things to happen there.

But what that leads me to -- to ask is this film credit -- this tax credit, do we have multiple tax policies that are helping to entice the film industry to Connecticut or are we doing sort of isolated job-growth actions for different enterprises and we have above and beyond that, this sort of overarching tax credit program?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

257
June 7, 2011

We have many tax credit programs and aimed at different sectors of the state, different sectors of the economy.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

I really can't respond until you say "Senator Kissel," so that's why I just wait patiently.

Through you, Mr. President, so the film tax credit program is -- is distinct?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

Yes, the film tax credit program does not apply to another industry.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

And one last question regarding this particular bullet; I -- my notes indicate that a majority ownership has to be in Connecticut, for this film

mhr/cd/gbr
SENATE

258
June 7, 2011

tax credit to be granted. Is that -- is that correct or how does that work?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

That applies to a company who would be working with another company, so at least 50 percent has to be in Connecticut.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And we probably could spend hours on the whole film tax credit policy, but we -- I don't want to do that. It wouldn't be -- mercifully spare folks. But I think it's exciting, and it's my understanding that essentially we're shifting gears so that we can maintain a steady policy.

Actually, it raises a couple more questions in my mind. Since we're going from 50 percent to 25, what I heard from the good Senator was that we want to be able to make this sustainable. Has the

mhr/cd/gbr
SENATE

259
June 7, 2011

industry come out and said we need something that we can project out three years or five years. Is that sort of the -- what we're doing here?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

Senator Kissel, that's been my experience with every industry in the state. They want something predictable. It has to be good for the state and good for them. And by limiting the credits that could be sold in any one year, in the out years, it's stable for us and gives the industry predictability.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And one last question on this: Is it -- you -- based upon your discussions with the Administration, is it your belief that they are committed to this policy so that they -- they're -- it's expected, to the extent we can afford it, to be maintained, going

mhr/cd/gbr
SENATE

260
June 7, 2011

forward at least for the next two or three years?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

Yes.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

The next section I -- I just want to look into, this, what appears to be a reversal of course, and it's in Section 38. And it says it reduces the recently enacted tax increase on cigars. And up in our neck of the woods, we have lots and lots of tobacco farms; you see the netting when you come into Bradley International Airport, cigars and tobacco, shade-grown tobacco, in particular, a major commodity. And I'm just wondering what we're reversing course on, regarding this reduction and what apparently had recently been passed by the Legislature.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

261
June 7, 2011

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

And this should help your tobacco growers.

This is a change in premium cigars only, those that are very high priced. And I don't -- I don't know what an expensive cigar is, but it's a very unique market. And we would have been at a terrible competitive disadvantage with any other part of the country and the Internet. So we're making this modification. And as far as I know, they use your leaves.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And because this is a reduction in what we're anticipating, because this is a change of tax policy regarding the cigars, did we make up that revenue shortfall somewhere else or was it modest?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

262
June 7, 2011

Thank you, very much, Mr. President.

It's modest and just assumed and subsumed in the budget.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

In Section 39, it makes conforming and other changes to the recently reduced estate tax threshold, which is retroactive to death occurring on and after January 1, 2011.

My first question is, is that making this retroactive, I'm wondering if this will have any kind of deleterious effect on estates that have already been settled.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

In fact, no. But we do have a measure brought to us by the probate courts that would exempt any estate for -- of a person who died on January 1st and is settled now. Because how would the person

mhr/cd/gbr
SENATE

263
June 7, 2011

who had acquired that -- it -- it applies to sale of property -- but somebody who had acquired that property and then sold it, with no incumbrances at the time. But we expect that to be a handful of cases, at the most.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And is there a way, through you, Mr. President, to put folks on notice when something is retroactive regarding estate taxation?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

Yes. The probate judges know that, so when you come into probate court with your materials, they'll tell you this started on January 1st; same thing with the income tax. Hopefully people are increasing their withholding, but you'll find out at a certain time that it went back to January 1st.

THE CHAIR:

mhr/cd/gbr
SENATE

264
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And when -- when my notes say it says, makes conforming and other changes to the recently reduced estate tax threshold, I'm just wondering what -- what exactly was that reduction? Where do we go from to?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

From 3.5 million to 2 million.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

And -- and through you, Mr. President, I'm guessing that that policy was put forward to try to increase revenues?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

265
June 7, 2011

Yes, sir.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

And does the good Senator recall what that anticipated increase would get the state on an annualized basis?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Through you, no sir.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Section 40 reinstates the sales tax exemption for consignment stores.

My first question is, through you, Mr. President, in the budget that recently passed the Legislature, was there the imposition of a sales tax on consignment stores?

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

266
June 7, 2011

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

The answer, Senator, is that the sales tax exemption on clothing was repealed. That applied to every place that sold clothing. It would have applied to consignment stores as well.

There is not a very complicated, but probably more than I know how to explain, matter of the payment to the consignment store owner, the seller of your used suit. And so this addresses how that works or doesn't work. That's part of the exemption.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

Haven't been in a consignment store, but is this being put forward because it's usually used clothes that are sold at consignment stores or the nature of a consignment is that somehow the store gets the clothes but the person who gets the money doesn't get the money until the clothes are -- are sold?

mhr/cd/gbr
SENATE

267
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

This language is before us because something was inadvertently done in the tax bill. It had something to do with the way the consignment store owner is paid. So you bring in your clothes. I bring in my clothes. Then when and if they sell that item, you get some money and the owner gets some money. And it affected the way that owner's payment would be made, that the sales tax exemption still applies to those clothes and then they would have to figure out the payment for the owner of the store.

SENATOR KISSEL:

Okay.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

So is it my understanding that because it's -- would be fairly complicated to disentangle that

mhr/cd/gbr
SENATE

268
June 7, 2011

relationship, that we're essentially saying that even though the new sales tax will apply to clothes, even from zero dollars all the way up -- there used to be a \$50 exemption -- that clothes purchased at consignment stores will not be subject to the sales tax?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

No, I'm saying the opposite. All clothing sold anywhere will no longer be exempt from the sales tax. So a \$10 shirt in a consignment store or a thrift store or a department store pays sales tax. The shirt doesn't pay the tax, of course, the purchaser does.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

So in the -- the bill that we had recent -- that recently had passed the Legislature, clothes

mhr/cd/gbr
SENATE

269
June 7, 2011

sold out of thrift stores and/ or consignment stores
inadvertently were left out?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

No, sir. All clothing is no longer exempt.
This addresses only the commission or the whatever-
you-call-it that the owner of the consignment store
would receive.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

Section 41 limits the application of the sales
tax, with regards to transportation services. And
I'm just wondering if Senator Daily could elaborate
on how Section 41 limits the application of the
sales tax with regards to transportation services.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

270
June 7, 2011

We, in the budget, taxed limousine and livery services. We did not intend to tax Dial-A-Ride or medical, nonemergency services, so we make that clear in this implementer.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

I know that, Senator, the -- our former-colleague, Senator Harris, who is now working with our Treasurer, he and I, when we were both on the select committee -- then the Select Committee on Aging, we created or helped pass legislation that helped allow municipalities and groups of towns to create Independent Transportation Networks where people would volunteer, drive maybe their own automobiles or automobiles that were available, build up credits so that if they needed rides going forward, it was based on a model that was created in Portland, Maine.

And I'm just wondering if this carve-out would cover the Independent Transportation Networks that we really, as public policy, are trying to foster and grow throughout the State of Connecticut.

mhr/cd/gbr
SENATE

271
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

Well, for the record, the -- there was never an intention to tax those services.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

So even if the black letter of the law that passed the Legislature and this implementer doesn't have in it Independent Transportation Network, for purposes of legislative history, would it be accurate to say that those organizations are similar to Dial-A-Ride organizations and that the taxes would not apply to them?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

mhr/cd/gbr
SENATE

272
June 7, 2011

Yes. And, in fact, Dial-A-Ride was used in the language because that's the common name applied to that concept. And it's also a -- a brand. So that's why it was put there. But, yes, for legislative intent, it certainly is.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And since I have a -- a nice Independent Transportation Network up in our neck of the woods, the executive director will breathe a little easier, I'm sure.

And when it comes to the Dial-A-Ride programs, would that apply to all Dial-A-Ride; in other words, it could be a private Dial-A-Ride, it doesn't necessarily have to be a municipally operated Dial-A-Ride?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

mhr/cd/gbr
SENATE

273
June 7, 2011

Yes, sir.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

In Sections 42 through 44, they make additional changes to the Municipal Revenue Sharing account, and I'm just wondering what that's all about. What is the Municipal Revenue Sharing account?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Those are the accounts that we have talked about, the MM&E, the revenue sharing, regional revenue sharing incentives.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

But I'm wondering what the -- through you, Mr. President -- what the additional changes to those accounts are? In other words, what does

mhr/cd/gbr
SENATE

274
June 7, 2011

Sections 42 through 44 actually do?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Directs 50.23 million, in FY '12 and '13, to towns, boroughs, and lesser taxing districts for the Manufacturing Transition Grants. It also clarifies how the Municipal -- Municipal Revenue Sharing grants, of an estimated 43 million, in '12, and 48, in '13, are to be distributed.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

In Section 45, it exempts resources recovery facilities from the new electric generation tax. And I'm just wondering why that policy change, if indeed it is a policy change.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

This is clarifying legislative intent that was stated on the House floor during the debate.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And would that be House debate on the budget that recently passed the Legislature?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

And, through you, yes, that's exactly what it was.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And would the rationale for that be that the resource recovery facilities, if they were charged an additional tax would have to pass that along to municipalities?

mhr/cd/gbr
SENATE

276
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

Yes, sir.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

. Thank you, very much, Mr. President.

Section 46 modifies the recently enacted sales tax collection by remote sellers. Add I'm just wondering -- I have two, actually three subcategories regarding this change in Section 46. Number -- number one, it says it eliminates the rebuttable presumption that a remote seller can undertake to prove that it should not collect this tax.

And, first of all, what do we mean by "remote seller?"

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

mhr/cd/gbr
SENATE

277
June 7, 2011

Thank you, very much.

A remote seller is somebody who sells through somebody else's site. So let's, as an example, say that you're a nonprofit. You have a site and on that site you post an ad for my dresses or my husband's suits would look better. And through that, his suit business increases their business. They sell suits. You get a commission on that. And so that establishes the nexus to say that they are being sold in this state. It doesn't change the obligation of the purchaser, because we're all obliged to pay use tax on that, but it does change who collects and remits the sales tax.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And I think most of us are familiar because it's commonplace to pay a sales tax, but I'm just wondering a use tax. There -- I know there's an obligation for people to pay a use tax, but just for my own reification, what exactly is a use tax?

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

278
June 7, 2011

Senator Daily.

SENATOR DAILY:

To the best of my knowledge, it's the tax you pay for the privilege of using that item. But we have had a Sales and Use tax since we first enacted a sales tax policy, I think in the Forties.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And so -- and I -- I think most folks don't realize this, but under our statutes, let's say you buy something from, let's say the -- the Daily Enterprises Suit Factory, and it's a hundred-dollar suit, but let's say it's from Maine. Does that mean that you owe the new clothing sales tax to Connecticut on the suit that you purchased from Maine?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

mhr/cd/gbr
SENATE

279
June 7, 2011

I owed that last year. I owed that ten years ago, and I would owe it tomorrow.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you.

And so having created the nexus, the first point regarding the section is that it -- this -- it eliminates the rebuttable presumption that a remote seller can undertake to prove that it should not collect the tax.

And I'm just -- how -- how does that logically work? What was that rebuttable presumption all about?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

There were those -- well, I'm not an attorney, so I'm not going -- I'm not even going to answer that, because I don't know the answer. I know what I think it but I'll leave it at that.

THE CHAIR:

mhr/cd/gbr
SENATE

280
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Do you know anybody that might have more familiarity with that in the Circle?

Through you --

THE CHAIR:

Senator Daily.

SENATOR KISSEL:

-- Mr. President.

SENATOR DAILY:

Thank you, very much.

If we could stand at ease, I probably know a couple of people.

THE CHAIR:

The Senate will stand at ease. ,

(Chamber at ease.)

THE CHAIR:

The Senate be come back to order.

Senator Daily.

SENATOR DAILY:

Thank you, very much.

mhr/cd/gbr
SENATE

281
June 7, 2011

Senator Kissel, it is because our original language, the language that we passed copied the New York State law which assumed a rebuttable presumption, but because our sales tax is different than New York's, our department felt that we did not need that as part as our legislation and it would be better to eliminate that because we're not New York.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

Indeed, we are not New York, here in Connecticut.

Will the elimination -- will -- will the elimination of the rebuttable presumption mean that the tax will be easier to collect or perhaps it was superfluous or we just don't know?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

The department feels that this will make it -- will facilitate the implementation of the remote

mhr/cd/gbr
SENATE

282
June 7, 2011

seller's tax.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

The second sort of subpart of this is it requires the person making referrals to the remote seller to be located in -- located in, rather than a resident of Connecticut. And I'm just wondering the basis for that change.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I think that's a fairly technical and legal change; they need to be located here. And somebody might be a resident but not have their business located here and vice versa.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And in response to some of the questions regarding the -- the previous portion, it was -- Senator Daily indicated that if you had -- I'm --

mhr/cd/gbr
SENATE

283
June 7, 2011

I'm guessing a web site here in Connecticut, but say you were not-for-profit and people advertised on that, that merely having advertisement on that web site would create the nexus. Is that correct?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

No, sir, we do not tax advertising. It would be if there are sales connected with that.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, Mr. President, would the group in Connecticut, be they for-profit or not-for-profit, have to receive some proceeds from those sales for the nexus to be there?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Mr. President, the answer is yes they would.

And could we stand in recess for a few minutes?

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Senate will come back to order.

Senator Kissel, please resume or Senator --
Senator Kissel, you had the floor.

SENATOR KISSEL:

Thank you, very much, Mr. President.

The third point of the, regarding the remote sellers is that it moves up the requirement for the collection to on or after May 4, 2011, instead of July 1st of 2011, and I'm just wondering why this particular provision would essentially be retroactive with which change.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

285
June 7, 2011

To make it concurrent with the passage of the budget on May 4th.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Through you, Mr. President, is it anticipated that the change from July 1 to May 4th would glean any additional revenues?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

My understanding is it's not a -- as much a matter of gleaning new revenue as having those people on our books in May.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Through you, Mr. President.

How does the Department of Revenue Services go about finding these remote sellers?

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

286
June 7, 2011

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

I would say very carefully. But there would be sites already, your -- your nonprofit, my nonprofit that they could examine.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

And -- and again, one last point on this section. And, again, part of the critical nature of the nexus in the sharing of revenues. And if a nonprofit site had vendors on there but those vendors didn't give any revenues to the nonprofit -- I don't know why that would occur -- but absent the providing of revenues to the nonprofit, the mere having an advertisement on a site would not be enough to create the nexus, as far as this tax policy?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

mhr/cd/gbr
SENATE

287
June 7, 2011

No, we don't tax advertising.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Great. Thank you, very much.

Section 48 increases the liability reduction cap on insurance premiums tax for the Digital Animation Production Tax Credit, from 30 to 55. And I'm just wondering, through you, Mr. President, why we're making that adjustment.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

We made an adjustment in the underlying bills on how much of the film tax credits could be sold, and that's 30 percent.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Doing -- I wasn't finished -- doing that was an answer to a problem that we had -- we're trying to avoid in taxing insurance companies. We then later learned that there was a Connecticut company that

mhr/cd/gbr
SENATE

288
June 7, 2011

had already sold credits, based on the law as it was then, and so that was the reason.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And so this would be effective to accommodate that particular digital animation production company or an insurance company?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much, Mr. President.

The digital --

SENATOR KISSEL:

-- animation production company.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Is it, through you, Mr. President, because this is to accommodate some transaction that an entity did in good faith, based upon what they thought the status of the law was, and it was at that time? My

mhr/cd/gbr
SENATE

289
June 7, 2011

guess is that, going forward, perhaps this -- this change will be phased back to where it was?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Mr. President, through you, yes.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

Section 49 eliminates the issuance of ERRBs, Economic Recovery RBs. I'm just wondering what the ERRB exactly stands for and why we're eliminating their issuance.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

ERRB are Economic Recovery Revenue Bonds. We had placed an order for that in our last budget. That was the securitization that we intended to do. We don't need that money now. We've had higher-

mhr/cd/gbr
SENATE

290
June 7, 2011

than-anticipated revenue, so it covers all but a small amount of that, and that small amount can be done with short-term notes.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And when you say -- through you, Mr. President -- the last budget that we did, would that be from last year, and was that tied into the additional charge on people's utility bills for electricity and that that money gleaned from that would then be used to somehow -- that's the funding stream for ERRB, Economic Recovery Bonds. Is it all tied into that? I'm trying to recall.

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

Yes, Mr. President, we had, if you will, a hole in our budget of almost a billion dollars, 1.3 at the time. And what we said we would do is securitize that. And we would identify the source

mhr/cd/gbr
SENATE

291
June 7, 2011

of the securitization in the next year. In the next year, in the -- her budget address, Governor Rell asked us to use stranded costs, the cost on your utility bill, to pay for their investments when we deregulated.

What the Finance Committee voted out, finally, was to use those stranded costs, and the Governor objected. And over hours and days of negotiation, it was arranged that we would use partially those stranded costs and partially the Energy and Conservation Load Management Fund.

Many of us didn't want to use any monies from the Energy and Conservation Load Management Fund because that's an emerging industry as well as saving money, so thankfully it worked out that the economy has picked up, and we don't have to take that money. And we have already taken some money from the stranded costs, so everybody that has CL&P saw a small decrease in their budget, come January, and then they should expect to see another decrease, probably in July.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And I really appreciate Senator Daily's response and putting that in context. When it says that this section eliminates the issuance of these bonds, do we need to take away our ability to do this? Does that somehow enhance our financial picture, as opposed to just not issuing those bonds?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

We had, through legislation, ordered the Treasurer to issue those bonds, so we're taking back that order.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

Section 51 allows the Department of Transportation to not comply with the Uniform Administrator's -- Administrative Procedures Act court case. And I'm just wondering what that's

mhr/cd/gbr
SENATE

293
June 7, 2011

about.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

The way that we have instructed and apparently the courts have found in term of notification of a rate increase or different changes they might be making in DOT fare changes, this allows them to conform to the federal regulations in how they would have to do that. So they still have to give notice and give notice to us.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And it's my understanding, through you, Mr. President, that under the UAPA, that even after notice of hearing, that the UAPA would allow folks to appeal a decision but that with the elimination of compliance with UAPA, that individuals would not have a right to appeal. Is that correct?

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

294
June 7, 2011

Senator Daily.

SENATOR DAILY:

I think that you're correct, sir.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

And why would we change policy to not allow individuals to appeal rate increases?

Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, very much.

Because they will have ample chance to give their opinion, have a hearing, and voice, you know, their opinion. And it's necessary for the smooth operation of a railroad that they're able to move on. And so if we come to a point where they require a fare increase, they have a hearing to get the fare increase. And after public input, they're allowed the fare increase; then it comes to an end.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

mhr/cd/gbr
SENATE

295
June 7, 2011

Thank you, very much, Mr. President.

Sections 67 through 69 contain some appropriation changes, I -- and I have two here in my notes, I just have some inquiries on. In the General Fund, the bill increases spending by 67.5 million, in Fiscal Year 2012, and 56.4 million, in 2013. And I'm just wondering why we're doing that. Is that to address certain initiatives?

Through you, Mr. President.

THE CHAIR:

Senator Daily, that -- that question may be -- on you on appropriations, Senator Kissel.

SENATOR KISSEL:

It -- it may be an appropriate question for Senator Harp.

SENATOR DAILY:

And I'm about to yield to Senator Harp.

THE CHAIR:

Thank you.

Senator Harp, please prepare yourself.

Senator Kissel, why don't you repeat the question for Senator Harp, please?

SENATOR KISSEL:

Yes, sir, Mr. President.

mhr/cd/gbr
SENATE

296
June 7, 2011

In Sections 67 through 69, I see that it changes appropriations a little bit. In the General Fund, the bill would actually increase spending by 67.5 million, in Fiscal Year 2012, and 56.4 million, in Fiscal Year 2013. And I'm just wondering why we're increasing spending in -- in those years.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

The -- the -- the large -- the largest item in the increased spending is the increase that is required to implement the hospital tax. In Fiscal Year '12, it's 39.4 million, and in Fiscal Year '13, it is 36-point -- well, 36 million and some change.

There are other items. There's approximately \$4 million, in each year, for the Department of Children and Families to create a Differential Response system; that is the next highest one.

There's an -- another \$1.5 million, through the Department of Social Services on behalf of the Department of Children and Families, for families who are ready to reunite with their families, for

mhr/cd/gbr
SENATE

297
June 7, 2011

1.5 million in each year.

There is, in the Department of Social Services, another large item to eliminate the -- to eliminate the Medicaid administration program for nonlicensed personnel in the Department of Social Services. In Fiscal Year '12, that's 1.8 million, and in Fiscal '13, that's 4.1 million.

There was an add to emergency transportation --
A VOICE:

That's good news.

SENATOR HARP:

-- or ambulance services to reduce the cut, and the add was 1.3 million, in each year.

There was an add of about \$85,000 to provide medically necessary glasses.

And there was a \$6.8 million Nursing Home User Fee adjustment, in Fiscal Year '12, and 7.6, in Fiscal Year '13; I believe that was a technical adjustment. So those are the major changes that get us to that amount.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

298
June 7, 2011

I appreciate Senator Harp's response, regarding the details regarding that. I also note that in the General Fund the bill makes expenditure reductions in the amount of 51.8 million, in 2012, and 41.5 million, in 2013. And I'm just wondering what those reductions are in relation to.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, the reductions are about 32.2 million, in Fiscal Year '12, and 34.2 million, Fiscal Year '13, of a reestimate of retiree health care funding requirement. A -- and that's in the State Comptroller's Office.

In the Office of -- Department of Public Safety -- which will have a new name next year, by the way -- it's about 900,000, in each year, a reduction in the projection of the need for the Workers' Compensation account, the same is -- there's about a million dollars as well that we don't need in the Department of Developmental Services, in the Workers' Compensation account.

mhr/cd/gbr
SENATE

299
June 7, 2011

You've heard, already today, about the savings in national -- natural gas at Southbury Training School. There's a reduction to the UCONN Health Center block grant, in Fiscal Year '12, of \$2 million and inmate medical service in the Department of Corrections of approximately -- well, of \$2.5 million, in Fiscal Year '12.

And the Legislature, in Fiscal Year '13, will reduce its expenditure by \$328,105, and the Judicial Branch by \$1.8 million.

And that's -- those are the savings, sir.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, on the Judicial Branch side, do we know where that \$1.8 million in savings can be -- is -- is going to be found?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

mhr/cd/gbr
SENATE

300
June 7, 2011

Through you, Mr. President, in both the cases of the Legislative Branch and the Judicial Department and Branch, I guess -- it includes the Public Defenders -- they are to identify their own savings.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And -- and one last point on this section, the inmate health services. How are we getting to that amount of savings?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, the projection was reduced due to the closing of a prison and the projected closing of perhaps a prison or wings.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

301
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

My notes indicate that contained in the appropriation changes in Section 67 is an additional appropriation of 39.5 million, in Fiscal Year 2012, and 36.1 million, in 2013, to reflect the revised structure and distribution of proceeds from the hospital tax. And I'm just wondering. I know that there was some discussion earlier this afternoon regarding that.

But my first question is that are these funds needed to implement an alternative proposal as formulated by individuals outside the Legislature?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

Through you, it's my understanding that after viewing numerous runs by the Administration and the Legislative Branch, the Connecticut Hospital Association proposed a plan to the Administration that the majority of the hospitals had signed off

mhr/cd/gbr
SENATE

302
June 7, 2011

on. And the numbers that we see in our budget now reflect their plan.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And I believe I heard in the colloquy between Senator Kane and yourself that you would make that final or the most recent iteration of that available to him, and I don't know if he's had access to that.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, as soon as we finish the debate on the bill, I will make it available to him. But I haven't had an opportunity to run to the copier machine yet.

Thank you.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very -- thank you, very much,

mhr/cd/gbr
SENATE

303
June 7, 2011

Mr. President.

I'm going to leave the hospital tax area, for now.

And Sections 70 to 73 contains the deficiency appropriations, as voted out of Appropriations. And I'm just wondering what those deficiency appropriations are.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President, does the gentleman want me to read them into the record?

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

I'm sorry. I didn't hear what Senator Harp just said.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

I'm just curious about the form that the gentleman would like for me to answer the question in. Does he want an aggregate number or does he want to indicate the departments and the amounts that they were -- their -- that is their projected deficiency?

Through you --

THE CHAIR:

Senator Kissel --

SENATOR HARP:

-- Mr. President.

THE CHAIR:

-- what's your pleasure?

SENATOR KISSEL:

Thank -- thank you, very much, Mr. President.

It's sort of like the three bears. It doesn't have to be, you know, super-precise to every penny, but at 30,000 feet, it's not going to help too much either, so maybe sort of departments and general amounts and trends.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

305
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

Through you, the Office of the State
Comptroller has a deficiency of \$625,000.

The Department of Public Works has a deficiency
of \$6,770,000.

The Department of Agriculture has a deficiency
of \$180,000.

The Department of Public Safety has a
deficiency of \$9 million.

Department of Mental Health and Addiction
Services has a deficiency of \$57,250,000.

Department of Social Services has a deficiency
of \$277 million.

The Teacher's Retirement Board has a deficiency
of \$70,000.

The Public Defenders Services Commission has a
deficiency of \$1,000,600.

The Child Protection Commission has a
deficiency of \$2,000,400.

And the Workers' Compensation Claims' aspect of
the Department of Administrative Services has a
deficiency of \$300,000.

mhr/cd/gbr
SENATE

306
June 7, 2011

So, for the General Fund, the total is \$355,195,000.

And there was an amount taken against the reserve for salary adjustments, which means the amount was deappropriated, and of \$26 million, leaving us in the General Fund with a deficiency of \$329,195,000.

And in this -- the Special Transportation Fund, there was a deficiency of \$4 million, and it was offset by a reduction in debt service for \$4 million, which means the transportation fund actually balances.

Through you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, to my friend and colleague, Senator Harp, I appreciate that level of detail.

I'm just wondering. Some of those numbers seem fairly modest; some of them seem pretty high. I'm just wondering if, based upon her years of experience with state budgets and deficiencies, if

mhr/cd/gbr
SENATE

307
June 7, 2011

any of these seem somewhat out of the ordinary; and if so, what might be causing those deficiencies?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

The -- there are a couple of them, through you, Mr. President, that are -- are -- are large. The Department of Social Services is a quarter over -- a quarter-of-a billion dollars, so I guess that would be large.

And the Department of Mental Health and Addiction Services is over \$57 million. And so basically what happened in the Department of Social Services is that there were savings that were set aside for the Department of Social Services to implement a different form of providing Medicaid through an administrative services organization and moving more towards a fee-for-service model. I think the language in the budget was slightly confused -- our language was -- and so as a result, it wasn't really clear whether it was the administrative services organization or a prepaid

health plan, as it was described through our -- our -- our implementation language in last year's budget. As a result, the department did not act to do either, and so -- as it was studying which to do -- and as a result, it -- the savings that were in the budget were not realized.

Another part of that, as well, is the implementation of the low-income adult program that took over the SAGA program. And that also, the projections were the -- how could I put it? The -- the utilization of that program was a lot higher than was projected, and that is why the Department of Mental Health and Addiction Services, as well, saw an increase in deficiency.

It's not expected that in the current budget year we'll see those ones because the -- the department is well on its way towards implementing the administrative services organization, and we have a better handle on our LIA population and its utilization. So as a result, we weren't -- won't see these aberrations, I believe, in the future.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

309
June 7, 2011

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, with the greater utilization of SAGA, I can see in a down economy that that might continue or did I misread that and it's -- and perhaps that might get better anticipated?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I -- I think that the ability to project the utilization has improved. When the program was negotiated with CMS, in Washington, it was right at the same time that the Patient Protection and Affordable Care Act was passed. And, as I indicated earlier today, we were the first state to apply for a plan change as opposed to a waiver. . And in our negotiations with CMS, we included populations that weren't projected in the budget, the 19 and the 20-year-olds. And nor was it contemplated that there would not be an asset test because our SAGA program had an asset test.

mhr/cd/gbr
SENATE

310
June 7, 2011

And as a result, there were populations of people who were eligible, that we didn't predict, but an agreement was made with CMS to move forward with the program, in spite of that. And for years they talked about the woodwork effect, and I'd never really seen it before, until this Fiscal Year '11. But obviously there was a pent-up demand. People became eligible for the program, and it's my belief that the demand has, because of the income limit, we're -- probably have a -- the demand has peaked, I believe.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And I -- and I really hope that. And -- and I have no reason to doubt Senator Harp's appraisal because she's had years of experience. Clearly an aberration there with the -- with a couple of those programs, because a quarter-of-a-million dollars off is -- is substantial.

I'm going to move onto Section 74. And it says that this section repeals the recently enacted changes to the required Governor's budget documents.

mhr/cd/gbr
SENATE

311
June 7, 2011

And I'm just wondering what that repeal is all about.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

Inadvertently, we -- we eliminated the portion of the budget document that gave us programmatic detail for -- and spending detail -- for the various programs, both state-funded, as well as federally funded, in our budget documents. It was a -- a technical mistake, and this just corrects that technical mistake.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

So it's my understanding that the effect of this section would be that in the Governor's budget documents, that they would have to include the programmatic detail and other details that folks on the Appropriations Committee and -- and others have grown to expect over the years.

mhr/cd/gbr
SENATE

312
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, that is correct. You know, there was some thinking early on that -- that -- that it's not utilized. And it is utilized, at least at the initial part of the budget and certainly utilized by our department of -- our Office of Fiscal Analysis in preparing the budget.

But it's also utilized by a number of the people in the state who are not in the Legislature, who want to understand what it is that the state is doing and how it's spending its resources. So we believe that it's vitally important that we continue to provide that information on behalf of the Legislature but, as well, on behalf of the people of this state.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, when Senator Harp talks about people outside the Legislature, is it my

mhr/cd/gbr
SENATE

313
June 7, 2011

understanding that those documents regarding the Governor's budget would be available on-line, so that if someone's out there, let's say they're a child advocate or they're thinking of starting up a non-for -- non-for-profit, that they could go through and see trends as far as different public policy initiatives that the State of Connecticut has embarked upon?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

That's right. And it's a -- it's a wonderful document. I know that it requires a lot of staff time, and I -- and I honestly believe that our colleagues over in the Office of Policy and Management and in our departments don't know how much we appreciate what they do and that they make that information available to the General Assembly and to the people of this state. But it really is good information and valuable information. So we want to continue to make sure that it's still

mhr/cd/gbr
SENATE

314
June 7, 2011

available.

THE CHAIR:

Senator Kissel.

SENATOR HARP:

Through you.

SENATOR KISSEL:

Thank you, very much, Mr. President.

Section 86 reduces the school construction reimbursement level for agricultural science centers from 95 percent to 80 percent, and I'm just wondering what the public policy is behind that change.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, it brings it in line with magnet schools.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

315
June 7, 2011

Section 138 implements the state's supervision of the Windham School District, and I'm just wondering where the Windham School District stands right now and why the state needs to move forward in -- in supervising it.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much, Mr. President.

While I don't live in the Town of Windham, I understand that the district is a -- a failing school district. And as a result, much like Hartford has been in the past, the state has basically -- is basically taking it over so that the residents of Windham and the students that attend that system will have an opportunity to -- to have a school system that provides the kind of education that we would be proud of.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

mhr/cd/gbr
SENATE

316
June 7, 2011

And through you, when the state takes over a school district, is there a statutory construct that allows it to exercise certain powers or are those individually delineated in this section?

Through you, Mr. President.

SENATOR HARP:

Thank you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, I believe that, in Section 138 through -- I know it's Section 138 -- probably 139, it details the -- the new powers of a -- of a -- to improve the overall school district, and it sets up a special master that oversees the improvement. It details the relationship between that master, the superintendent of schools, and the bargaining units. And it gives an opportunity to make changes.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

mhr/cd/gbr
SENATE

317
June 7, 2011

So is it my understanding that this would allow a binding arbitration and other usual forms of governance to not be followed in that school district?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

My understanding is that they will still have a binding arbitration, but it sets in statute those things that should have the highest priority.

For example, it says such arbitrators shall give highest priority to educational interests of the state and as such interests relate to the children of Windham. And so it -- it -- it actually indicates how things should be weighed and measured in arbitration.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And through you, Mr. President, so would the Governor select someone to take over the Windham

mhr/cd/gbr
SENATE

318
June 7, 2011

School District or do -- does the Department of Education have somebody that they're going to send out there or who sort of -- who's in charge of this?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, the language says that the State Board of Education shall assign a special master to administer the educational operations for the Town of Windham.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And one last question along this line. When the state does move along in this direction, does the state also follow through with additional funding to that school district or is it merely the creation of the special master who oversees what's taking place? Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

319
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you, very much.,

Through you, Mr. President.

There is a million dollars, in Fiscal Year '12,
and a million dollars, in Fiscal Year '13, to help
with this process.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

Well, that leads me to an additional question.
Do we target what that million dollars is for or is
that sort of given so that the special master has
some latitude as to what he or she believes needs
some additional funding?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

Through you, I believe that this -- the
improvement plan and development of that plan, as

mhr/cd/gbr
SENATE

320
June 7, 2011

well as the beginning of some form of
implementation, is what the -- the dollars are for.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

In Sections 139 and 140, it repeals the
extension of liability protections to
municipalities, special taxing districts, and
metropolitan districts. I'm just wondering what
that's -- these two sections actually are attempting
to repeal.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Mr. President.

Through you -- and I hope I get this right --
it's -- it's my understanding that what this does is
-- and I think this is the one that basically it --
and I may have to ask you what this does, actually.
But I -- I think this -- now did you say 139? I

mhr/cd/gbr
SENATE

321
June 7, 2011

don't think that's 139.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. --

SENATOR HARP:

Oh, yes it is. Yes it is.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Okay. Well, basically what this does is it -- it gives some protections to towns who make land available for recreational purposes, and it -- as long as they don't charge for utilizing the land. And then it makes clear that when they say there's no charge, that it doesn't include tax revenue that is collected.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much, Mr. President.

And I know in the Judiciary Committee, Representative David Baram, of Bloomfield, worked tirelessly on coming up with a compromise regarding

mhr/cd/gbr
SENATE

322
June 7, 2011

liability protections to municipalities. And I'm just wondering if this -- and I don't know -- I don't believe -- I'm not sure if we've even passed that bill in both Chambers yet. I don't recall having seen it in our Chamber. But I'm just wondering if this has any impact on that legislation.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

I believe that, ultimately, that this probably makes a correction to that bill. I could be wrong but that's what I think it does.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

And I'll leave it to my -- my friends and colleagues, if they want to follow up on that, because it seems like there's a couple of things in motion regarding that municipal liability issue, and

mhr/cd/gbr
SENATE

323
June 7, 2011

they all have to come together like the stars and the moon and the sun, and have to be aligned.

In Sections 146 through 151, there's a number of changes to the judge's retirement system, effective September 2, 2011.

And my first question is, before I get into the details regarding that is: Are the judges covered by the SEBAC negotiations?

Through you, Mr. President.

SENATOR HARP:

Thank you.

Through you, no, they are not.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

So the -- the first bullet I see here is an adjustment to the early retirement factor, and I'm just wondering what the details are regarding adjusting the early retirement factor for judges. And I'm not even quite sure what the early retirement factor means.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

My understanding is what this language does is make the provision for judges comparable to the SEBAC agreement. While it is not exactly the same, it is -- is somewhat comparable and relates to it.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL: ,

Thank you, very much.

And -- and the second thing I note about this particular set of sections is that they implement the IRS salary cap that is used to compute retirement benefits. And I'm just wondering what that is all about. What's the IRS salary cap?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, very much.

mhr/cd/gbr
SENATE

325
June 7, 2011

I'll have to say that I -- I'm -- I really don't know what that is. And if you will, if we can pause, I'll try to find out what it is.

And you said it was the IRS?

SENATOR KISSEL:

Yeah (inaudible) --

SENATOR HARP:

'Oh, is that the 195 -- \$195,000 cap? I think that's what that is.

Through you.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you, very much.

I can't really affirm that because I really don't know what the IRS salary cap -- that's why I was asking the question, through you, Mr. President.

But I'm -- I'm happy to stand at ease until we get that answer.

SENATOR HARP:

Well, let me see if I can get it from someone here. And I -- I believe, through you, Mr. President, that some materials that I have here indicate that the salary cap is \$195,000, but just

mhr/cd/gbr
SENATE

326
June 7, 2011

let me check.

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Senate will come back to order.

Senator Harp.

SENATOR HARP:

Thank you very much.

We're -- I have someone trying to locate that information but we can continue if the gentleman chooses.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President.

And I guess, I'm getting to a point where I'll -- I'll getting close to wrapping up having gone two hours and eight minutes so far.

I also note that we delay the early retirement age from 62 to 65. And I'm just wondering again, is

mhr/cd/gbr
SENATE

327
June 7, 2011

-- is all of this essentially to try to mirror the SEBAC agreement that the unions have yet to vote on?

Thank you, Mr. President.

THE CHAIR:

Senator Harp.

Thank you.

It's to make it comparable. It's my assessment that we are really asking state employees both on the executive and as well, the legislative side and the judicial side to actually work longer and I believe that this makes it comparable to the SEBAC agreement.

THE CHAIR:

Senator Kissel.

Thank you very much.

And one of the things that the Judicial Branch as brought to my attention over the years is that the older judges, the ones that have been in the system longer actually perform valuable functions. Especially, when they're trial referees or -- or they've actually reached their retirement. And would imposing essentially, the SEBAC agreement to a greater or lesser extent on judges in any way

mhr/cd/gbr
SENATE

328
June 7, 2011

undermine the judicial branches utilization of these
worthy and wizened jurists?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

I really don't believe there will. They will
still have the mandatory retirement age of 70. They
will, whatever the rules are that they employ now
for utilizing the judges as trial referees after 70
would still apply.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President.

And one last very broad brushed question and I
believe you've been asked this by a couple of other
folks but again what's the public policy behind if
the SEBAC agreement is ratified not having it come
before us if we're not in session?

Through you, Mr. President.

mhr/cd/gbr
SENATE

329
June 7, 2011

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Then the SEBAC agreement will ultimately be addressed in the way that all of our other labor contracts are addressed. We can vote on them or not and this -- this bill makes it permissive. The general assembly can come and not later than five calendar days after the agreement has been ratified. If we don't come in for some reason it will be deemed approved.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President.

And just for point of clarification, if the SEBAC agreement is not ratified, would we have to come back into session if governor Malloy rules out plan b.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

330
June 7, 2011

SENATOR HARP:

Thank you.

If the agreement is not ratified we would probably be called back into special session to look at a new budget proposal.

Through you, Mr. President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President.

And I really want to thank Senator Daily and Senator Harp for their incredible fortitude in responding to each and every one of my questions. And I'm going to be real honest, I mean I don't sit on finance, revenue and bonding and I don't sit on appropriations. And so a lot of times if I'm at a public hearing I -- I remember a good amount what transpires but not having sat in -- in their public hearings, a lot of this is very new to me. And so I feel that both myself and whatever constituents were crazy enough to dodge the heat to may be - be watching this on the CTN Network, probably have an awful lot more information regarding this particular

mhr/cd/gbr
SENATE

331
June 7, 2011

implementer bill than they did before the colloquies.

I do have some concerns regarding many of the public policy directions. I've always been of the belief that for major decisions, we get elected because it's our job to make those decisions and to debate them here in our Senate and in the House on the floor below us. I don't feel necessarily comfortable that should the SEBAC agreement be ratified by the -- by the unions in the State of Connecticut by the requisite numbers that we should at least take one last look at it as far the direction the state is going.

And certainly I do take a little courage from the notion that if it isn't ratified that certainly we'll be called into special session. I could speak about many issues pertaining to this particular matter but I'll leave that for another time towards the end of the debate but at this point and time, my initial set of questions have been answered.

And again, I thank my colleagues in the circle for being understanding.

Thank you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

332
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you very much.

I was going through some of the papers on my desk and I just discovered under the internal revenue code, the federal -- the current federal ceiling on pensionable salary is \$245,000.

Thank you.

THE CHAIR:

Thank you, Senator

Senator Kissel.

SENATOR KISSEL:

So instead of \$195,000 it's \$245,000 and if you wait long enough all -- we get all the access to all the important information.

So thank you, Senator Harp.

THE CHAIR:

Thank you, Senator Kissel.

Will you remark further at the seventh inning stretch?

Senator Suzio.

SENATOR SUZIO:

Good evening, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

333
June 7, 2011

Good evening, sir.

SENATOR SUZIO:

Good evening to the viewers on CTN watching the six o'clock news version of the Senate.

This is the first experience I've had as a Senator going through the budget process and its implementation. And after 41 years of experience in the business world, I have to say that I'm somewhat stunned by the fact that we're going to be voting on a -- on the implementation of a -- between a 19 to \$20 million -- billion budget tonight. That has not been vetted by the agency that would normally be responsible for doing that in a nonpartisan objective manner, the office of fiscal analysis. Which has basically stated that it can't verify the savings that are imbedded in the SEBAC agreement in which the balancing the budget hangs literally in the balance.

It's especially disconcerting because the budget with the latest adjustments through the Governor, now has a very small margin for error with I believe a projected surplus at the end of next year about 87 or \$88 million. To put in the perspective of the overall budget that's something a

mhr/cd/gbr
SENATE

334
June 7, 2011

kin to point -- 0.5 percent, just about one half of one percent of the budget. So there's no margin for error. It would seem therefore, that we've got to be even more careful than normal.

Furthermore, (inaudible) OFA, that's operating in the dark and the legislature operating in the dark, with respect to the budget but apparently a lot of the state employees who -- who have to ratify the SEBAC agreement appear to be greatly confused about what it is in the agreement.

I've read a lot of the internet, a lot of blogs and posts by state employees who have great differences of opinion about what it is expected of them and what the concessions are in that agreement.

So with those reservations, I'm going to proceed to speak to the implementer, the bill before us. And since this is the final action of the budget, I want to begin by focusing on the -- on the bigger picture and the accuracy on the number themselves before I go into some specific questions about some of the items.

So, excuse me, through you, Mr. President, if I may address some questions to Senator Harp?

THE CHAIR:

mhr/cd/gbr
SENATE

335
June 7, 2011

Please proceed, sir.

SENATOR SUZIO:

Thank you, Mr. President.

Senator Harp, basically when the Governor first presented the budget he included in a reserve of approximately \$1.8 billion. That basically is related to the transition from the current counting system that the state's been using to generally accepted accounting principles, which the Governor rightfully has been advocating as the way to go. And that \$1.8 billion or so reserve that is in the Governor's budget was a result of the difference between the -- the cash basis of accounting, the budgetary cash basis of accounting that we've been using, I think since 1994 or thereabouts. And what the state's expenditures would have been if the state have been operating under generally accepted accounting principles.

So a little over a 100 million a year basically as an average or something close to that. And given -- given in effect that the transition from the cash basis, the budgetary cash basis of accounting that the state's been using to gap itself will exacerbate

mhr/cd/gbr
SENATE

336
June 7, 2011

the budget difficulties in a time of financial crisis.

I would just like to ask the Senator, why at this moment and time the Governor is advocating transitioning to an accounting methodology, which will exacerbate the problem and in effect recognize more expenses?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President.

I believe that during the election process in the fall because of the economic crisis that we are in - in our state and we are in across the United States that the fact that we didn't follow GASB standards. And it was well known to the people of the state, there was some sense that the people of the state wanted us to utilize standards that were utilized one, by their municipality's and two, were those standards that are recommended by this government body that recommends accounting standards.

mhr/cd/gbr
SENATE

337
June 7, 2011

And so I believe that's why we're moving forward to overtime implement GAAP budgeting and accounting.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And Through you, Mr. President.

So basically, Senator Harp, would you agree that in effect this \$1.8 billion reserve itself, which is a reflection of the difference of accounting for expenses and revenues between GAAP and the budgetary basis. Basically, it establishes that the traditional basis used by the legislature under recognized expenses by about a 1,800 million and that's going to be rectified as we go into -- into generally accepted accounting principles?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

mhr/cd/gbr
SENATE

338
June 7, 2011

I think that's one way of looking at it. It's kind of like your checking account. It's sort of if you're on a cash basis, you don't recognize perhaps some of the things that you may owe and you know, you could if -- I think it's much more of a problem if you're an individual than it is if you're -- you are a government.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And Mr. President, through you.

It's been my understanding to that while the general assembly has been operating under the budgetary basis of accounting. At the same time, the state auditors are preparing financial statements both on the budgetary basis of accounting as well as on the GAAP for all these years that they were in effect two sets of financial statements that the -- that the orders were producing for the state. One reflecting the budgetary basis, the other reflecting GAAP basis.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

339
June 7, 2011

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

That isn't entirely accurate, the books are kept by the Controller of the State of Connecticut. And the controller is basically keeping two sets of books, not the auditor of public accounts.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Very good, through you, Mr. President.

I stand corrected, it was the comp controller or the controller who maintains two sets of books, one based on cash basis or modified cash basis budgeting and the other based on generally accepted accounting principles.

And through you, Mr. President, since we have through action of the Senate the other day we voted to defer the implementation of the GAAP for two years. So presumably that means we're going to continue this budget and the accounting for it for the next two years using the same methodology that we've been using for the last 20 years?

mhr/cd/gbr
SENATE

340
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President.

We begin official GAAP in 2014, although in this biennial budget, we've reserved for gaps so that we don't make the gap deficit any larger, \$75 million in fiscal year 12 and 50 million in fiscal year 13.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

I'm glad that you mentioned that Senator Harp because I do want to clarify this now. In the Governor's plan, with respect to the roughly \$1.8 billion of reserve set up for the gap difference, it was going to be amortized for over 15 years. And I think originally in the first year it was going to be 72 or \$73 million and then it was going to

mhr/cd/gbr
SENATE

341
June 7, 2011

increase to something over \$100 million a year but
maybe you can clarify that?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Actually, the amortization begins in fiscal
year 14. In fiscal year 12 and fiscal year 13, the
75 million and the 50 million are just to hold us
steady so that we don't increase that gap difference
anymore than it currently is.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And Through you, Mr. President.

So are there specific numbers in the budget as
been presented that pertain to this gap issue. I
just heard a few numbers, I just want to make sure I
understand what those numbers represent.

Through you, Mr. President.

THE CHAIR:

mhr/cd/gbr
SENATE

342
June 7, 2011

Senator Harp.

SENATOR HARP:

Thank you very much.

There is revenue set aside in fiscal year 12,
it's \$75,000 and in fiscal year 13 it's \$50 million.

Through you - through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And Through you, Mr. President.

So, those numbers, I think you said 75,000 but
I think you meant 75 million?

THE CHAIR:

Senator Harp.

SENATOR HARP:

75 million, Mr. President.

I -- I was thinking small. Seventy five
million in fiscal year 12 and 7 -- and 50 million in
fiscal year 13.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

mhr/cd/gbr
SENATE

343
June 7, 2011

And Through you, Mr. President.

Because I want to make sure I understand. So those numbers, 75 million and 50 some odd million are going to be expensed in the budget in each of the two -- the next fiscal year 12 and 13?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

Mr. President, through you.

My understanding is that these dollars are set aside and they're going to be on the balance sheet in their actual dollars of 75 million in fiscal year 12 and 50 million in fiscal year 13. And all of that was the policy surrounding that was in the previous budget implementer.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And Through you, Mr. President.

mhr/cd/gbr
SENATE

344
June 7, 2011

Well, in -- in accounting you have to do a debit it and a credit for each transaction. So typically, when you set up a reserve you debit the reserve or you debit the expense and you can credit the reserve. And so I guess what I'm trying to make certain I understand is what is the actual accounting entry that's going to be done with respect to the 12 and 13 fiscal year budgets?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

On the budget sheet for this reserve account there will be 75 million in fiscal year 12 on that sheet in the overall books of the state, will be booked into that year. And then in fiscal year 13 it will be \$50 million.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

And Through you.

mhr/cd/gbr
SENATE

345
June 7, 2011

So, are those numbers actually reflected? The 75 million and the 50 plus million? Are they reflected in the 19, 20 billion total budgets for the year or they isolated and separate from those budgets?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

The revenue is intercepted before it goes into the budget.

Through you.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

So now what we're going to be doing these next two years is continuing to operate on the basis that we've been doing for the last 20 years, which has not been the most accurate basis. And we're

mhr/cd/gbr
SENATE

346
June 7, 2011

projecting -- we're projecting a budget surplus the
last I saw of about \$87.8 million?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

The figures I received from the office of
fiscal analysis indicates that there will be 87.7
million in fiscal year 12 and 495.9 million in
fiscal year 13.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

Now, one of the items in the Governor's budget
is the tax increase. The income tax increase, which
is been retroactive to January 1st of the current
calendar year. And is going to be the outside the
fiscal year 2011 but it will collected during the
second half of 2011 and beyond. So, if we are going
to continue using the budgetary cash basis of
accounting, we're not only going to collect the then

mhr/cd/gbr
SENATE

347
June 7, 2011

revenue or taxes that are due then but because it's retroactive. We're going to be basically charging tax payers significantly more in the second half of 2011 to make up for the first half of 2011, in which no taxes were collected from them based on the increased income tax in the Governor's budget.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

It is a finance question but I'm going to, through you trust your assessment as an accountant and say that in fact, perhaps your assessment is correct. So and although, I'm told by OFA that we operate more on a GAAP basis for our revenues than we do for our spending.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO :

Thank you.

And through you, Mr. President.

mhr/cd/gbr
SENATE

348
June 7, 2011

In the Governor's original budget he did show \$145 million of income tax increase that would be contributed to his budget that would be from June -- January 1st of 2011 to June 30, of 2011 but will not be collected until again after the beginning of the new fiscal year. So that \$145 million will be if it's accurate, it will be in the actual revenues for fiscal year 2011.

Now, I have a question about that, assuming it's 145 million again, which goes from the Governor's budget. If the comptroller's keeping a set of books both ways, both on the budgetary basis of accounting and the GAAP basis of accounting. Then presumably the comptroller is going to -- on the cruel basis, the GAAP basis of accounting is going to take the \$145 million and cannot attribute it to 2011 because it was tax that was due in fiscal year, I'm sorry -- 2012, it was due in fiscal year 2011.

So we're going to have a dichotomy immediately between the revenues that are recognized on the modified budgetary cash basis, which is what we're operating under and the GAAP basis, which is the

mhr/cd/gbr
SENATE

349
June 7, 2011

basis the second set of books that the -- that the
comptroller maintains.

If we assume there's no other differences, none
at all other than the 145 million, than in effect,
the gap maintained books will show \$145 million less
in revenue than the modified cash basis used for
budgetary purposes?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I believe that's why we're transitioning into a
gap and won't be fully gap operational until 2014.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

And that leads me to the next point, which is
that the budgetary basis of accounting, assuming we
are perfectly accurate in our forecasting, will show
this \$87.8 million surplus in calendar -- in fiscal
year 2012. However, when the comptroller does a set
of books predicated on the GAAP basis of accounting,

mhr/cd/gbr
SENATE

350
June 7, 2011

it's going to be \$145 million less of revenue, which means that on the GAAP basis of accounting expenditures would exceed revenues.

Would you comment on that?

Through you, Mr. President.

THE CHAIR:

Is that a question, Senator?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

If we were a fully on gap than that may be the case but we won't be until 2014. So, I don't understand, I think that it's -- it's been made perfectly clear that we are just trying to stem the tide in 12 and 13 but we aren't fully gap compliant until 2014. And so, I don't believe that the way that we do things now that we would recognize the budget not being in balance.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

mhr/cd/gbr
SENATE

351
June 7, 2011

And through you, Mr. President.

Isn't that precisely though what the comptroller's doing? The comptroller is maintaining a second set of books, like the comptroller's done for 20 years, using the GAAP basis of accounting to which we're going to transition. And that GAAP basis of accounting is consistently showed a difference, which is accumulated to \$1.8 billion or something close to that since 1994.

So when the -- when the second set of books is maintained by the comptroller for 2012, the next budgeted year that set of books, which reflects gap is going to show \$145 million less in revenue than the budgetary basis. The budgetary basis will show a modest surplus of 80 some odd million -- 87.8 million and the GAAP basis will show \$145 million less of revenue, which means that the GAAP basis of accounting for the fiscal year 2012 will be negative. It will be in the red because there will be \$145 million less of revenues, assuming the expenditures stay the same.

So my point is just that there is already a second set of books that's maintained and one set will show the surplus as projected. The other set

mhr/cd/gbr
SENATE

352
June 7, 2011

of books, which is being prepared by the comptroller according to gap will not show a surplus, it will show a deficit because of the accounting difference?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

And that may well be the case, I haven't seen the second set of books and can't speak to what will -- they will show but what I can say is that we're aren't on gap until 2014. So that officially, we would not be in deficit, unless that would be the situation that would be the case in 2014 but it is not the case now. We're on a cash basis and we are not in deficit based upon the manner in which we account for our funds in this year and in the next two years.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

mhr/cd/gbr
SENATE

353
June 7, 2011

According to the OFA analysis, we -- the Governor's modified budget, which is what we're voting to implement tonight is only \$1 million below the spending cap. Is that true? Would you comment on that?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

That is true.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

So, Mr. President, what would be the consequence if Senator \$1 million on a 19 to \$20 billion budget, one million is 1 one-thousandths of a billion and we're talking 20 billion, so it's one twenty - thousandths of the budget. What would happen if we had a little- bitty mistake and we go over the spending cap?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

354
June 7, 2011

SENATOR HARP:

Thank you, Mr. President.

The spending cap is related to the appropriations document that is verified by the office of fiscal analysis. We are \$1 million below the spending cap in this appropriations document. Has nothing to do with the operation of the budget until we come to the deficiency bill next year. And if there is a requirement for an adjustment, we have two ways of adjusting. We can de-appropriate or we can make transfers. If we de-appropriate that means that we de-authorize resources in different line items. If we make transfers, we transfer from one line item to the other. And within the \$19 billion budget there should be room to offset any differences that might cause the spending cap problem.

Now, let's just assume that that doesn't happen. If that doesn't happen then the Governor will have to declare -- make a declaration of an emergency. And it will require a three-fifths vote of both houses in order to appropriate new dollars but I think what is operational here for us to

mhr/cd/gbr
SENATE

355
June 7, 2011

understand is that the spending cap is an appropriations tool, it is not an operations tool.

Through you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

So, I'm a freshman, Senator so you're going to teach me a lot and I've heard from colleagues -- so I would like to just ask, so basically, let's assume that through, Mr. President, of course. That -- that spending involves next year and we do have a spending overrun just like we've had this year, even if revenues increase spending might go up. So we -- we go above the spending cap limit, are we -- are we constrained by that as the budget itself is actually implemented and acted out?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

mhr/cd/gbr
SENATE

356
June 7, 2011

No, what constrains us is that as the budget rolls out there could be certain departments or even within a department there can be certain aspects of that department that goes into a deficiency in some areas and some aspects of that department where they spend less. We have the FAC committee that allows them to actually balance out within the departments. Okay, so let's say that you can't balance out within the department. When we come to the end of the budget year and we determine what the deficiencies actually are not what they're projected to be then we can transfer money out of other departments into the department to make up the short fall. Or we can actually de-appropriate dollars in a certain area of the budget to make up for the short fall. Like we did in the transportation fund, I don't know if you took a look at what happened there this year. Basically, we funded about \$4 million but we de-appropriated out of the special transportation debt service another 4 million and that gave us the money to cover that and so that kept that fund at balance.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

mhr/cd/gbr
SENATE

357
June 7, 2011

SENATOR SUZIO:

Thank you, Mr. President.

I'm really appreciating the education that Senator Harp is giving me. And I just want to go a little bit farther if I could.

So I understand, I have experience on the board of Education for 14 years and at the end of the year, every year there would be certain accounts that were under spent and other accounts that were over spent. And every year the board would authorize transfers of money between the accounts to make sure but we always had to stay within the appropriated amount, 20 million, a 100 million, whatever it was.

So my question is, yes I understand that between department A and B, if one department's over by 50 million and the other department is under by 50 million, you just transfer the authorization back and forth. And the budgets balanced but my question is suppose at the end of the year every departments in balance except for two of them. And one of them is over by 100 million and the other one's under by 50 million. Well, you can -- you can transfer the 50 million from one to the other but you're still

mhr/cd/gbr
SENATE

358
June 7, 2011

going to be over in that final department and more over all the spending would have exceeded the appropriated amount by 50 million.

What happens at that point and time, particularly are you constrained by the spending cap at that point and time or can you have the flexibility just to appropriate an extra \$50 million at that point and time?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

I think that we've hit upon where I tried to explain before maybe you didn't quite understand it.

If we get to the point where we have to appropriate, we've used all of the tools, we've used our transfer ability, we've used our de-appropriation ability, there's no more money and we must appropriate then the Governor has to declare an emergency. And then we can appropriate more money as long as there's the three-fifths votes of both houses.

mhr/cd/gbr
SENATE

359
June 7, 2011

Through you, Mr. President.

SENATOR KISSEL:

Thank you.

And thank you, Mr. President.

I really do appreciate the patients and the in-depth that you're giving me because it's good, it's confirming a lot of what I suspected but I wanted to make certain and I want to hear it from the mouth of the expert, I'll say.

I didn't want to use the other metaphor because that would be insulting.

Through you, Mr. President.

I do want to focus on the SEBAC agreement for a few minutes if I can, at least what I know about the SEBAC agreement.

One of the savings that's been identified in the SEBAC agreement is 40 million and 35 million, 75 million over the biennium attributable to healthcare cost savings, generated by ideas from the Healthcare Cost Containment Committee.

Several questions about that, that committee is a committee that's been in existence for some time. How long has it been in existence?

Through you, Mr. President.

mhr/cd/gbr
SENATE

360
June 7, 2011

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President.

I've got to say that I don't know.

Through you.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

Through you, Mr. President.

I know this the Healthcare Cost Containment Committee's been in existence for a few years anyways. Through you, Mr. President, can Senator Harp elaborate on the savings that have been identified and generated by the Healthcare Cost Containment Committee to date?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

Through you.

mhr/cd/gbr
SENATE

361
June 7, 2011

As although I suppose I -- I could say since I'm not a state employee but I guess to some sort of limited extent we all are, I have got to say that I'm not familiar with this committee nor any of the cost containment initiatives they've proposed over the years.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Through you, Mr. President.

I have with me a document that's been circulated by the union people to explain the plan, the SEBAC agreement. And on the 3rd page it says, state employees already pay a substantial portion of the healthcare costs an average of 14 percent, despite the best efforts of our joint Healthcare Cost Containment Committee, these costs continue to rise.

So my question is we're predicating a marginally balanced budget, very tightly balanced budget, barely under the spending cap by a million dollars. And one of the things we're predicating it

mhr/cd/gbr
SENATE

362
June 7, 2011

on is \$75 million in savings from the Healthcare Cost Containment Committee. And the union people in their own document say it's failed to control healthcare costs.

How reliable is that \$75 million savings that if we don't achieve that, we will be over the spending cap and we will be barely balanced because the projected revenue or the projected surplus next year is only 87 million. So we could be precariously close to having a deficit and we could be 10's of millions of dollars over the spending cap.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Mr. President.

Through you.

While \$75 million seems like a lot of resources or 10's of millions of dollars in a \$19 billion budget, it's really not that much and the reality is that there are savings out there in healthcare to be had. I just honestly can't say what they've proposed in the past and what they might propose in

mhr/cd/gbr
SENATE

363
June 7, 2011

the future but I'm assuming since this is there agreement, it was agreed to by the administration. There's some sense that there is the possibility of actually achieving this savings.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

I agree, \$75 million in the context of a \$20 billion budget or something close to that is not much but in the context of a budget that's \$1 million below the spending cap, I suggest it's a huge amount of money. If we don't achieve at least 74 or 75 million we're going to above the spending cap because we'll have spent \$74 million than we budgeted for. We're budgeting for \$75 million of savings, right?

So my point just is that the union itself has circulated a document, which seems to undermine the credibility of the -- of the savings that are in the budget. I want to correct one thing, it is 40 million in one year and 35 in the next. So it is only 40 million next year but nonetheless when

mhr/cd/gbr
SENATE

364
June 7, 2011

you're only \$1 million below the spending cap, if we don't achieve the projected savings of 40 million next year, we could go tens of millions of dollars above the spending cap just -- just for this one item alone.

So I just want to point that out and as someone who's done budgets for 40 plus years now, when you put a budget together, at least when I put a budget together and people work for me, I always demand some kind of contingency reserve. Some kind of cushion for the unknown because the rule of thumb is when you put a budget together, you're going to have surprises and you want to make certain those are good surprises not bad surprises. So the way you make certain you have good surprises is by over budgeting a little bit for some expenses here, under budgeting for revenues and then when revenues come in above what you've expected. Or expenses come in below or you have a good surprise or you have a contingency reserve to allow for that because the best people in the world at budgeting cannot precisely predict exactly what's expenses and revenues are going to be. And when you're living on the margin, like we are where we have a

mhr/cd/gbr
SENATE

365
June 7, 2011

constitutional spending cap we're flirting with, we're also dealing with a situation where it's only a few percent swing. And we could be -- we could be actually in a situation where we'd be in a deficit, we may be both in a deficit and exceeding the spending cap next year. And there's a very, very little margin for error.

So that's one of the points I want to make on the SEBAC agreement and I would -- I would have liked to have understood and felt more comfortable about the \$75 million of savings that are projected. I'd like to see some documentation that says this is believable but when I look at this document from the unions themselves and they say the healthcare cost containment committee's failed to control costs. Well, I think I have a legitimate point in asking what -- what -- what is OPM relying on?

If I may proceed, through you, Mr. President. In the same document that I was eluding to there's a statement that was circulated by the unions saying quote, managers will be asked to give up at least as much as the workers and if not workers will not give up anything.

mhr/cd/gbr
SENATE

366
June 7, 2011

So my question is given that the expectation, apparently the inherent -- the implicit if not the explicit understanding of the SEBAC agreement is that nonunion people will be expected to make concessions similar to or greater than what the unions have done. How much of that is in the budget? Where is it and how much is in the budget?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Well, it is in the budget implementation bill. It gives the Office of Policy and Management, I believe the ability to get savings from the nonunionized employees and from the managers. As a matter of fact, the executive group of managers already changed their longevity and -- and adheres, I believe to some of the retirement policies that are in this agreement. So that's already done and I believe it gives -- this bill gives the legislative branch the ability to address those areas in the legislative branch as it relates to longevity. And

mhr/cd/gbr
SENATE

367
June 7, 2011

the judicial branch as it relates to longevity as well.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO: .

Through you, Mr. President.

So, I just want to make sure I understand, the concessions that are going to be made by nonunion personnel, which the union people themselves demand of nonunion personnel, those concessions, those savings are reflected in the budget and the budget implementer.

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

There's certainly reflected the authority to get those savings as reflected through the budget implementer.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

mhr/cd/gbr
SENATE

368
June 7, 2011

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

I want to ask a question relating to the OFA commentary, just bear with me for a second.

I have in my notes here, it says the state will set aside a half-percent of payroll to address the tier 2 breakpoint. Can you explain what is the tier 2 breakpoint?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Let me see if I can find something and read it to you, if I can find it.

Mr. President, through you.

I don't have the answer to that question.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

So I just want to make certain, do you know -- you're answering you don't know what the number is or you just don't know what the tier 2 breakpoint is?

mhr/cd/gbr
SENATE

369
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

I don't know either of those.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Thank you very much.

Through you, Mr. President.

On the OFA analysis there's a reference to --
let me see if I -- okay, adjustments for the retiree
healthcare funding to reflect current requirements
and it shows \$32 million in fiscal year 12 and \$32
million or 34 million in fiscal year 13. Could you
help me understand that a little bit better?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

mhr/cd/gbr
SENATE

370
June 7, 2011

Could you -- could you point me to the fiscal note and the page that you're --

SENATOR SUZIO:

Sure, I'll show you right there, Senator if you don't mind? I hope I'm not breaking protocol?

It's the highlighted number there.

SENATOR HARP:

Yes, basically the - through you, Mr. President.

These are the -- the numbers of healthcare funding that is in the base of the budget that wouldn't be required because of the adjustments to retiree healthcare funding.

SENATOR SUZIO:

Thank you.

And Through you, Mr. President.

THE CHAIR:

(Inaudible)

SENATOR SUZIO:

Exactly what is happening? What is driving that change? I mean, it's a pretty substantial number for each year. Exactly why is there such a large amount and the distinct difference from that's variance?

mhr/cd/gbr
SENATE

371
June 7, 2011

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

When we discussed retiree healthcare with the office of fiscal analysis, evidently even in this current year, there is about \$100 million worth of lapse in that -- in that figure. And so evidently there's -- you had discussed earlier that sometimes you build in a certain lapse amount and evidently you've discovered where there is a bit of a lapse amount built into this budget. We just discovered it ourselves as we tried to come up with our plan c to balance this budget. So there is a historic lapse of about \$100 million in the retiree health account.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

I have one other question but I'll just make a comment.

mhr/cd/gbr
SENATE

372
June 7, 2011

One of the things I had to deal with in my experience on the board of education was the business manager of the board was pretty good, he was very good at what he did but he would always build in these conservative assumptions into the budget. And as a board member unless you ask explicit questions you never knew where these very conservative assumptions were built in. And every year of course, the budget would show it would be balanced and at the end of the year, we'd end up with a cushion at the end. So I started asking him those questions and we -- we drove to try -- we finally persuaded him to start explicitly creating a contingency reserve. Saying okay, rather than build in these ultra conservative assumptions into the budget and thereby over stating expenses, let's have an explicit reserve account that we can do. So maybe we could talk to OPM and find out where those hidden little cushions are.

Finally, if I could just ask on Medicaid. You know the issue -- the issue I know you've discussed with some -- with the preceding speakers and I just want to touch upon that because of the -- the significant deviation, the significant increase in

mhr/cd/gbr
SENATE

373
June 7, 2011

expense due to the transfer of SAGA and to Medicaid.

And that the caseload went from 44,000 and change a year ago to 68,000, 52 percent increase.

Now, Senator through the president. You and I both sit on the appropriations committee, you're the co-chair of the appropriations committee and I remember only a month or two ago, sitting there with a little bit of alarm because Secretary Barnes had presented the same fact, that there we're millions of dollars running over. And at that point and time, it was pretty substantial but it wasn't as much as it is now. And what concerns me is that not only has there been a whopping increase of in this case 52 percent from year to year but it's the trend is increasing. And so my concern is have we adequately budgeted for this in the budget?

Can you address that issue? What have we done in terms of budgeting for Medicaid expense and creating an allowance for this serious increase in caseloads? Has it been capped where it is? It is anticipated that it will continue to grow? What is it that's exactly built into the budget with respect to that - this issue?

Through you, Mr. President.

mhr/cd/gbr
SENATE

374
June 7, 2011

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Mr. President.

There've been caseload adjustments that look at the overall population, how its changed, that look at our -- our unemployment figures and other figures that would drive people into the population that are eligible for the low income adult population and for Medicaid. And those bear upon our caseload adjustment numbers and in discussing this with the office of fiscal analysis because they do their own adjustments, they believe that the numbers we currently have in the budget are as close as they can possibly get.

Now, I think that what happened over the past year is that there were some things that actually drove the number of folks who were eligible for this program up very quickly. I think that if -- that if it rises at all, if it doesn't stable off it'll rise much slower because there's certain populations of people who were on state grants. Who would have been eligible for SAGA or for Medicaid if they had

mhr/cd/gbr
SENATE

375
June 7, 2011

one, a greater disability or if two, they didn't have certain assets. And these are people that we can almost document. If you look at the department of mental health and addiction services and their huge increase, it's all the people who received services from that department.

If you look at -- when you look at the runs that were done on hospital tax and you look at the low-income adult figures and the amount of dollars that have gone into hospitals. Hundreds of millions of dollars more than what they've would have gotten if we had a SAGA program. And that's because it was in there interest to assure that these people are eligible.

I think a lot of that has already been done and that we have actually peaked and will level off.

Through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

So can you just clarify for me, given the huge run-up that we've had and you're indicating that the

mhr/cd/gbr
SENATE

376
June 7, 2011

projections, what's built into the budget, obviously it's not going to be 50 percent like it has been in the last year. Can you just explain or identify what increase if any has been incorporated into the budget with respect to this?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

I know that there is a caseload adjustment and at an increase I don't recall the specific number at this particular point and time but we can get it for you later if you need it.

Through you.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

Yes, that -- that would be of a great interest to me because as I said a few minutes ago, I would rather see us budgeting for a little bit more than a little bit less. And to come in below budget at the

mhr/cd/gbr
SENATE

377
June 7, 2011

end of the year rather than having the unpleasant experience that we've had these past few months, where Secretary Barnes is there saying oh my gosh, you know we're 75 million over here, we're 65 million over there. And we didn't anticipate it.

And again, given the issue I was bringing up before about how very close we are to the -- the spending cap and how very close we are to -- we have a barely balanced budget now with a very, very small surplus. If we were to ever experience another year like the last, which may be unlikely but it was not expected last year either, it would be a disaster for the state. So I would definitely appreciate getting those numbers from you Senator and thank you very much.

SENATOR Harp

Thank you very much.

And we'll make sure that you get those numbers too.

Thank you.

SENATOR SUZIO:

And in closing, I'm going to reserve remarks for later on in the debate but I do want to say thank you to Senator Harp. She's gone through quite

mhr/cd/gbr
SENATE

378
June 7, 2011

a bit today with -- with a barrage of questions and she's shown not only intelligence and ability to articulate and to respond to complex questions and issues but great grace and I appreciate that and it's a pleasure to work with her as a colleague.

Thank you very much.

THE CHAIR:

Thank you, Senator.

Senator Markley.

SENATOR MARKLEY:

Thank you, Mr. President.

Let me say to Senator Harp that she can take a break, I don't have any questions for her and Senator Daily as well.

I have a few short comments, Senator Welch doesn't even have to leave the Chamber, he'll be right back if he wants to speak after me, I won't hold him up.

Senator Suzio is an old friend and has frequently apologizes for being a freshman and I've apologized here and in the committee for being quiet, I don't know that really anyone blames me for being quiet, maybe it's something that you don't need to apologize for in this circle. My silence is

mhr/cd/gbr
SENATE

379
June 7, 2011

something that I have developed over many years with the encouragement of almost every woman I've known who has given her heartfelt assurance of that's what I needed more of. And now I find myself at the end of a political struggle with the chance to speak and an obligation to speak in many ways. And a question in my mind about what it is that is best for me to say.

And let me say also, a forum for speaking, which is quite unusual, quite -- quite an honor, obviously to rise in this place and a place of beauty and dignity but at the same time, I find it a little bit like speaking in a train station. It's a nice big resonate building, it's -- it's a lovely piece of work, there's a certain number of people around, some of them are waiting, some of them are passing through, some of them are reading a newspaper or looking at their computer. And if you've got up and starting speaking, a few of them are going to listen to you but not too many. And I suppose part of my point is to speak to the people who might be at home to hear this exchange.

I'll say that I'm a little like my childhood hero, Mr. Ed, I don't like to speak unless I have

mhr/cd/gbr
SENATE

380
June 7, 2011

something to say. And I have found that my colleagues tend to thrash over this ground pretty thoroughly, which is why I don't feel the need to go over this implementer bill bit by bit with Senator Harp, having had it well covered by Senator Suzio and Senator Kissel. I don't think I could add anything to what they would have to question.

So the -- the challenge to me is to say what is it that I should address? I've said before that it seems to me that we are judged here not on the basis of our activity or our energy or even our eloquence, or our intentions but rather the direction that we take the state in. That - that is the final and only measure of our performance as Senators. And I would say it's not merely the direction, which for a lot of us we tend to think about as left or right but let's say the trajectory, it includes the up and down, the entire path that this state is on as we influence it. And I would perhaps claim that I am in a unique position to judge the trajectory of events here in the state. I serve with three Senators here who were representatives when I last served in the Senate and I couldn't ask for three better, Senator Prague, Senator Hartley, and Senator

mhr/cd/gbr
SENATE

381
June 7, 2011

Looney but they had the disadvantage of having seen all the developments over the last 25 years. And just as I don't think you see a child grow dramatically when you see it every day, I don't think that the changes in this legislative body would be as apparent to them as they are to me. I might like the relative way down in Texas that only gets to see the kid once every 25 years and he says, my goodness how they've grown. I've had a snap shot and what I see here in the Senate is a change familiar thing. And it's that that I want to speak about and particularly in reference to what is before us, which is an implementer bill.

Twenty-five years ago, was it 25 years ago? The last time I was here, Chairman of the Human Services Committee, I had to do an implementer bill. And at that time it was a purely technical document, nothing but a list of numbers, something that I sat down with the OFA and OLR people and said, what in the world is this? And they said, it's an implementer bill, it's a technicality, you don't have to worry about it there's nothing in it. We had to put an amendment on it, I think at the request of the department of income maintenance.

mhr/cd/gbr
SENATE

382
June 7, 2011

And I remember the democratic leader at the time, (Inaudible) sat over there in Senator Kissel's seat, a fine man, coming up to me and saying can you -- can you assure me that this amendment is simply a technical amendment? And I said, yes it's just something that the department gave me and they assured me it's a technical amendment. So that's all there is to it and through the implementer went at 11:00 o'clock on Wednesday night with - and it was a nothing.

In those days, the work on the legislation was almost entirely completed on the committee level. And that was simply the way it was done, if it wasn't done in the committee, it didn't get done at all. And that has changed dramatically here. Now, we have many more people involved, many more staff involved, many more legislators, I think involved throughout the process, more lobbyists always involved, more people involved doing more legislation and spending longer on it. And what we get, in my opinion is in worse shape, more confused, less perfect, too many -- if I may say a word that I've heard too often into a phrase, works in progress. And I'm not necessarily complaining

mhr/cd/gbr
SENATE

383
June 7, 2011

about, I don't mean to pick on this implementer bill, in particular but we had one before us last week that included the criminal justice provisions. And in that case, some very important provisions having to do with the release of criminals were done so much on the fly, that a very able legislator bringing the bill out in the House, was unable to accurately answer questions about the bill. And the bill had to be modified here in the Senate and so forth.

Now, this is nobody's fault. There is no legislator here who I would hold the slightest bit responsible for this and there's no party that I would hold responsible for this. This is a natural development over time, a gradual increase in the amount of tinkering that goes on with these bills.

All I want to say about the implementer bill today is this is a natural development but to my mind it is not a healthy development. And I can't believe that any of us think that this trajectory in the formation -- in the formulation of legislation has been a healthy trajectory for getting good, well written, clear, concise, well thought out bills. I believe that as a legislature at this point, we're

mhr/cd/gbr
SENATE

384
June 7, 2011

trying to do too much. And the result is that we're doing too many things too poorly. And the saddest thing, I guess I would say about this session as it draws to an end is I honestly believe that the state would be better off if we had not shown up. I think that the biggest things that we have done, the largest tax increase in state history and the imposition of a paid sick leave were mistakes that the state will be paying for. That's something that very reasonable people can disagree with and I don't mean to impugn anyone's motives in it but I feel that we've tackled many, many things and I'm not convinced that it has been for the best. And I say that with great respect for the intelligence and the hard work and the expertise that has been applied to everything that I've seen done in this process.

Let me say about this implementer bill. The best things in this bill, in my opinion are the things that which repeal other things we've done. This does away with the -- with the CTA assessment, obviously that was something that was close to my heart and I'm very glad to see happen. It does away with an -- with an unreasonable tax on cigars, as a sometimes cigar smoker and somebody that likes to

mhr/cd/gbr
SENATE

385
June 7, 2011

see businesses succeed in Connecticut, I'm glad to see that happen. It does away with tax on consignments and the cabaret tax. And a few other things that I think were ill thought out but I ask you -- my point in this brief remark is simply to say that I think as a body, we have to consider the way that we're doing business.

And the first thing we have to do is to acknowledge the fact that the process is not moving in the right direction and not to cast blame and not to rent our garments and beat our breasts but to say, how do we move it back in the other direction. To find that way back will be a goal of mine over the off session and I would invite those of you who are interested in joining me in that effort to do so but I will for that reason if no other, I will vote against this implementer bill.

And I thank you very much, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator LeBeau.

SENATOR LEBEAU:

Mr. President, good afternoon.

Question for Senator Daily.

mhr/cd/gbr
SENATE

386
June 7, 2011

THE CHAIR:

Please proceed, sir.

SENATOR LEBEAU:

Senator Daily, there are temporary changes in the insurance reinvestment act, such as the reduction of the use of the tax credit to offset total corporate taxes for a maximum of 70 percent of total taxes of 30 percent.

My question is - is there any -- is there any intent to change the nature of the insurance reinvestment fund?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

And through you, Mr. President.

No there is no intention of changing that insurance reinvestment fund.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Through you, Mr. President.

Thank you, Senator Daily.

mhr/cd/gbr
SENATE

387
June 7, 2011

Let me follow up on one more question.

According to the bill this percentage changes for calendar year 2011 and 2012 to end literally on January 1st, 2013. Is the intent to revert to the status quo ante at that point?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President.

Yes, the intent right now is to phase out that reduction.

THE CHAIR:

Senator LeBeau.

SENATOR LEBEAU:

Thank you, Mr. President.

Thank you, Senator.

THE CHAIR:

Thank you, Senator.

(Inaudible)

SENATOR LEBEAU:

Thank you, Mr. President.

I rise just to make a statement about the bill that is before us.

mhr/cd/gbr
SENATE

388
June 7, 2011

As the Senate Chair of the Education Committee, I'm -- I'm concerned about Sections 128 to 130 in the bill, which allows the new department of construction services commissioner to waive any deficiencies that are found in an audit at our regular intra - district magnet school. The reason for my concern is that this is always been the purview of the education committee. And an important part of what the education committee does is to review and approve school-building projects and at the same time review and either approve or disapprove requests for projects that do have deficiencies or need attention from this legislature to provide relief for communities.

My concern is that that is being taken away from the committee through this Section in the bill. I've had conversations with the administration, Mr. Bannon and Mr. Barnes about -- about this issue. And the reason I'm bringing out because I want it on the record that I have been reassured, I hope that we will look at this moving forward and see what we can do to restore the roll of the education committee in this process.

mhr/cd/gbr
SENATE

389
June 7, 2011

I will be voting for the bill. There are lots of good things in this bill. This Section is one as I said that is of great concern to me and one that I will continue to follow. So -- but like I said, I'd like to put this on the record of a matter of concern as we move forward.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

I have a question and through you to the proponent of the bill.

THE CHAIR:

Please proceed, sir.

SENATOR KELLY:

It's -- it's in regards to Sections 70 through 73, dealing with the Department of Social Services and Medicaid. My question is it indicates that over the past year, the HUSKY Program caseload increased by 24,395 individual cases. Is that true?

THE CHAIR:

Senator Harp.

mhr/cd/gbr
SENATE

390
June 7, 2011

SENATOR HARP:

Thank you.

Through you.

If the fiscal note indicates that as the case, it's probably is. You know, as a former employee of the Department of Social Services, I'm sure that you can validate this as well that whenever the economy turns down more people become eligible for Medicaid and our HUSKY programs and as a result more of them apply and our caseloads increase.

Through you, Mr. President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Mr. President.

And certainly as a former state employee, I -- and particularly with regards to the Department of Social Services, I concur with Senator Harp's depiction of normally happens as the economy down turns. In terms, there's usually a greater need for people in - in need. I also see that with regards to the Medicaid low-income adults, which was formerly known as SAGA, the State Administered General Assistance Program that enrollment grow from

mhr/cd/gbr
SENATE

391
June 7, 2011

44752 to 68,068, a 52 percent increase? Is that correct?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

Yes, it is.

Through you.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Of the short fall incurred by the Department of Social Services, which appears to be \$277 million what would be attributed -- attributed to those -- that category of beneficiaries?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I believe that the -- I believe that the amount is probably more like 77 million, the nearly 200

mhr/cd/gbr
SENATE

392
June 7, 2011

million is attributed to the inability to implement the new medical program for Medicaid.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator Harp.

Now, turning to the 2011 SEBAC agreement. I see that the - there is a line item that deals with the budget savings initiative, which projects a savings of 90 million in each of the new -- in each of the next two fiscal years for a total of \$180 million. And it's done through, I'm going to say savings ideas proposed by employees. And as a former DSS employee, I would just like to know what are you envisioning here? What type of initiatives would the employees propose? What kind of cost savings ideas? How would we get to that \$90 million number?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Mr. President.

mhr/cd/gbr
SENATE

393
June 7, 2011

The cost of procuring goods and services is one way, more efficient measures, ways of providing services is another, perhaps existing staff taking on responsibilities that are now contracted out is yet another, reducing the number of people who have to handle paper work could be another. So I -- I think there are a number of initiatives that only employees who actually work in a system can actually identify and recommend for those savings.

Through you, Mr. President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Mr. President, through you.

And how would those recommendations be presented, well I'm going to say two people in authority to implement those recommendations?

Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

There is a committee that is set up through SEBAC that would allow -- will take the

mhr/cd/gbr
SENATE

394
June 7, 2011

recommendations and vets them and recommend them to
the administration.

Through you, Mr. President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator Harp.

You know, for the past, well since January,
I've been a member of the Connecticut Senate and as
Senator Harp indicated, I'm a former state employee
having worked 13 years with the Department of Social
Services. We have a budget initiative here that
seeks input from employees of state service, which
Senator Harp stated, are those individuals that have
deep insight into the programs and policies in the
State of Connecticut. I've had 13 years dealing
with those programs and since leaving state service,
not only did I get a law degree and practice elder
law but I've been involved in the Connecticut Home
care Program, in a voluntary capacity dealing with
private nonprofit's that administer the Connecticut
Home care Program, once again, another state's
service being provided.

mhr/cd/gbr
SENATE

395
June 7, 2011

And lastly, I was elected to the Connecticut General Assembly in the role of a State's Senator. I thought having a seat at the table would provide me that ability to provide input of things of cost savings, efficiencies, to eliminate redundancies, to be able to do government in a new way to save taxpayers money. Yet, in this time of a down turn in our economy when the greater need exists to provide those same services at a lower cost.

As we saw last night, I had proposed amendment after amendment and over the past several months, I've offered other amendments and bills and interestingly enough, not one amendment was adopted, not one. So for me to believe that any state employee is going to make a recommendation that's going to be accepted is very hard to believe, very hard to believe and quite frankly, I think these numbers are smoking mirrors, \$90 million. I proposed several opportunities that would result in cost savings, not one was accepted.

Now, turning to focus that we had last evening, we heard all about when we talked about the pool, about how adding more people to an insurance pool saves money. Yet, we also just heard that we've had

mhr/cd/gbr
SENATE

396
June 7, 2011

a 24,000 increase at HUSKY, which is a Medicaid insurance program as well as an increase from 44,000 to 68 in the -- in the low-income adult Medicaid program. Both adding more people to those pools, increasing the cost to the State of Connecticut taxpayer by \$77 million. Both programs, whether itself insured, partnership plan, or an entitlement program known as Medicaid, they're both funded by the Connecticut taxpayer. And it demonstrates that just adding numbers to a pool will not result in a savings because if it does we wouldn't be experiencing the \$77 million cost that we need to shift to Medicaid with this implementer.

I think those are just two glaring examples of why this implementer is not a good idea. I don't think it's sincere, I don't believe it will accomplish what it is set out to do, I think quite frankly, it's a rush, trying to push it through here on the second to last day of session. When I think more input and calibration would result in much better legislation. For those reasons, I will be voting against the implementer.

Thank you, Madam President.

THE CHAIR:

mhr/cd/gbr
SENATE

397
June 7, 2011

Thank you, sir.

Will you remark further?

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

It only seems fair that Senator Harp and Senator Daily should be given leave of the Chamber to get some nourishment or a glass of water or put their feet up. They have labored long and hard this afternoon to a volley of questions, which honestly are many of which are generated from circumstances far beyond their control. They didn't negotiate the concession package, they don't have the answers and that's not anything should reflect poorly on them because we're all in the same boat.

So Madam President, I thought perhaps I would offer an amendment and I could be on the receiving end of the questions for once.

THE CHAIR:

That sounds wonderful, sir, you may proceed.

SENATOR RORABACK:

Thank you, Madam President.

The Clerk has in his possession an amendment, which is LCO 8583. If the Clerk could please call

mhr/cd/gbr
SENATE

398
June 7, 2011

the amendment and if I might be permitted to
summarize?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8583, which will Senate Amendment Schedule
"A". It is offered by Senator McKinney of the 28
District, et al.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I move adoption.

THE CHAIR:

Questions on adoption.

Will you remark further, sir?

SENATOR RORABACK:

Thank you, Madam President.

This amendment simply puts us back to where we
were when the budget passed this general assembly
several weeks ago. When the considered wisdom and
opinion was that if we as a body were to uphold our
constitutional and I would even say moral
obligations to the people of the State of

mhr/cd/gbr
SENATE

399
June 7, 2011

Connecticut. We would not be acting on approving a concession package before that package had been approved by the unions themselves.

Madam President, this amendment simply brings us back to where we were initially, saying that the legislature will come back after the unions have acted on a concession package. Assuming there is ratification, then it will be incumbent upon us to act affirmatively to approve the deal that has been struck.

Madam President, I think there's been ample evidence this afternoon of the apposite and I think, apposite is the gentlest word we can use, the opposite of information surrounding the details, which create the underpinnings of the concession package. At the very least, passage of this amendment will give us more time to try our level best to get answers to questions which are hanging fire in a painfully obviously way.

Madam President, it's the natural order of things and it's how this general assembly operates that when there's a union agreement before the legislature does anything the administration and the union ratify the deal and then it comes to our

mhr/cd/gbr
SENATE

400
June 7, 2011

calendar. This is an up ending of the process, it's put the cart before the horse and it doesn't feel right, Madam President. It doesn't feel right particularly, against the back drop of the pronouncements that were made when this budget was passed, that we should all take comfort in knowing that this deal would be approved by the legislature or considered by the legislature, presumably approved but one never knows, if as and when it were ratified by the -- by the bargaining units.

Madam President, I hope we can rewind the tape, go back to where we were and build confidence amongst the people of the State of Connecticut that there's -- that we're not trying to rush to judgment on the basis of zero information.

And I hope members will join me in supporting the amendment.

Thank you, Madam President

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you very much.

mhr/cd/gbr
SENATE

401
June 7, 2011

I urge rejection of this amendment and when the vote is taken, I ask that it be taken by roll call.

THE CHAIR:

A roll call vote will be ordered.

Will you remark further?

Senator Kane.

SENATOR KANE:

Thank you, Madam President

Through you, a couple questions to the proponent of the amendment?

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madam President

I didn't want Senator Roraback to escape.

Through you to Senator Roraback.

If this amendment does not go through, can you explain to -- to the body here and to those maybe watching on CTN, what happens if this amendment does not go through?

Through you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

mhr/cd/gbr
SENATE

402
June 7, 2011

Thank you, Madam President, to Senator Kane.

What happens is if this bill passes and I
believe this

bill has already passed the House of
Representatives, so if this is signed by the
Governor, if it passes the Senate tonight and is
signed by the Governor, we will all drive blindly
into the night asking ourselves what is it we just
did? What was that concession package really
comprised of? What were the answers to those
questions that nobody had answers to? When will we
have an opportunity to get those answers, in what
context?

Through you, Madam President to Senator Kane, I
hope that was responsive to his inquiry.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And -- to Senator Roraback.

When you -- when you talk about those questions
that were unanswered are you referring to the
colloquy that you had earlier what Senator Daily in
regards to the OFA analysis?

mhr/cd/gbr
SENATE

403
June 7, 2011

Through you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Certainly, the -- I think it was a minimum of -
- I've got to do my math, it was million on the
healthcare, it was million on the so - called
suggestion box, that's million and then I think it's
million on the technology, that's million.

Specifically, those things that eat away at my core
at the moment are the total lack of any meaningful
information with respect to how those savings might
be achieved. And if this amendment passes, this
body will have more of an opportunity to engage in
the kind of due diligence, which will either confirm
that these savings are potentially achievable or
conversely establish that they are and I use the
term advisedly, a fiction?

-- thank you, Madam, to Senator Kane.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

mhr/cd/gbr
SENATE

404
June 7, 2011

Just another question to Senator Roraback, if I may. The process to which you explain to which we are talking about when we do the implementation of the budget. The amendment that you put forward, is that the typical process or what we have in the underlying bill?

To you, Senator 7, what would you describe would be the most common approach?

Through you.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

I think both the most common, the most responsible and the most appropriate approach is for the general assembly to withhold any action pending its receipt of a collective bargaining agreement or an amendment to a collective bargaining agreement, which have been ratified by the Governing body. So, I can't ever remember a time in the history of this body where we have pre-approved a contract change in advance of its ratification or its arrival in this body. I think the law requires a contract to be filed in this building. To the best of my knowledge

mhr/cd/gbr
SENATE

405
June 7, 2011

no contract around here, I think you can look high and low and you won't find one. And yet, we're ratifying something that's in the ether.

Thank you, Madam President, to Senator Kane.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I thank Senator Kane for his answers. Senator, I do respect and -- and believe Senator Kane experience and history in this building would show that this is the appropriate measure for us to handle this type of situation in this underlying bill. So I will stand in favor of the amendment.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President

Through you.

A couple of questions to the proponent of the amendment, please?

THE CHAIR:

mhr/cd/gbr
SENATE

406
June 7, 2011

Prepare yourself, Senator.

Please proceed, sir.

SENATOR MCLACHLAN:

Thank you, Madam President

Senator Roraback, in your past experience here in the State Senate have you seen budget implementer language of the nature that we have before us today as it relates to the legislatures purview of collective bargaining agreements?

Thank you, Madam President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

And I -- I -- there are many members who have served many more years than I have in this body so I don't want to take on the mantle of the elder -- thank you -- but to answer Senator McLachlan's question, I have never before seen anything that remotely resembles the process that this bill embodies.

Thank you, Mr. President, to Senator McLachlan.

THE CHAIR:

Senator McLachlan..

SENATOR MCLACHLAN:

mhr/cd/gbr

407

SENATE

June 7, 2011

Thank you, Madam President

And through you to Senator Roraback.

Senator could you share with us your opinion why this new proposal is before us? What -- what is the advantage of the proposal you seek to change back to traditional version.

Through you, Madam President.

THE CHAIR:

Senator Roraback.

REP. RORABACK:

Thank you, Madam President.

I -- if Senator McLachlan has asked me why I think it would be more prudent for us to restore this process to what it was initially, the answer to that is because it is customary for the horse to come first and then the cart.

Through you, Madam President, to Senator McLachlan.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

mhr/cd/gbr
SENATE

408
June 7, 2011

Thank you, Senator Roraback, because -- although you answered the justification for your amendment which is appropriate, you also answered my question, which was why would -- would the authors of the underlying bill seek to change the language which you find objectionable and wish to restore to its traditional language by way of this amendment by saying the cart before the horse.

Madam President, I stand in favor of this amendment. I do believe that this legislature should retain a traditional formal process of purview over collective bargaining agreements. I believe that the language in the underlying bill seeks to effectively kick aside that responsibility. I also read into that language with my humble opinion that this legislature has no intention whatsoever of reviewing those collective bargaining agreements. And if we will stick with the traditional language as proposed by way of this amendment, at least the feet are held to the fire. Now you may have heard or seen outside the Senate Republican caucus today is a reference to quotes from legislative leaders in this esteemed state's Senate, legislative leaders of the majority who are

mhr/cd/gbr
SENATE

409
June 7, 2011

on record as saying that collective bargaining agreement should come before the General Assembly for approval. And I believe that this amendment restores that tradition and I urge adoption.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam -

THE CHAIR:

Good evening, sir.

SENATOR MCKINNEY:

Good evening, Madam President.

Madam President, I rise in support of -- of the amendment. First -- and I won't take a long time to talk but, you know, despite what has occurred over the last couple of months in session, there was much hope and optimism as we began. One of the reasons for hope was the fact that for the 13 years I've been a member of the minority party and a member of the State Senate, we have always encouraged and wanted to have affirmative votes of the legislature

mhr/cd/gbr
SENATE

410
June 7, 2011

on all collectively bargain agreements. The Governor, obviously -- this governor and past governors and all future governors, will be the one person responsible for negotiating those contracts. But as the legislature as an equal branch of government and as the only branch of government allowed to appropriate money, we should vote up or down on those contracts. And indeed, I was heartened to hear our new governor, Governor Malloy, when he said, I think, there should be up or down votes. He clearly said that. I don't believe his position has changed. Although, he does -- is supportive of this measure, which is inconsistent with that. I understand how the Governor can say, well, if the legislature is going to do it, I would rather have up or down votes. But I start with that by saying that the Governor's policy is let's have up or down votes. When we debated the budget in -- on May 2nd of 2011, we on our side of the aisle had many concerns. One of those were, are we going to vote on this budget. You may remember, Madam President, that in some of the earlier versions of what was known as section 12 there was great concern whether the legislature was seating over much of its

mhr/cd/gbr
SENATE

411
June 7, 2011

authority to use the Office of Policy and Management and whether any shortfall could be made up without legislative approval. A lot of that language was rewritten. And it was rewritten by the majority in this legislature to protect what our -- our legislative responsibilities and powers and to -- to maintain that equal balance between the executive and the legislative branches. And in fact, when we passed our budget it was Senator Williams, our Senate President, who said that there's specific language in the Democrat budget that's before us today that requires -- requires that when there is an agreement, it comes back to the legislature for ratification. He later said again, and I'll quote, "If there is an agreement, we want that agreement between the state employees and the governors to come back to the legislature for ratification." He later said, "We should not be giving away our power as a co-equal branch of government." When we passed the budget, the Senate President stood up and said, in the Democrat budget we are passing, we are required to come back and vote on ratification and that's the right policy. That was May 2nd. We are here on June 7th. Now I -- I did, I think, the

mhr/cd/gbr
SENATE

412
June 7, 2011

debate has been long but I did hear one colleagues say, well, it was unclear as to whether we'd come back. No, it was not. No, it was not unclear at all. Let's be very clear about that. Senator Williams' words are clear and unambiguous. The language in section 12 of the budget we passed was clear and unambiguous that the legislature shall ratify. That's what the budget said. We're now changing it. Now I heard Senator Harp earlier say that well, this is common practice in existing law. No, it's not. No, it is not. If a contract cannot lapse within 30 days if we're not in session -- before the end of session, common practice and law is we go into Special session. And if we don't go into Special session, it gets held over to the next session. Now if you don't take my word for that, call up the Legislative Commissioner's Office who confirms that's what our law is and that's what the budget that you passed said. It clearly implies and it follows our law that we will either come into Special session or it gets carried over into next session. Now nobody would obviously state with \$1.6 billion on the line that we would come -- wait till next session. We would go into Special session. So

mhr/cd/gbr
SENATE

413
June 7, 2011

for those who say, well, we can't do it, it would require us to come into Special session, that is our law, that is our common practice. Now perhaps what Senator Harp was referring to when she said, "common practice," is the fact that common practice is we don't vote on these. But that was the common practice that Governor Malloy has said we should not follow. And that was the common practice -- that was the common practice that our Senate President, Senator Williams, said is not in the budget. So what changed? What change? Could it be, well -- and this is, I think, the only argument that I would -- that I would give some value to, we don't know when the ratification is going to happen. It may happen very close to July 1st, the beginning of the fiscal year, and that's right running it kind of close. It is. But the very fact that the ratification might occur in the third week of June that close to July 1st is running pretty close, wouldn't you say? God forbid they don't vote to ratify, we've got less than a week to solve a \$1.6 billion problem. We've had five months and we couldn't cut \$1.6 billion or even \$.6 billion or even 6 -- you know. So this idea that we can't vote

mhr/cd/gbr
SENATE

414
June 7, 2011

on this makes no sense. It's we don't want to vote on this. It's we don't want to vote on this. And it is continuing a trend of shirking our responsibility as a legislative branch to say, yes, I want to vote up or down on union contracts. Because I've heard so many times -- if I had a dollar for every time I've heard it, I could help solve the state budget deficit, Madam President. Legislators all across the state, well, we've been locked into these contracts and the employees get too much or the pensions are too high, don't blame me, we've been locked in. Did you vote for those contracts, Senator or Mr. Representative? No. Why didn't you? I didn't want to. I'd rather just blame somebody else. Is, I mean, why don't we? Why can't we? This is just a continuing frustration on our part. Our Governor said let's have up or down votes. Our Senate President said we are required to vote on this. And we're not going to do it. Maybe it would be better if people just stop making comments to the press. Maybe it'd be better if people stopped making speeches. Maybe it'd be better if people just stop talking because every time they say were going to do something, we don't

mhr/cd/gbr
SENATE

415
June 7, 2011

do it. Say one thing, do another. And we wonder why 50 percent of the people don't show up at the polls to vote. Because basically, they look at all of us and say, eh, a pox on all your houses. Because every time you say you're going to do something, you don't do it.

One last thing, Madam President. When we had a Republican governor, Governor Rell, she negotiated a concession package with the state employees. We voted on that. We fully vetted that. We inspected it. We looked at it. We checked it. We criticized it and we voted on it. We had an Office of Fiscal Analysis who was fully armed with all of the documentation and was able to present a fiscal note. And we as a legislature met and voted on it. The hypocrisy -- the hypocrisy that we would come in and vote on a negotiated settlement between a Republican governor and the state employees but not do it when the Governor is a Democrat further erodes the confidence, integrity of this body. It is not -- it is not sufficient to say that voting for this bill is a vote to ratify an agreement that hasn't been ratified. Talk about putting the cart before the horse. We do not know what the state employees are

mhr/cd/gbr
SENATE

416
June 7, 2011

going to do. We think -- we hope -- a lot of good people like yourself, Madam President, have tried to talk to them about what is honestly in that package so that they can make an informed decision and that's appreciated. But that is the process that has to happen. They have asked for and they have received the time to make that process work so it works fairly for all state employees. We also must be willing to live with that process and the consequences of that process which is that we vote after it's ratified. We knew that when we passed our budget. We said it when we passed our budget. And now a month and a few days later we're changing our minds with no justification, no rationale and no apparent logic other than business as usual in Hartford, Connecticut. A new day in transparency, a new day and openness, I say not, business as usual in Hartford. I don't -- if this goes down, Madam President, I don't ever again, ever again, want to hear any of my colleagues say we should vote on union contracts. This is the most significant union contract I will ever have to vote on. I was not here in 1997 when the current deal was entered into. I don't think I've had one more significant since,

mhr/cd/gbr
SENATE

417
June 7, 2011

and I pray I never will have one more significant after this either. Because whether you like the agreement are not, whether you think it's a fair deal, an unfair deal, whether you think it's too good for the state employees or too hard on the state employees, \$1.6 billion is a lot of money -- a lot of money. And the consequences of this vote are significant to taxpayers, to businesses, to our towns and cities and mostly to state employees. We knew all of that when we passed the budget. We knew all of that. We could have said it's too risky to get that money, we're going to either cut spending or raise taxes or a combination of both, so the Governor didn't have to rely on 2 billion or 1.6 billion, but we all knew that. We all knew what we were doing. And we all knew the rules of the game. And everybody who voted for the budget voted for a budget that the Senate President said, shall require us to vote on ratification. And this is not a vote on ratification because you cannot ratify something that hasn't been ratified by the employees. It's common sense and elementary. My 10-year old would know that. She's pretty smart.

mhr/cd/gbr
SENATE

418
June 7, 2011

Madam President, we know the underlying bill is going to pass, so why don't we amend it? Pass the bill. The majority can vote, yes. I'm sure there will be no votes on our side of the aisle, but we can pass the bill, send it back down to the House. They've got a little time left between now and Wednesday. And we can say to the people of the state of Connecticut that we understand our obligations as a legislature. We take them seriously and there is probably nothing more serious than to vote to ratify this agreement for \$1.6 billion, and I would urge adoption.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I rise with a comment or something I want to point out. The responsibility that -- well, first of all, let me say I understand the effort to have us vote on a contract, and I understand the frustration that we don't have the contract here.

mhr/cd/gbr
SENATE

419
June 7, 2011

But when we vote our only authority is fiscal sufficiency. We have no authority over what is negotiated between the administration and the unions. It's fiscal sufficiency only that we vote on. And I know that there has been such a contract since I've been here, and I have voted against contracts because there was no money in the budget for contracts. But it's not that -- are the terms and conditions and health benefits so I think we should be well aware that.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further? If not, Mr. Clerk, will you please call for a roll call vote on the Amendment A. And the machine will be opened.

THE CLERK:

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

THE CHAIR:

mhr/cd/gbr
SENATE

420
June 7, 2011

Have all members voted? Have all members
voted? If not, the machine will be locked. And Mr.
Clerk, will you please call the tally.

THE CLERK:

Motion is on adoption of Senate Amendment
Schedule A, LCO 8583.

Total Number Voting	35
Those voting Yea	14
Those voting Nay	21
Those absent and not voting	1

THE CHAIR:

The amendment fails.

At this time I'd ask for a personal -- points
of personal privilege.

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

Joining us here today in the Senate circle are
folks, parents and students that our sixth graders
from the Thompson Brook School in Avon and the
Canton Intermediate School. And I'd like the
Chamber to give us -- give them their normal welcome
of applause. Welcome to the Senate circle.

THE CHAIR:

mhr/cd/gbr
SENATE

421
June 7, 2011

Welcome to all of you. Thank you so much for joining us this evening. It is the last night of session, and so if you'll excuse us we're going to go back to work again. Thank you very, very much.

Will you remark further?

Senator Daily -- no, Senator Markley. I'm sorry, I got you confused.

SENATOR MARKLEY:

Good evening, and thank you, Madam President.

THE CHAIR:

Good evening.

SENATOR MARKLEY:

The Clerk is in possession of an Amendment LCO, Number 8602

THE CHAIR:

Mr. Clerk, will you please call the amendment.

THE CLERK:

LCO 8602 shall be designated Senate Amendment B, and it's offered by Senator Markley of the 16th District, et al.

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

mhr/cd/gbr
SENATE

422
June 7, 2011

I would move adoption of the amendment. I ask the reading be waived and beg permission to summarize briefly.

THE CHAIR:

The motion is on adoption. There will be a roll call vote if you ask for it.

SENATOR MARKLEY:

Yes (inaudible).

THE CHAIR:

Thank you. And please proceed, sir.

SENATOR MARKLEY:

Thank you, Madam President.

This amendment as a similar amendment did last night, again, refers to the competitive transition assessment and the tax which was subsequently imposed in its place. One of my complaints with the tax was that it was imposed unfairly and that CL&P customers whose assessment was paid off as of the first of this year have been paying the tax since then. Well, UI customers and customers of municipal electrical companies have not paid the taxes. In this implementer bill, the tax is eliminated for which I am pleased and thankful, but no provision is made for the taxes which have been paid already.

mhr/cd/gbr
SENATE

423
June 7, 2011

According to this amendment out of surplus, the payment of the tax would be refunded to those ratepayers. Let me say that to my mind this is no different than putting a tax on Burger King and not putting it on McDonalds. It simply isn't fair. The fact of where you happen to buy your electricity from has nothing to do with whether you should be paying this tax or not. I believe that the state, if it does not correct it, not only has done something which is inequitable but something that I think will hold it open to a legal challenge at some point. So I would urge my fellows here in the Senate to adopt this amendment to refund money which had been, I believe, inequitably taken from ratepayers and to restore the good name of the State of Connecticut.

Thank you, madam.

THE CHAIR:

Will you remark further?

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I would urge rejection of the amendment. We have taken the money, taken it legally and we've

mhr/cd/gbr
SENATE

424
June 7, 2011

spent it. And the cost -- I don't know the cost.

Do you have a fiscal note for this amendment? But

what it would cost to -

THE CHAIR:

A question to you, Senator Markley, from
Senator Daily.

SENATOR MARKLEY:

Thank you, Madam President.

I believe it's \$40 million, but I'm not sure
about that.

SENATOR DAILY:

No -

SENATOR MARKLEY:

Through you.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I'm sorry. My question was do you have a
fiscal note?

THE CHAIR:

Senator Markley, do you have -

SENATOR MARKLEY:

I am not in possession of a fiscal note.

THE CHAIR:

mhr/cd/gbr
SENATE

425
June 7, 2011

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

Then I would argue it's not properly in front
of us.

SENATOR MARKLEY:

May we stand at ease for a moment, Madam
President?

THE CHAIR:

We absolutely can stand at ease.

(Chamber at ease.)

I'm sorry, Senator Markley, did you want the
session to come back in again?

SENATOR MARKLEY:

Yes, please, Madam President.

THE CHAIR:

Please proceed then, sir.

SENATOR MARKLEY:

Yes, I'm in possession of a fiscal note. It --
it records a loss -- a revenue loss of the General
Fund for the amount of \$40 million, and according to
the amendment that a collection would cease
immediately and the refund would be made out of the
-- out of the surplus.

mhr/cd/gbr
SENATE

426
June 7, 2011

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I still urge rejection. Rebating 40 million collected from any number of ratepayers, and amounts between 2 and \$5 for five or six months, would cost the state more than the 40 million. There are transaction costs that are not indicated in this fiscal note. I urge rejection of this amendment.

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

I would only note that in the case of homeowners the charge may not be a large one. In the case of some businesses and municipalities, the amount of tax collected is very substantial. I dealt with a business in Cheshire, I believe Greenhouse, which had a very high electrical usage for their plants, that told me that they were paying over \$1,000 a month simply in this fee. So it's a very substantial amount that falls upon, again, businesses which by chance happen to be customers of

mhr/cd/gbr
SENATE

427
June 7, 2011

CL&P and not of UI or one of the municipal electric companies, placing them at a -- at a unfortunate competitive disadvantage that I think becomes the state's responsibility. I would ask for a roll call vote, too, please.

THE CHAIR:

There will be a roll call vote ordered at the time of the -- last of the -- of the discussion. Is there any further discussion? Further discussion?

Senator McKinnley -- Senator McKinney, sorry.

SENATOR MCKINNEY:

Thank you, Madam President.

Very briefly in support of the amendment, Senator Markley talked about the idea of putting a tax on Burger King and not McDonalds or maybe you had said it the other way around. When this discussion came up in our little part of the world here a day or two ago, I had asked Senator Looney whether he was on CL&P customer or United Illuminating customer, and he said he was a CL&P customer. I'm a United Illuminating customer. I then asked Senator Boucher what she was, and she indicated that she's a CL&P customer. And we share a town, Weston, as part of her and part of my state

mhr/cd/gbr
SENATE

428
June 7, 2011

Senate district. That's how arbitrary this is. We are seated next to each other in the Senate, our districts are contiguous, Senator Looney is just down the road south from us, southwest from us, and it makes no sense. This is not about the debate about whether or not the tax should have happened or not -- or the charge, or the fee, or the assessment, whatever you want to call it. We now have the -- the financial ability not to engage in the borrowing in the securitization, that's good for all of us. Therefore, we never needed the tax in the first place, so we should stop collecting it and give the money back. And I think that's the best policy for the State of Connecticut.

Thank you.

THE CHAIR:

Thank you, Senator McKinney.

Will you remark further? Will you remark further? If not, Mr. Clerk, will you call for a roll call vote on Amendment B.

THE CLERK:

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

mhr/cd/gbr
SENATE

429
June 7, 2011

Senate. Will all Senators please return to the
Chamber.

THE CHAIR:

Have all members voted? Have all members --
no, I guess not. Have all members voted? Have all
members voted? The machines will be closed. And
Mr. Clerk, will you please call the tally.

THE CLERK:

Madam President, the question is on adoption of
Senate Amendment B, LCO Number 8602.

Total Number Voting	36
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment B has failed.

Will you remark further?

Senator Kane.

SENATOR KANE:

Good evening, Madam President.

THE CHAIR:

Good evening.

SENATOR KANE:

I rise for the purpose of an amendment.

mhr/cd/gbr
SENATE

430
June 7, 2011

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madam President.

The Clerk is in possession of LCO 8584. I'd ask you call the amendment and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President, the Clerk is in possession of LCO Number 8584, which shall be designated Senate Amendment Scheduled C. This amendment is introduced by Senator McKinney, Senator Fasano and Senator Kane. Copies have been distributed.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I move adoption.

THE CHAIR:

Question is on adoption. Will you remark further, sir?

SENATOR KANE:

mhr/cd/gbr
SENATE

431
June 7, 2011

I -- I will, Madam President.

And I ask that when the vote be taken, it taken
by roll.

THE CHAIR:

It shall be done, sir.

SENATOR KANE:

Madam President, I arrived in the legislature
in 2008, and one of the first bills that I proposed
I'll never forget, died in the Appropriations
Committee on a 25-25 vote, but it was that close.
And what it was in talking to people in my district,
I have towns like Woodbury and Southbury and
Middlebury, just small little beautiful communities.
These communities pay into the state of Connecticut
via state income tax, the gasoline tax, you name it.
The amount of taxes that my individuals, my
constituents pay into the state of Connecticut --
their frustration is for every dollar that they send
to the state capital in tax -- taxes, they get about
6 to 7 cents for each of those dollars back to their
communities. Where other communities see upwards of
well over a dollar. In fact, without naming names
there's a particular community here in the state
that gets \$6.31 for every dollar that they send to

mhr/cd/gbr
SENATE

432
June 7, 2011

the state capital in the form of revenue. What my amendment does is look at those municipalities that receive greater than 35 percent of their revenue from the State of Connecticut and allows our auditors -- the auditors are public accounts -- to audit their books to say, what can we do better, how can we make you more efficient, how can we make you more transparent, how can we make you more responsible to the taxpayers of the entire State of Connecticut, and that's what we do here with this amendment. I do believe that there was bipartisan support back then when I -- when I first raised the amendment, and I do believe that it's appropriate here now that were talking about a revenue and -- and spending package in the underlying bill.

So I would hope that members around the circle would appreciate this amendment, would seek it as a friendly amendment, and would allow us to look at these municipalities in these cities and towns that receive a great or portion of their revenues from the State of Connecticut to help us open up their books and see what we can help them with.

Thank you, Madam President.

THE CHAIR:

mhr/cd/gbr
SENATE

433
June 7, 2011

Thank you, Senator Kane.

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I -- I rise to ask that we reject this amendment. In the state of Connecticut there are 169 towns. We have an auditor of Public accounts that has a responsibility for auditing the books of all of our state programs, all of our federal grants. In my discussions with the auditors of public accounts -- because it's part of the legislative subcommittee on Appropriations -- one of the things that we hear from them time and time again is that we don't give them adequate staff to do the job that they are currently mandated to do. And so to ask them within available appropriations to now begin to audit towns that we give more than a certain percentage of their budget to is asking too much without anything being placed in the budget to offset their costs. For that reason, I urge rejection of this amendment.

THE CHAIR:

Thank you, Senator.

Will you remark?

mhr/cd/gbr
SENATE

434
June 7, 2011

Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

Very briefly, I support the amendment and adopt the argument by Senator Kane. I don't have a particular problem with us having to spend money in our -- in our bigger cities. I think that our cities, and I've said time and time again, deserve some help and some aid because they have certain services that are not in other areas of the state, and therefore they need to be subsidized. That being said, there should be some accountability and some ability to understand how that money is being spent once it gets there. If part of my money from North Haven, East Haven, Wallingford, and as in the budget bill, more of the money from North Haven, East Haven and Wallingford are going to various cities, and could be for very good reason, I don't have a problem. But unless you're able to look at those budgets, define the reasonability for which they're spending the money, then there's no accountability for way the money is being spent. And for that I would object. Therefore, I endorse this amendment.

mhr/cd/gbr
SENATE

435
June 7, 2011

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Fasano.

Will you remark? Will you remark further? If not, Mr. Clerk, will you call for a roll call vote and I will open the machines.

THE CLERK:

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

THE CHAIR:

Have all the members voted? Have all the members voted? If so, I will lock the machines. And Mr. Clerk, will you please call the tally.

THE CLERK:

The question is on the adoption of Senate Amendment C, LCO number 8584.

Total Number Voting	36
Those voting Yea	13
Those voting Nay	23
Those absent and not voting	0

THE CHAIR:

mhr/cd/gbr
SENATE

436
June 7, 2011

The amendment fails.

Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Good evening, Madam President.

THE CHAIR:

Good evening, still, sir.

SENATOR SUZIO:

Madam President, the Clerk has an Amendment,
LCO 8593. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President, the Clerk is in possession of
LCO Number 8593, which shall be designated Senate
Schedule Number D. This amendment is introduced by
Senator Boucher, Senator Fasano, et al. Copies of
which have been distributed.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Madam President, I move adoption by roll call
vote and seek leave to summarize.

THE CHAIR:

mhr/cd/gbr
SENATE

437
June 7, 2011

Roll call vote will be ordered. The question is on adoption.

Will you remark further, sir?

SENATOR SUZIO:

Yes, thank you, Madam President.

Madam President, the purpose of this amendment, or the effect of this amendment, would be to eliminate the earned income tax credit and at the same time eliminate the sales tax increase. The Governor has announced the theme and has strongly advocated the theme of shared sacrifice. And unfortunately the sacrifice we find is not evenly shared by people in Connecticut, particularly the middle-income class. Under the current situation, because of the earned income tax credit, a family making just under \$30,000 a year, which currently pays about \$31 in state income tax, will be subject or will be able to get a check from the State of Connecticut for \$1169, not for taxes they pay but for taxes they didn't pay. In the meantime the middle-income class will be punished for the State's budget dilemma. They will not only be paying the increase sales tax as things stand, but their income taxes will go up significantly as a result of the

mhr/cd/gbr
SENATE

438
June 7, 2011

reduction in the property tax credit. As a result, they will basically see about a 20 or 25 percent -- if you're in the \$60,000 tax bracket, the income tax will increase to people in that bracket by about 20 to 25 percent. So that is a contradiction to the shared income theme -- shared sacrifice theme announced by the Governor.

We know this, what's absolutely essential to the prosperity of Connecticut to its health and long-term well-being is a prosperous and thriving middle class. And the new tax structure that has been adopted by the Legislature penalizes disproportionately the middle-income class, and they are the backbone of our state, the backbone of our economy, the backbone of our taxpayers. It's time that we make an adjustment, recognize the importance of the middle-income class and give them a little bit of break and make the shared sacrifice, truly shared sacrifice, by this adjustment to the tax structure.

Thank you, Madam President.

THE CHAIR:

Thank you.

mhr/cd/gbr
SENATE

439
June 7, 2011

Will you remark further? Will you remark
further?

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

I urge rejection of this amendment and its
significant revenue loss.

THE CHAIR:

Thank you.

Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

When the -- the vote is taken, if it could be
taken by roll. And I was wondering if there's a
fiscal note for this amendment, and if so, if the
gentleman could read the fiscal note to the body.

THE CHAIR:

Senator Suzio, would you please read the fiscal
note if you have one, and there will be a roll call
vote.

SENATOR SUZIO:

Yes, there is a fiscal note, Madam President.

mhr/cd/gbr
SENATE

440
June 7, 2011

The amendment would result in a revenue loss of 138 million in fiscal year '12, 144 million in fiscal year -- it says '12, but I think it means by '13 -- by decreasing the sales and use tax from 6.35 percent to 6 percent, but also results in a revenue gain of 110.2 million in fiscal year '12 and 116 million in fiscal year '13, by eliminating the earned income tax credit. The net impact of the amendment is a revenue loss of 20.8 -- 28.2 million in both fiscal year '12 and '13. This is well within the projected surplus of 88 million in fiscal year '12 and 400-plus million in fiscal year '13, and would be made up by the surplus.

Thank you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

My understanding is there is no surplus if we set aside the dollars that we need for the gap reserve. Are you recommending that we eliminate the gap reserve in this amendment?

THE CHAIR:

mhr/cd/gbr
SENATE

441
June 7, 2011

Senator Suzio.

SENATOR SUZIO:

My understanding is the gap reserve is below -- is -- first of all -- is -- doesn't affect the budget directly. It's -- it's -- it's an accounting change without cash impact, and we're working on the cash basis of accounting. So it's a debit and a credit, not an actual cash transaction, so I don't believe it effects it, but even if it does, we still are left with about 60-some odd million dollars -- I think \$65 to \$70 million (Inaudible) net of the impact left over on the surplus.

Thank you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

Based upon the information that I have from the Office of Fiscal Analysis, there is only \$12.7 million left once we do the reserve for gap. And I know the concern that the others have had for the -- balancing the budget, and -- and the reality is that with that concern, obviously, one would not be able

mhr/cd/gbr
SENATE

442
June 7, 2011

to move forward with this bill and to have even what would amount to approximately a -- a \$60 million deficit, so with that at least in the first year, I would urge rejection of this amendment. It certainly doesn't go along with the long debate around fiscal responsibility that we've heard all afternoon and urge your rejection.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

First of all, again, because the adjustment for gap is not a cash adjustment and the basis of the budget is a cash basis, I don't believe it affects the projected surplus. And in fact, the Office of Fiscal Analysis doesn't show anything in the analysis regarding that.

Second of all, we're hitting the citizens of Connecticut with the largest increase in the history of the state. The middle-class itself has been disproportionately affected. The return to

mhr/cd/gbr
SENATE

443
June 7, 2011

prosperity in a healthy tax base is going to be dependent more than anything else on a healthy middle-income class. And this budget is designed to give those people a little bit more of a break than they've been given in -- in the current structure of the budget, and the -- and I urge adoption of the amendment to -- to give the middle-income class a little bit of a relief and help them get a kick start towards restored prosperity and getting Connecticut back on its financial feet again.

Thank you very much.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further? If not, Mr. Clerk, will you call a roll call vote. The machine will be opened.

THE CLERK:

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

THE CHAIR:

mhr/cd/gbr
SENATE

444
June 7, 2011

Have all the members voted? Have all the members voted? If so, the machine will be closed.

And Mr. Clerk, will you call a tally, please.

THE CLERK:

The question is on the adoption of Senate Amendment D, LCO Number 8593.

Total Number Voting	36
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment D fails.

Will you remark further?

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

You say my name with such enthusiasm.

THE CHAIR:

I am, Senator.

SENATOR KANE:

Madam President, I rise for the purpose of an amendment.

THE CHAIR:

Please proceed, sir.

mhr/cd/gbr
SENATE

445
June 7, 2011

SENATOR KANE:

Thank you, Madam President.

The Clerk is in possession of LCO 8586. I ask the Clerk call the amendment and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President, the Clerk is in possession of Senate Amendment -- of LCO Number 8586, which shall be designated Senate Schedule E. This amendment is introduced by Senator Kane. Copies of which have been distributed.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I move adoption.

THE CHAIR:

The motion -- the question is on adoption.

Will you remark further, sir.

SENATOR KANE:

Thank you, Madam President.

mhr/cd/gbr
SENATE

446
June 7, 2011

And when the vote be taken, please, let it be taken by roll.

THE CHAIR:

So ordered, sir.

SENATOR KANE:

Thank you, Madam President.

Madam President, this amendment has to do with the so-called, Amazon tax. You and I have heard about this tax very much over the last few months. In fact, a number of -- and I don't have the article in front of me, and I did see it a week or two ago or so in the Republican American because it talked about Amazon, it talked about Overstock.com, I think there was another one, PetMeds, and on and on and on. There -- there happened to be, you know, teams of companies that were about to pull out of the state of Connecticut because of this tax. In addition to that, the Commissioner of Revenue Services, Kevin Sullivan, said that the laws are being challenged in court, and companies such as Amazon that are targeted have ended revenue sharing operations in each state where they are mounting a court challenge. And what that means is when they're ending their operations, they are ending

mhr/cd/gbr
SENATE

447
June 7, 2011

their operations with internet companies, marketing companies in the state of Connecticut. And I believe when Senator Daily stands up she'll probably recognize a company, I think in Middletown that spoke of this, that there are internet -- there are marketing companies who will be affected by this tax. In fact, in the fiscal analysis report it says that in speaking about this potential tax it says that in regard to it that this could result in a revenue gain of another 500,000 in fiscal year '11, provided that more remote sellers do not sever their ties with Connecticut-based affiliates. Please note that more than one remote seller has already done so. So we are seeing the effects of this Amazon -- so-called Amazon tax already with remote sellers leaving the state of Connecticut, leaving to do business in the state of Connecticut and I think it will have a detrimental effect in the long term. So I would ask the circle's favor and allow this motion to go through.

Thank you, Madam President.

THE CHAIR:

Thank you.

mhr/cd/gbr
SENATE

448
June 7, 2011

Will you remark further? Will you remark further?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

And I stand in support of this amendment. I'd like to thank Senator Kane for bringing out the amendment. And it is an important idea -- let me just share one other focus that some have not talked about when it's -- you're considering the Amazon tax, so to speak. Many of the license agreements with the major internet sellers have licensing agreements with Connecticut nonprofits attached to their website. And what happens is when you go to a nonprofit website you may go through their website to purchase items in their museum store or their particular nonprofit organization store. And the proceeds, a portion of those proceeds are paid by way of commission to the nonprofit. There are dozens and dozens of those agreements standing here in Connecticut that may be in jeopardy with the -- the Amazon tax that was passed in the previous budget agreement. I urge adoption of this amendment.

mhr/cd/gbr
SENATE

449
June 7, 2011

Thank you.

THE CHAIR:

Thank you.

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I urge rejection of this amendment. The -- one of the Overstock, the largest company that has pulled out, they were an advertiser. We don't tax advertisers. And at the same time many companies in our state, Bricks and Mortar, our own merchants, they were advertising their websites and saying they were here to do business with the people of the state. So I know it's a pleasure to sit beside Senator Kane as I said last week, but I still urge rejection.

THE CHAIR:

Will you remark further? Will you remark further? If not, Mr. Clerk, will you please call a roll call vote and the machines will be opened.

THE CLERK:

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

mhr/cd/gbr
SENATE

450
June 7, 2011

ordered in the Senate. Will all Senators please
return to the Chamber.

THE CHAIR:

Oops, sorry. Have all the members voted? If
all members have voted the machine will be closed.
And Mr. Clerk, will you please call the tally.

THE CLERK:

The motion is on the adoption of Senate
Amendment E, LCO number 8586.

Total Number Voting	36
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Will you remark further?

Senator Boucher.

SENATOR BOUCHER:

Good evening, Madam President.

Madam President, I rise for the purposes of an
amendment.

THE CHAIR:

Please proceed, ma'am.

SENATOR BOUCHER:

mhr/cd/gbr
SENATE

451
June 7, 2011

Madam President, the Clerk has Amendment LCO
Number 8589.

THE CHAIR:

Mr. Clerk, will you please call the Amendment
8589.

THE CLERK:

LCO 8589, which will be designated Senate
Amendment Schedule F. It's offered by Senator
Boucher of the 26th District, et al.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I move adoption, ask for a
roll call vote and seek leave to summarize, please.

THE CHAIR:

There will be a roll call vote and motion is on
adoption.

Will you please continue, ma'am.

SENATOR BOUCHER:

Thank you very much.

This amendment simply states that we propose to
take the estate tax mentioned in this particular
bill from a threshold of \$3 million back to the \$3.5

mhr/cd/gbr
SENATE

452
June 7, 2011

million that was previously in statute, in fact, that was a proposal that was a pivotal part of the previous and last budget proposal that was negotiated. And the reason for that was because it had had -- that estate tax had had a long history of motivating our senior citizens to leave the state of Connecticut. I could have certainly come up and supported the elimination of a number of tax proposals in this particular bill, particularly the business entity tax or the corporation tax that was increased in this, because I believe that it has a direct impact on the aspect of driving people and jobs out of the state, that in fact, the tax policies we put in here have a direct impact on the bottom line and that often times is it cross purposes with raising revenues. And the estate tax really though provides the best example of this, and the reason for that is we actually have data, verifiable data in a report that was commissioned by this legislature of the Department of Social Service -- excuse me, the Department of Revenue Services. It was called the estate tax study done on February 1st, 2008, in order to assess the impact of changes in our state tax policy. And the information is so

mhr/cd/gbr
SENATE

453
June 7, 2011

compelling that I think we need to discuss that before passing this bill this evening. It is a clear example of the dire phenomenon on the impact that the estate tax has had on our residents and Connecticut's Department of Social Services and the results of implementing it. It -- we have data that shows that previous to this tax approximately 800 to 900 people left our state in the year 2002. And then after the reintroduction of this really burdensome tax, nearly 12,800 residents left in the year that it became law. So that enormous change in numbers really spoke to the fact that revenues were not really gained that was anticipated by that particular tax year. In fact, of the number of filers dropped, from 2,124 filers in 2002, to only 770 in 2007. This is a net reduction of nearly 63 or 64 percent. It really was a dire statement about how the particular tax impacted those particular seniors. And in fact, the study also required that they do a sort of a exit interview for some of these individuals, and 56 percent of them basically said it was the estate tax that drove them away and then coupled with the income tax, over 75 percent of them said it was a combination of the income tax and the

mhr/cd/gbr
SENATE

454
June 7, 2011

estate tax. This is a problem from Connecticut, because these are the very seniors that have and place less burden on our communities and our services but also contribute the most, not only in their car property tax, their pension tax, real estate taxes that they pay and also the enormous amount of contributions they give to our charities, foundations, not just with their funds but also with their -- their volunteer services. In addition, the study made an interesting observation about where most of our state residents left. And as you would expect a lot of them left for states without an income tax and an estate tax. 17,000 during that period of time actually left Connecticut to go to Florida in the last four years between 2005 and 2008. And what's an interesting about looking into those numbers is that those individuals that left for Florida made on an average and had assets about \$77,000. But those that immigrated in from Florida to Connecticut, they had an average of -- of an income of about \$46,000. This is important, because in fact, Connecticut was receiving a net loss of about 34.6 percent of assets of household. And I would really suggest for those that are interested

mhr/cd/gbr
SENATE

455
June 7, 2011

in more information about how tax policy really affects both numbers of jobs, leaving or coming in individuals, they should look particularly to pages 16, 17 and 18 of this estate tax study. I do have a copy if anyone is interested in it. What is also an interesting statistic in here, they did a comparison study, which I think is very important to all of us because jobs is such a priority and our job and unemployment rate has risen so high to 9.1 percent and a 119,000 job loss over this particular recessionary period. But when we looked at this particular study, we were looking at calendar years of 2004 to 2007. And when they compared states with no estate tax, they found a growth in employment of over 2.13 percent. Yet in Connecticut at that same time, only .9 percent. When they compared a growth in population, they saw that states without an estate tax had a growth in population of 1.3 percent, and in Connecticut a very, very weak number, .09 percent. This is an extraordinary example of how tax policy can actually impact both jobs and people and thereby the revenue itself. And so if the question should arise about what kind of fiscal impact do we have a report from the Office of

mhr/cd/gbr
SENATE

456
June 7, 2011

Fiscal Analysis. Yes, there is a \$22 million loss in each of those two years, but I would maintain that we have seen previously when we changed our estate tax we also lost a lot of revenue. And therefore, it would be well worth considering this particular amendment, and I hope my colleagues would join me in supporting the -- the reform of that estate tax.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

I urge rejection of this amendment which would reduce revenue in our budget that we've already adopted. And I asked for a roll call vote.

THE CHAIR:

A roll call has been ordered.

Will you remark?

Senator Frantz.

SENATOR FRANTZ:

mhr/cd/gbr
SENATE

457
June 7, 2011

Thank you, Madam President.

I stand in strong support of the amendment.

And I want to thank Senator Boucher for bringing it out. She did a great job of delivering a lot of statistics and data to you that I found very compelling. I hope it all made sense to you. It was delivered very quickly. But we've got a problem in Connecticut. That is that too many people are leaving the state for the very reason that our estate tax is too big, it's too onerous. The threshold is too low and people are cognizant of this, because they're more sophisticated these days and they can afford in many cases very good financial and other advice -- legal advice having to do with estate taxes. You heard the data which is very compelling. Let me just tell you about an e-mail I got just this last Thursday from a dear friend of mine who said -- I'm not going to read it -- but he said, I am sorry to say that I'm leaving for the state of Wyoming next week where I have built a home, I'm leaving the state of Connecticut because I've just learned that -- and this is what knocked me off the fence -- I've just learned that we on a per capita basis have about a \$24,780 per

mhr/cd/gbr
SENATE

458
June 7, 2011

person indebtedness, I moving to a state, specifically Wyoming, where the indebtedness per capita is \$77 in addition to that, you have the worst estate tax situation in the country. And once more, I had dinner last night with three couples who learned about this as well and are planning on moving to Florida in the case of two, and North Carolina in the case of one.

Thank you very much, Madam President.

THE CHAIR:

Thank you, Senator

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I'm going to be very brief in support of the amendment. You know, obviously, when you talk about estate tax and you look at the amounts of money that are taxed here, we're not talking about every person in the state of Connecticut. This is someone who has several millions of dollars that have been saved up, that they've earned, that they've accumulated. But the story Senator Frantz read is something similar that I want to share with you. About two weeks ago, we had an opening ceremony for a facility

mhr/cd/gbr
SENATE

459
June 7, 2011

in Fairfield. I was there. I saw a friend of mine who I hadn't seen in some time. And getting to the events, I went by his house. It's a -- it's a beautiful house on the water in Southport section. The house is on the market now. And I didn't know it was on the market. I saw it on the market. It's probably, I would guess, on the market for five or \$6 million. This is someone who's done very well in his life. And I said, is everything all right, are you moving, are you downsizing? His kids are grown. And he said, no, we're moving to Florida. And the - - the issue of the estate tax is one of important policy, but it's policy that should be implemented by the federal government. When we engage in estate tax on a state-by-state basis, we engage in competing with one another. And there are states like Florida, there are states like New Hampshire and Wyoming that provide much safer environments for people who've accumulated a lot of wealth. So what do we lose when this gentleman lose -- leaves to Florida? He's in his early 60s. God willing, he's going to live for another 30 years. So for 30 years, we lose his income tax revenue. For 30 years, we lose all the sales tax revenue that we

mhr/cd/gbr
SENATE

460
June 7, 2011

would get from all the purchases he's going to make, when he buys an expensive car, when he buys a boat or things that he -- someone who's accumulated wealth might buy. And one thing you probably don't know is that we lose his philanthropy. Any accountant and tax lawyer will tell you that when you change your permanent residence, even if you maintain more than one home, the IRS is going to look hard at whether or not you really are a resident of Florida or whether you're just trying to get around some of the tax laws. And what do they look at? They look at where you register your car. They look at where you register to vote. And they look at where you make your charitable donations. And all of the tax attorneys and accountants I know tell these individuals make your charitable donations -- in this individual's case -- in Florida. That way if you want to maintain a home in Connecticut and one in Florida, but establish a residence in Florida, you can't be challenged. So for this one year of tax that we might get when he dies, we will lose 30 years of that income tax, 30 years of that sales tax and 30 years of charitable giving. That's why the estate tax is an issue for

mhr/cd/gbr
SENATE

461
June 7, 2011

us. That's why it is policy that the federal government should implement. It is fair to tax people when they pass, a fair amount. I don't quarrel with that. But when you do it on a state-by-state basis, when you understand that people who've worked hard, who've accumulated wealth have the ability that we don't have to buy multiple homes and to pick up and move their residence, they often exercise that right. And they often do it long before they're going to leave us, thank God, but it costs us in the long run. That's why this estate tax is an issue for us, because we understand the long-term implications for the short-term gain. That's why we believe this is a good amendment. And I urge adoption.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further? If not, Mr. Clerk, will you please call a roll call vote. And the machine will be opened.

THE CLERK:

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

mhr/cd/gbr
SENATE

462
June 7, 2011

ordered in the Senate. Will all Senators please
return to the Chamber.

THE CHAIR:

Have all the members voted? If all the members
voted, the machine will be closed. And Mr. Clerk,
will you please call a tally.

THE CLERK:

The motion -- the motion is on the adoption of
Senate Amendment Schedule F, LCO number 8589.

Total Number Voting	36
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

Amendment F fails.

Will you remark further? Will you remark
further?

Senator Kane will remark further.

SENATOR KANE:

Thank you, Madam President.

For the final time on the underlying bill, I
spoke earlier or actually seven hours ago or so and
asked Senator Harp a lot of pointed questions about
the underlying bill and I appreciate all her

mhr/cd/gbr
SENATE

463
June 7, 2011

answers. As I said earlier, I don't necessarily agree with all of them, but, I -- philosophically, that is, but certainly can appreciate her knowledge of the underlying budget in the bill. But we -- what we're talking about is the implementation of the budget that was passed a few weeks ago, and a budget that has the greatest tax increase in our state's history. Even in this implementer in the fiscal notes of it, just to give you an example of how taxation can act -- ultimately hurt an economy, the Office of Fiscal Analysis spoke to the so-called Amazon tax as a way of pushing sellers out of the Connecticut market. Already a number of them have removed themselves from the Connecticut market. And in the report it says that we may see a revenue gain from fiscal year '11 because it will go back to January 1, only if more sellers don't exit the market. So I -- I think we're going to continue to see that. Certainly with the amount of taxation that we've talked about on our side of the aisle, whether it be the estate tax, the increased sales tax, just tax on clothing and -- and shoes and those kind of things under \$50, all -- all of this comes back to one basic thing, which is our inability to

mhr/cd/gbr
SENATE

464
June 7, 2011

reduce spending. This package alone increases spending over 4 and a-half percent, which is something that, you know, the administration, the legislature claims that we are reducing spending, we're cutting. But two-thirds of this budget is in revenue enhancers and barely a third is in actually cost-cutting.

In my short term here in the legislature, I've noticed that our conversations tend to be on revenue side and very little on the actual spending side. In fact, we may see another bill here within the last 24 hours in regard to tolls, which is just another way of raising money for the State of Connecticut, yet, nothing to talk about how we can reduce spending. And in addition to that, Senator Harp, herself, said that we are within a million dollars of the spending cap that was implemented years back, \$1 million, we're that close to be within that spending cap. And we're talking about a \$20 billion budget. We just continued to add spending in this bill and other implementers that we have debated on the floor, even after the budget has been done. So it's -- it just seems to be a moving target. We're adding positions. We saw earlier

mhr/cd/gbr
SENATE

465
June 7, 2011

today, I was talking about how we -- the administration talked about consolidating and -- and shrinking the size of government, yet we're adding a position in the -- underneath consumer protection for the Charitable Gaming Unit to a director who's going to make it at a minimum of \$112,000 for two people. He's going to have two people to supervise in -- in that division. So we just continue to add staff. We continue to add persons. We continue to add programs. It's just absolutely incredible. We also see in this underlying bill taking money from certain funds that are supposed to go into the General Fund and putting them for specific earmarks. We can call it what we will and -- and paint it anyway we want, but they're earmarks. And we are choosing specific winners and losers when it comes to that hospital tax. \$39 million in the hospital tax that is truly unaccounted for for most people because we haven't been privy to that -- that -- that diagram -- that chart -- that philosophy of how that gets implemented or spent and how those winners and losers are picked. So, you know, I'd like to see -- personally, Madam President, I tend to be an optimistic person. I try to look for the silver

mhr/cd/gbr
SENATE

466
June 7, 2011

lining in things, and I thought I really, really did think that this was our golden opportunity to reform government and to change the way we do things here in the state of Connecticut. And we haven't done so. We failed in that mission. It's no longer a laughing matter. We -- we joke or tease or make light of it, but we can't do that any longer. This is so serious and we've really missed a golden opportunity. So I will be vote in opposition to this bill.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Senator McKinney, would you like to remark, sir?

SENATOR MCKINNEY:

Thank you, Madam President.

Madam President, rising in opposition to the bill before us and to close on our side of the aisle, you know, Madam President, we had an amendment and debate and I certainly expressed my feelings and justifications for why we should be vote be as a legislature up or down on the SEBAC agreement. Simply pre-ratifying an agreement is not

mhr/cd/gbr
SENATE

467
June 7, 2011

in keeping with what we've done and is simply not a vote on the agreement. And so I won't repeat that further. We were promised to vote and now it's being taken away from us, and that is frustrating, to say the least.

But we're also here to determine whether or not the savings that are going to be achieved as part of the agreement, should it be ratified, are real or not. We have debated a lot of bills in the 13 years I've served here, a lot of budgets. And on all occasions we rely for better or worse on nonpartisan professionals in our Office of Fiscal Analysis. Even -- even tonight as Republicans offered amendments, the majority dutifully asked, as they should; is there a fiscal note, and if so, what does it say? Yet this is the first time I've ever seen a fiscal note from the OFA that says what this fiscal note says. And let me just quote from their memo from Alan Calandro about the savings in the SEBAC agreement, "Please note that at this time we are unable to determine or verify the levels that are contained in these estimates in many cases. We have requested backup information on these saving levels since the agreement has been released. In some

mhr/cd/gbr
SENATE

468
June 7, 2011

cases, such copies of certain actuarial reports the information has been provided. In other cases and to a significant extent, further information is still needed." Our Office of Fiscal Analysis cannot verify the savings in the agreement that we're voting on. At a time when we're trying to balance a budget, at a time when the budget that if passed, even if all the savings are achieved, is \$1 million under our constitutional spending cap, we're being asked to vote on a package, sort of, that our Office of Fiscal Analysis says they can't even certify because they don't have the information. They've asked for it and as they said to a significant extent they haven't received it. In further follow up with OFA, they've said that the Office of Policy and Management has said that the totals are good but the details will be revised. So even on the savings that were supposed to achieve, we're being told, look at the total number, we're still working on how we're going to get there. What does that mean? When it comes to the hospital tax, we don't even know what's happening with that, because there's some new formula presented by the Connecticut Hospital Association, which I haven't seen, which

mhr/cd/gbr
SENATE

469
June 7, 2011

hasn't been shared with the minority party, and we don't know what the impact is, but that's what we're being asked to vote on. When -- when the SEBAC deal was presented, much fanfare was given, not just to the \$1.6 billion in savings over two years, but many of you may recall, we were given 20-year estimates of \$21 billion will be saved over 20 years. And in looking at the OFA notes, I found some of those long-term savings interesting. For example, one of the things trumpeted as one of the largest savings over the next 20 years, is the increase in employee contribution of 3 percent for retiree health care into the trust fund, something they currently don't do. But in the savings analysis where it's trumpeted that they will \$871 million over 20 years, they don't consider the calculation that the state has to put in 3 percent, which we currently don't do -- we should, but we don't even calculate how much that's going to cost. So all OFA has said the 20-year projection does not take into account the new cost to the state for this new matching requirement. Instead of generating savings, this item will result in significant costs. Wow, we're told that we're going to save \$871 million over a 20 year. And OFA

mhr/cd/gbr
SENATE

470
June 7, 2011

says, of course, you think you're going to save that, you're not even counting your 3 percent cost. This is going to significantly increase costs. It really changes the color of that savings, doesn't it? There's also a savings of about the ability of individuals in the alternate retirement plan to switch to a hybrid defined benefit in a defined contribution-type plan. Our Office of Fiscal Analysis is trying to analyze the savings from that have said that they've asked for the detail about the funding components of this new hybrid plan and the associated savings, and was told by OPM that there was no additional information provided, as the employer contribution is not yet set. So on this section where we're supposed to save money, \$10.7 million in the first year and 11.1 in the second, I'm rounding, OFA said, can you give us some numbers so we can look at that? And OPM said, no, no additional information, we haven't said it yet. How can you determine the savings if you haven't said it yet? There's also savings in the plan regarding value and non-value based health care, \$1.2 million in the first year, 3.7 in the second year and \$75 million over 20 years are supposed to be saved. OFA

mhr/cd/gbr
SENATE

471
June 7, 2011

has said that no detail was provided by OPM and there was no indication as to why the savings associated would increase from 1.2 in the first year for 3.7, again, savings with no detail and no information. I guess we're just supposed to take someone's word for it. There's the value-based health and dental plan which saves \$102 and a-half million in each of the two years. There was a discussion earlier today -- I believe it was earlier today -- where Senator Harp talked and was right on point about the issue of value-based health care. In fact in 2008, we as Republicans introduce this for everybody, not just for state employees. We said, let's have incentives for people to do the things that you would do in value-based health care. We called them, healthy living tax credits. Because we know there are people who don't have annual physicals. We know there are people go to a dentist, not even once much less twice a year. We know there are people who and up with significant bad adverse outcomes, which had they been detected earlier would have maybe saved their life or saved them from ill health and would have saved us lots of money. But with respect to that money that we're

mhr/cd/gbr
SENATE

472
June 7, 2011

supposed to save which is significant, "There is no detail provided by OPM" -- that's a quote from OFA -- no detail provided by OFA. It is unclear and could not be answered by OPM about certain things in the bill. And again, when trying to reconcile with OFA, they told -- OPM told OFA that they will reconcile at a later date. Our own Office of Fiscal Analysis has said, with respect to their conversations of OPM, "their ability to reconcile is extremely aggressive," and I quote. With respect to non-value-based health and dental again, we're supposed to save -- if the employee doesn't participate, we're supposed to save \$18 million. Again, OFA in analyzing that \$18 million savings, has said, no detail provided by OPM. With respect to reducing costs from generics, what has OFA said, these savings were going to be realized anyway, we didn't need the Governor to negotiate with SEBAC -- there are already drugs coming off where generics would be available, I think Lipitor is one of them, and the state would have saved this money had we done nothing. Should we really count that as a savings under this concession plan? There is also a small amount and it's a small amount, but I think

mhr/cd/gbr
SENATE

473
June 7, 2011

it's important to talk about here, on the tobacco and obesity, a program that already exists for state employees. Now as many people know, OPM has argued that they contracted out with an actuarial firm, Milliman, to study these savings. This is the type of analysis that Milliman, the actuarial firm, hired by OPM, hired by the state to analyze whether these savings are real. This is the type of analysis that is cluttered in this report. And I'm going to read it with respect to this section very briefly, "Cost savings, we have not yet been able to model and affect these savings, so all we can do is provide a very rough estimate." That's the actuarial analysis that's gone in to determine whether these savings are real, very rough estimates because there's no model. And we're being asked to vote on this today. There are also savings associated with the health care cost containment initiatives, \$40 million in the first year, 35 million in the second. \$75 million is a lot of money. Healthcare Cost Containment Committee, I think and we've read, has relied in part on pharmaceutical savings. Office of Fiscal Analysis, according to OFA there are no additional savings that can be had with regard to

mhr/cd/gbr
SENATE

474

June 7, 2011

pharmaceutical costs. It's all here. It's all here. We're being asked to believe that we're going to save \$90 million because we're going to utilize new technologies -- \$90 million because we're going to utilize new technologies. The Office of Fiscal Analysis has told us that the savings reflected were negotiated figures between the negotiators on behalf of the state and the union and are not based on any specific data. So essentially, the two parties went in and said, hey, we think we can save money by using new technology. And they said, yeah, we agree, how much, I don't know, let's make it up. And in effect they did. Why do I say that? Why do I say that? Because OFA has said it was based on no specific data and simply negotiated between the parties. \$180 million we're going to save by suggestions from state employees -- some have called it, the suggestion box. We're going to put it outside of every state agency. Someone's going to make suggestions. Now let me back up. I think most state employees have been making suggestions all along. When I met with rank-and-file people, they've told me here's suggestion number one, we're not flat enough, we have too much bureaucracy, there

mhr/cd/gbr
SENATE

475
June 7, 2011

are too many managers. Lo and behold, we have a commission, Senator Schlossberg I believe chaired it, made some excellent recommendations, said, we have 1900 surplus managers. Rank and file have been saying that for years. They were right. I don't think the state employees have been shy with suggestions. I believe the managers have been short on implementing them. So my suggestion is let's get rid of some of the managers and maybe will save some of the money. But with respect to that \$180 million, which is a big number, again, OFA has told us, based on their conversations with OPM that this number was simply negotiated between the parties and not based on specific data. We now have over \$400 million, ladies and gentlemen, not based on specific data. Do you feel comfortable? I don't. I don't. Here's the kicker, here's the kicker, whether it's the \$90 million in technology savings or the \$180 million in savings from suggestions from employees that's a total of \$270 million, the Office of Fiscal Analysis has noted correctly that if enacted these savings would be implemented as a bottom-line lapse. Well, now wait a minute, the Governor's budget has a significant bottom-line lapse in it of over \$1

mhr/cd/gbr
SENATE

476
June 7, 2011

billion as did the Republican budget. In fact, the Governor was quite critical of our Republican budget of having a bottom-line lapse that was about \$200 million over his. So I ask you, is he double counting the \$270 million or is his bottom-line lapse now greater than ours? The bottom-line lapse says to the agencies, you think you're going to spend \$100 but we're going to tell you you're only going to spend 90, so you have to go find those savings of \$10. We're now going to expect another \$270 million in savings? They will not happen.

It's not going to materialize. The last line of the OFA notes is something I think has been mentioned, but it bears mentioning one more time, which is most alarming and should be most alarming to all of us here. The state's health care plan is grandfathered under the Federal Healthcare Reform Act. It is possible that with the penalties in increased co-pays for those who do not adhere to the value-based health care plan that the state will lose their grandfathered status. OFA is currently researching to determine the impact of losing such status. We don't know if that's going to happen. I have no idea whether the possibility is high or low, but our

mhr/cd/gbr
SENATE

477
June 7, 2011

own fiscal analysts who we rely on in this legislature have said, we might be making a huge mistake here, and we don't even know what the consequences are. Yet, we're being asked to vote on this tonight, prior to ratification of the state employees. I'm not going to go over the other sections of the SEBAC agreement. Yes, there are -- is a two-year wage freeze and that's not insignificant, footnote though, that two-year wage freeze is built with no furlough days, and state employees took three furlough days last year. So actually -- their actual take-home pay will be a little bit more. And over five years they receive about 9.3 percent increase for a guarantee of no layoffs over four years. That's some sacrifice, there's no doubt. But it think if you go check with your constituents in the private sector be they in large, medium or small businesses if they would trade a four year guarantee of not losing their job in exchange for a nine percent raise over five years, I think most people would take it. I think most people in this economy where everybody is struggling and we're not creating new jobs would take that. It's eminently fair in this economy.

mhr/cd/gbr
SENATE

478
June 7, 2011

Lastly, Madam President, we tend to average deficiency -- deficiencies of about \$100 million. For the life of me I don't know how we're going to stay under the Constitutional Spending Cap when we're as close as we are given our history of lapses and deficiencies. I don't know how we're going to do that. And that's why -- that's why I stand in opposition to this. We are being asked to vote on savings which our own fiscal analysis has said they don't have any data, numbers are simply just negotiated and made up without data and in many ways are unachievable. We're being asked to vote on savings which OFA (inaudible) said if affected would be bottom line lapses even though there are already significant bottom line lapses built in to the budget. And I believe those numbers will be double counted and not achieved as well.

There was this sense of excitement, I think, that came out of the administration. I don't know the exact quote but it was something along lines of we've passed a budget earlier than ever before in the State of Connecticut. Well no we didn't, no we didn't. If you want to say passing a budget that's \$2 billion short is passing a budget, you can say

mhr/cd/gbr
SENATE

479
June 7, 2011

that. Not for me it isn't. If you want to say passing a budget with \$1.6 billion in savings when we don't know if that's going to be ratified by the unions is passing a budget, you could say it but it isn't for this Senator. If you want to say we're going to save \$700 million annually and most of it comes with no data and simply are numbers negotiated, you could say that but it doesn't work for me and I don't think it works in the real world.

Last but not least even assuming there are \$1.6 billion in savings we are still with charged with filling a \$400 million hole. And perhaps this is my greatest disappointment. Despite disagreeing with the Governor and the majority on the budget, despite having a partisan vote which I don't think anybody wants there was -- there was an -- there was belief when the \$1.6 number was announced that we could renew bipartisan talks to engage in how together we could solve that \$400 million gap together.

The Governor said I'm not going to raise taxes one more dollar and he didn't. The Governor also said don't criticize my surplus in the budget because you Republicans you like things like filling the rainy day fund. We do. You like things like

mhr/cd/gbr
SENATE

480
June 7, 2011

paying off debt that we shouldn't have incurred. We do. You like things like GAP which we do. And that's why I have those surpluses so don't criticize me because I'm going to use them for things that you've been talking about for years. He was right when he said it and we turn around the next day and he takes \$360 million out of the surplus to fill the \$400 million hole.

So much for all the talk about the surplus going for the rainy day fund or to pay down debt or to transfer to GAP. Yes, there's still a surplus and some of that will happen but there was never an asterisk in those affirmative statements. And for us to have not taken the opportunity to look at cutting one dollar from our budget to fill that \$400 million hole was a huge mistake and a signal to the people of the State of Connecticut that we do not have the desire, the strength, the will or the ability to reduce spending in this Legislature. It was too easy. It was too easy to fill \$400 million with a snap of the finger from our surplus. So I'm tired of hearing about fiscal responsibility and how we're going to use this surplus for good when all we did was use it to fill a hole with a snap in the

mhr/cd/gbr
SENATE

481
June 7, 2011

finger. It was a huge opportunity lost. Not one dollar in programmatic cuts were made out of that \$400 million. That's a disappointment and a mistake.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I rise to support this budget implementer noting that this may be our last significant comment on the budget process for this year because this is the last budget implementer. We passed the budget earlier. I can't remember a time when we passed a budget as early as we did, took care of all of our work on the budget in terms of all the implementers and completed that during the regular session.

Madam President, I want to thank you for your hard work going all the way back to January putting together a tough but fair budget.

Governor Malloy certainly for leading the way, putting together a framework that puts us on a

mhr/cd/gbr
SENATE

482
June 7, 2011

reasonable path. Yes, there is shared sacrifice but it is fair. It's a path to recovery in these very tough times.

I want to thank Senator Harp, Senator Daily, they've done tremendous work this entire session. Have put in hundreds and hundreds of hours. Worked with Legislators on both sides of the aisle. All the members of the Appropriations Committee, the Finance Committee and others who've brought us to this point -- not an easy path. A very difficult path let's face it. We started with a \$3.3 billion deficit the worst recession across this country in our lifetime many argue since the Great Depression of the 1930's. We've worked very hard to meet these challenges and we're here today at this moment to pass the final implementer.

Just a couple of quick points on some minor issues. One Senator -- perhaps more than one -- discussed the spending cap the fact that we're \$1 million under the spending cap. Well out of the last 13 years with Republican Governors we've gone over the spending cap eight times out of 13 -- over, over the spending cap eight out of 13 times. In

mhr/cd/gbr
SENATE

483
June 7, 2011

this tough year we are under the spending cap and that is an amazing achievement.

Also we've incorporated the concessions agreement, the agreement between the Governor and the union leaders in this final implementer. My friend and colleague next to me, Senator McKinney, said we were promised a vote. Absolutely. And that agreement is incorporated in this implementer and if we're not voting on that incorporation then I really don't know what all this commentary over approximately eight hours examining in excruciating detail almost every item in the concession package - - I just don't know what that was all about. My friend next to me said we're being asked to vote on a package regarding the concessions here tonight -- said that a few minutes ago. He said we're being asked to vote on this today. So of course we're voting on the incorporation of the agreement, the concession agreement, between the Governor and the union leaders. That's what we're doing today. And we're hoping that the State employees as they examine this carefully and get the facts -- not the misinformation but the facts -- in terms of what they're being asked to do and what this package is

mhr/cd/gbr
SENATE

484
June 7, 2011

all about and the fact that -- in my opinion -- yes, it asks for sacrifice but it is fair, it is reasonable. We want those State employees to join us and help in this process and ratify that agreement.

I would hope that there's no one in this Circle that hopes that that agreement between the Governor and union leaders get shot down in the ratification process because of course that will create chaos. It will bring us back. We might want to start thinking about cancelling those summer plans if that were to happen but I think, more seriously, we would want to think about all of those critical services, programs and essential contributions that we make as a State to our cities, our towns and so much of the other things that we take for granted that make Connecticut great. We would want to be very concerned about the future of all of that if we had to come back and examine what to do in the absence of that \$1.6 billion agreement.

Of course we reserve the right to come back after State employees hopefully ratified the agreement but why would we do that really? I mean if they ratified the agreement after we've

mhr/cd/gbr
SENATE

485
June 7, 2011

incorporated it and debated it in excruciating detail here today, why would we waste the taxpayer money on a special session simply to affirm what we have affirmed here by incorporating it in this implementer and after the employees have ratified the agreement between the Governor and the State employee union leaders.

It remains to be seen how the savings in this package stack up compared to other similar packages in the past most recently two years ago. But I believe that this will compare very favorably especially to the package two years ago negotiated by a Republican Governor. I think we will find that the savings are extremely important, significant and get us to where we need to go.

There's no borrowing in the budget. This implementer completes the budget process. There's no borrowing. Matter of fact it cancels some of the borrowing that took place in the budget two years ago. There are no gimmicks in this budget. I know that some have commented about some of the savings that are targets within the concession agreement. My friend next to me, Senator McKinney, referred to the Republican budget. I mean there's not, for

mhr/cd/gbr
SENATE

486
June 7, 2011

example, a \$500 million lapse that's unidentified in this package or in the concessions that was part of the Republican budget. There's not a \$200 million savings that would require a federal waiver that we know is extremely unlikely. That's not in this budget or the concession package. It was in the Republican budget. There's not \$224 million worth of savings that supposed to happen in a magical way through Medicaid fraud by adding 20 people to the Medicaid Fraud Unit when, in fact, we have an estimate that by adding 10 people you might save 31 million not 224 million. And there is only so much Medicaid fraud -- let's face it -- to be found. It's not infinite. So there's not that questionable 224 million.

There's not \$200 million of what was called debt restructuring in this package but was in the Republican budget. And debt restructuring we were told was kind of like having a credit card where if you transfer it from one credit card to another credit card acknowledging you're not going to save like you would on the credit card deals that were out there not so long ago with reduced interest rates because we've already captured savings by

mhr/cd/gbr
SENATE

487
June 7, 2011

refinancing largely most of the State's debt. But we were going to save money by transferring from one credit card to another and increasing the length of the payments -- debt restructuring. It's also called borrowing. That's borrowing. That's not in the Democratic budget.

This budget that was proposed back in February by a courageous Governor has been analyzed by this Legislature. I would say it's been improved by Democrats and Republicans. There've been suggestions along the way. We have not implemented this budget without very significant analysis and many meaningful changes. And that's the way it should be. It's not a rubber stamp process; it's a collaborative process. And we have strengthened this package with Republican ideas and Democratic ideas so what we wind up with today is a budget that meets the tough challenges that we face in the State of Connecticut and that every other state faces across this country.

But finally I want to say we have done it in a way that's fundamentally different than many other states. We have not burned the bridges to our economic future. We have not used a flame thrower

mhr/cd/gbr
SENATE

488
June 7, 2011

when it comes to State support for our cities and towns and devastated them with slashing cuts that would increase local property taxes and hurt families and hurt businesses at the time they can least afford it. We have not -- as Texas has done and many other states have done -- enacted deep and massive cuts to education pulling up the ladder of opportunity for young people and undermining the well educated and trained workforce that is critical to our economic future.

So Madam President, this process has not been easy. We've had tremendous challenges. It's been contentious; it's been a lot of back and forth -- that includes actually with the Legislature and the Governor not just Democrats and Republicans. There's been back and forth and this is a product of a lot of people working very hard. So Madam President, with that I support this implementer, thank my colleagues, Democrats and Republicans around this Circle, thank the Chair of Approps and Finance. Madam President, thank you and the Governor very much for your strong leadership. Thank you, Madam President.

THE CHAIR:

mhr/cd/gbr
SENATE

489
June 7, 2011

Thank you.

Will you remark further? Will you remark further? If not, Mr. Clerk, will you please open -- give -- do a roll call vote and I will open the machine.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? The machine will be --

Mr. Clerk, will you please announce the tally?

The machine is closed.

THE CLERK:

The motion is on passage of Emergency Certified
Bill 6652 in concurrence with the action of the
House.

Total Number Voting	36
Those voting Yea	20
Those voting Nay	16
Those absent and not voting	0

mhr/cd/gbr
SENATE

490
June 7, 2011

THE CHAIR:

The bill is passed.

Will you remark further? Any personal -- points of personal privilege or announcements at this time? Seeing none, Senator Looney.

SENATOR LOONEY:

Thank you. Thank you, Madam President. Madam President, we might have a -- what I hope will be relatively brief -- recess for a Democratic Caucus to prepare additional business for this evening.

THE CHAIR:

The Senate will stand in recess.

THE CLERK:

There will be an immediate Senate Democratic Caucus. Will all Democratic Senators please report to their caucus room? There will be an immediate Senate Democratic Caucus. Will all Democratic Senators please report to their caucus room?

There will also be an immediate Senate Republican Caucus. Will all Republican Senators please report to their caucus room? There will be an immediate Senate Republican Caucus. Will all Republican Senators please report to their caucus room?