

PA 11-006

SB1239

House	1288-1718	431
<u>Senate</u>	<u>935-1420B</u>	<u>486</u>
		<b>917</b>

**H – 1095**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
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The Hall will stand in recess. Is there any objection? Hearing none, so ordered.

On motion of Representative Sharkey of the 88th District, the House recessed at 12:39 o'clock p.m., to reconvene at the Call of the Chair.

The House reconvened at 2:04 o'clock p.m., Donovan in the Chair.

SPEAKER DONOVAN:

Will the House please come back to order. Good afternoon everyone. And will the Clerk please call Emergency Certified Bill Number 1239.

THE CLERK:

Emergency Certified Bill Number -- excuse me -- 1239,  
AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE  
30, 2013, LCO Number 5625.

SPEAKER DONOVAN:

The Chairwoman of the Committee of Appropriations, Madam Walker, you have the floor.

REP. WALKER (93rd):

Good afternoon, Mr. Speaker. Mr. Speaker, I urge -- I move passage of the bill.

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SPEAKER DONOVAN:

Question's on passage of the bill. Will you remark?

REP. WALKER (93rd):

Thank you, Mr. Speaker. Mr. Speaker, I want to first say good afternoon to everybody and I welcome this opportunity for us as a committee and a caucus to present our budget.

I would like to thank you, Mr. Speaker, the Majority Leader, and the Governor of this great state of Connecticut, Governor Malloy. For the first time in years, the Legislature was able to work in a partnership with the Executive Branch.

I also want to thank the staff of OPM, Secretary Barnes, Mark Ojakian, Paul Potamianos, Anne Foley, Gian-Carl Casa, for their -- countless hours that we put into this work that we have before us. I would like to extend my gratitude to the staff of the Office of Fiscal Analysis, especially Director Alan Calandro, section chiefs Chris Ashburn, Mike Murphy, Chris Perillo, Rob Wysock, the administrative staff including Laurie Wysock and Lisa Kiro and Terry Kelly, and all the wonderful people in the staff of -- of OFA who helped us through this process.

I especially want to thank my members of the

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Appropriations Committee. All 56 members of them, and I do mean all, who worked tirelessly on this budget. It was a budget for hours and hours of work. I want to thank my Cochair from the Senate, Tony Nathaniel Harp, who gave me guidance, who gave me words of wisdom, and gave me support to do this process.

I also want to thank the clerk of my -- my administrative clerk, Brie Johnston who helped me, who kept me going, and always propped me up with a cup of tea to make sure I can make it.

I want to thank the awesome Sue King. She is an unbelievable treasure for all of us and anybody who works with the Appropriations Committee.

Mr. Speaker, on February 16th, our Governor provided us with the framework of his proposed budget and all we did was refine it. Our committee held eight public hearings totaling over 70 hours of work. There we listened to hundreds of citizens from the state of Connecticut who shared their concerns about what they are looking for in the future.

We had over 1,100 testifiers through those eight days. We listened -- we received over 800 pieces of correspondence from people around the state of Connecticut. Testimony was brought to us by individuals

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both young and old. We heard from parents and we heard from -- students about the importance of education. We heard from seniors who were worried about their -- their services that have been addressed time and time again, prescription drugs, housing, and all the things that provide them with good, solid health.

Our committee was -- our commitment was to families, to the seniors, and to all that -- those who invest in our communities and the services. We want to make them stronger and we did.

We cut current services spending my \$1.5 billion in FY '12 and \$1.2 billion in FY '13. The committee appropriated \$19.8 million in -- FY '12 and \$20.3 million in FY '13. We were under the spending cap by \$320 million in FY '12 and \$20 million in FY '13. We reduced -- and we heard you. We reduced the -- State work force by 280 people in FY '12 and 135 in FY '13. Our budget consolidated over 31 percent of the state agencies.

Mr. Speaker, I think we did a fabulous job and at -- this point, I think we should hear from those people that worked individually for each one of those committees.

SPEAKER DONOVAN:

Remark further on the bill. Representative Dillon.  
REP. DILLON (92nd):

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Thank you, Mr. Speaker.

There are minimal changes in the Legislative Subcommittee. There were substantial lapses, however, implementing those lapses will -- will be adopted pursuant to agreements with other State employees.

In addition there was a -- part of that lapse was modified by moving out some of the line items that have been carried on the expense budget which actually are eligible for the bonding agenda. For example, that vote board is carried as an expense item in our operating budget and it actually could be bonded, but we've been carrying those in the Legislative Committee because we weren't sure whether or not the Governor's would put them on the bond agenda.

Those are the major changes. Through you, with your permission, I yield to Representative -- oh, no yielding. Okay, sorry, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

REP. DILLON (92nd):

Thank you.

SPEAKER DONOVAN:

Thank you very much.

REP. DILLON (92nd):

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That's it.

SPEAKER DONOVAN:

Representative Patricia Billie Miller.

REP. MILLER (145th):

Thank you -- thank you, Mr. Speaker. Before I begin my -- the budget summary for General Government "A", I would like to acknowledge my cochair, Senator Edwin Gomes, and ranking members Senator Rob Kane and Representative Arthur O'Neill. I would also like to give a special thank you to Phoenix Young and Chris Perillo for -- of the Office of Fiscal Analysis for their assistance and hard work.

This budget focuses on consolidation, staff reductions, and cost savings. The Governor's Office had a staff reduction of five positions and there's also the creation of Office of Government -- Governmental Accountability which consolidates 10 agencies. The consolidation moves our state towards greater efficiency. Through the consolidation into the Office of Governmental Accountability, 24 positions have been eliminated and we have achieved \$1.4 million in savings in FY '12 and \$1.6 million in savings in FY '13.

The following agencies will operate under the new office: State Elections Enforcement Commission, Office of State Ethics, Freedom of Information Commission,

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Judicial Selection Commission, Contracting Standards Board, Office of Child Advocate, Council of Environmental Quality, Judicial Review Council, Office of Victim Advocate, Board of Firearms Permit Examiners.

Also the Secretary of State staff has been reduced by four positions and the Board of Accountancy has been consolidated into the agency.

This concludes my presentation of the General Government "A" Budget. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Henry Genga.

REP. GENGA (10th):

Mr. Speaker, thank you for the opportunity to present the General Government "B" outline of our subcommittee work. First, I'd like to thank Cochair Joan Hartley from the Senate who was a real pleasure to work with, ranking members Senator Rob Kane and Representative Tony Hwang. They were a very cooperative group. Everything we did was in a -- a group setting and there was complete transparency.

But in order to make those decisions, we had to have solid information whenever we had questions. The agencies provided those with great accommodation and our

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Office of Fiscal Analysis did a tremendous job helping us. Because of that solid information, we were able to make decisions that were based with a sound foundation.

I want to thank especially our lead OFA Coordinator, Terry Kelly and her cohorts who acted as a team, Jennifer Proto, Alan Shepard, Linda Miller, Chris Wetzel and Holly Williams.

In summary, I'll point out that we cut -- first of all, when we looked at the budget, we looked at it for accountability and for justification and expenditures. The first area we cut was in the Treasurer's Debt Service. We reduced that by \$50 million over two years.

In the Division of Special Revenue we eliminated the Charitable Games Unit, 11 positions, but the sealed tickets will no longer be sold by the State of Connecticut until that inventory runs out. That inventory is expected to run out in about a year to a year and a half and the revenues will still be accumulated in the state and handled by the -- the current staff.

In the -- in the Office of Policy and Management we reduced \$600,000 over the two-year period for a regional planning and an additional \$350,000 in government reorganization.

Thank you, Mr. Speaker, and that concludes my report.

SPEAKER DONOVAN:

Thank you, Representative Genga.

Representative Tom Reynolds.

REP. REYNOLDS (42nd):

Thank you, Mr. Speaker. I'm pleased to report on the major cost savings and consolidations within the Regulation and Protections Subcommittee.

First, the existing Department of Public Safety has been renamed the Department of Emergency Services and Public Protection to reflect a number of consolidations. The first of which is we reduced funding to and consolidated the Emergency Management and Homeland Security Department into the new Department of Emergency Services and Public Protection.

We've reduced funding to and consolidated the Commission on Fire Prevention and Control into this new department.

We've reduced funding to and consolidated the Police Officers Standards and Training Organization into the new department.

We reduced funding to and consolidated the Office of State Fire Marshal, Office of State Building Inspector, and portions of the Office of Education and Data Management and Public Safety over to the Department of Construction

Services.

We reduced funding by consolidating all weigh station operations into the Department of Motor Vehicles. We consolidated the Board of Firearm Permit Examiners into the Office of Governmental Accountability. We achieved significant savings through the consolidation of all public safety dispatch operations and then further savings by the consolidation of all statewide dispatch operations and other State agencies over to the new Department of Emergency Services and Public Protection.

We reduced resident trooper costs by increasing the municipal responsibility for municipal requested overtime. We reduced staff at Bradley Airport and Casino for trooper coverage and ensured that the State was not responsible for any costs for that coverage. We achieved significant savings in trooper overtime. We reduced funding for police officers' training and municipalities will assume a greater obligation in that area.

We eliminated Firefighter Training Account and municipalities will now assume responsibility for that. We eliminated the supplemental grant program under the Commission on Fire and Safety Control. We consolidated the Office of Consumer Counsel into the new Department of Emergency -- Department of Energy and Environmental

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Protection.

We reduced funding to and consolidated the Department of Public Utility Control into the new Department of Energy and Environmental Protection. We consolidated the Office of Health Care Advocate into the new Office of Governmental Accountability.

We reduced funding to and consolidated the Division of Special Revenue into the Department of Consumer Protection. We -- eliminated positions within the Office of Protection and Advocacy.

And lastly, we consolidated the Rehabilitative Services Program and the Workers' Compensation Commission into the Department of Social Services. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you. Thank you, Representative.

Representative Bryan Hurlburt.

REP. HURLBURT (53rd):

Thank you, Mr. Speaker and good afternoon.

SPEAKER DONOVAN:

Good afternoon, sir.

REP. HURLBURT (53rd):

Mr. Speaker, I'm proud to present the Subcommittee on Conservation Development's report. Before I get

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started with the subcommittee's report, I first want to thank my Senate Cochair, Senator Bob Duff, for his time and diligence and -- and years of experience on the committee as the cochair.

I also want to thank the OFA Coordinator, Marcy Picano, who gave lots of great advice and guidance to the members as we deliberated, and her colleagues Terry Kennedy -- Terry Kelly and Evelyn Arnold.

Mr. Speaker, we made a number of changes, but we tried to stay within the framework of the Governor's proposed budget as we deliberated. There was a -- a few changes that we -- we adopted from the Governor's proposal and there were a few changes that we -- we either put back to what the -- the current proposal is and what the subcommittee would like to see changed.

A number of those have to deal with some of our Economic and Development Commission grants. We were able to restore some of the funding for our arts and culture and tourism districts, which as we've heard over the past number of years, have been an economic driver for the State.

One thing of significance that I heard from any number of people on was the Kensington Hatchery. We were able to find funds within available appropriations to restore

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the funding for the first year and ask that the hatchery take the steps to move forward in finding private or nonprofit sources to continue its operation as it is a very important operation to the state and to the region.

Mr. Speaker, I would like to finally thank my a -- the members of the Conservation and Development Subcommittee who took the time over the course of our deliberations to make sure that we looked at each of the items, made sure that they were structured in a way that made sense, that made sure that they worked properly, and made sure that they would be -- fit the needs of the citizens of the state of Connecticut. With that, Mr. Speaker, thank you, and I conclude my report.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Juan Candelaria.

REP. CANDELARIA (95th):

Thank you, Mr. Speaker. Mr. Speaker, on the Health and Hospitals Subcommittee, I would like to briefly report on the reductions that we did. We did maintain within the structure of the Governor's budget and ensure that critical services were retained, but we know that all had to share some sacrifices.

So Mr. Speaker, under the Department of Public

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Health, we reduced funding for the Child and Outreach Campaign Program. Not significant, but enough that they can live with. Also within the Department of Public Health, we increased funding for two local district departments, two new districts I'll be creating and the expansion of an existing one.

We also reduced funding for eight services, an amount that is not significant but -- but appropriate, and the program does not sustain any cut in services within the Department of Public Health.

We also reduced funding for community health centers to reflect increase in Medicaid LIA payments. And that will be an increase of funding for the agency so we felt that we can have some savings within that line item. Within the Department of Developmental Services, we reduced funding for the high school graduates. It's a day program that is expected to see a caseload of about 277 approximately so we saw some savings within the line item, Mr. Speaker.

Also, within the cost settlement changes, providers currently reimburse our state 50 percent. We are now requesting 100 percent so we saw significant savings within that. And Mr. Speaker, within the Department of Mental Health and Addiction Services, we reduced funding

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for young adult services in transition and these are children that will be transitioned from DCF into the Department of Mental Health and Addiction Services.

And we also have some savings in the uncompensated care line item, a service of the Medicaid LIA payments that they'll be receiving.

Mr. Speaker, I would like to report that we definitely came under the Governor's on the health and hospital by 2.7 in fiscal year '12 and 2.6 in fiscal year '13.

I would like to also finally thank the -- my cochair from Senate, Toni Harp, and our OFA Coordinator, Emily Shepard, for the work done, and our ranking members. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Kim Fawcett.

REP. FAWCETT (133rd):

Thank you, thank you, Mr. Speaker. Briefly I would also like to thank my cochair, Senator Joan Hartley. She was a pleasure to work with, and the members of our subcommittee worked very hard over the past several months to bring this budget together and we definitely could not have done it without our OFA support from -- with Felix Planas and Rob Wysock.

Our section of the budget this year, Mr. -- Speaker -- impacts the Department of Transportation and the Department of Motor Vehicles. The DMV budget this year is a continuation really of the previous two years as we've worked to spend less and find efficiencies in how our branch locations throughout the state of Connecticut serve the people of our state.

Most notably, at DMV, we are several years into the rollout of an increased use of technology on -- at DMV. What this means for the people of Connecticut is that we will be -- begin to see in 2011 more and more opportunities to do your Department of Motor Vehicles business on line. That is easier and it also saves money. We also are starting to open the doors at the triple-A centers around the state and that will allow people more convenient opportunities in their home towns, again, to do the business that they would normally do at a Department of Motor Vehicle center.

We can also keep an eye out for a pilot project that will be rolling out, we hope by the end of 2011 that will bring a kiosk to town hall so that eventually the -- the citizens of Connecticut could go to your Town Hall to register your car or -- reissue your license.

In October of this year, we have an important rollout

taking place. This is going to be the implementation of the Real ID Program and the huge callout goes to -- to the Department of Motor Vehicles as they are able to bring this Real ID Program, a program that is mandated by the federal government in response to 9/11. They're doing it within existing funds and we worked hard to help them and support them, but we're also really proud of how hard they're working to work within the funds that they have.

And lastly, this year after more than a decade of conversation we are very pleased to announce that there's a -- a restructuring of the weigh stations in this budget, Mr. Speaker, that our Governor and his staff at OPM worked very hard with the Department of Motor Vehicles, the Department of Public Safety, and they all came together and there will be a realignment of how our weigh stations in the state of Connecticut are operated and also how they're run and -- and the great news is -- is this is going to also save us some money.

So on the DOT side of the -- budget, the Department of Transportation, there's actually some monumental changes taking place. The first thing is, we have changed the way we -- we -- fund Town Aid Road. Town Aid Road, if you remember, is the money that the State distributes to our local municipalities and helps the municipalities

maintain their roads. In the past two years, we funded this money through the issuance of bonds, but this year our budget fully funds Town Aid Road to municipalities without borrowing.

Another change -- important change is the transfer of funds from a previous account labeled the Highway Bridge and Renewal Account, to a pay-as-you-go transportation project account. That's a lot of words to say that we have gotten more efficient with State money this year, Mr. Speaker. By moving the -- money into this new account, we are able to actually access incredible -- an incredible amount of federal funds and will draw down nearly 80 percent additional dollars to help invest in the infrastructure of the State of Connecticut.

Lastly, Mr. Speaker, we worked very hard on our subcommittee to find ways to achieve greater savings for the State of Connecticut. And one of the areas that we recommended and -- and our -- our committee was able to get moved into the budget is -- is that you will see over the next two years the rollout of a closing of the state's rest areas. The closing is intended to be temporary and the rest areas in the state, there are seven of them -- this is not the service plazas where people go for gasoline, it is actually just the rest areas. They cost us several

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million dollars a year to maintain and we deemed them not essential at this time so we will be closing them down temporarily.

And with that, Mr. Speaker, I thank you and have a great afternoon.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Cathy Abercrombie from Meriden, Connecticut.

REP. ABERCROMBIE (83rd):

Thank you, Mr. Speaker.

Mr. Speaker, I am speaking on behalf of my -- the two cochairs who were not able to speak on this today, Representative Gail Hamm and Representative Peter Villano. They would like to thank Senator Edith Prague for her participation as a cochair of this Subcommittee of Human Services. And a special thank you to Terrie Wood who was a participant on this committee for her due diligence on this issue.

Mr. Speaker, I'm happy to report on the Human Services. The thing that we are most excited about on Human Services is that we are maximizing federal funds. In this budget, we expand the Money Follows the Person to 2,250 clients with a savings of 13 million in FY '12 and

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25 million in FY '13.

The Connecticut Home Care co-pay is increased from seven -- six percent to seven percent, but in the original budget it was 15 percent. The HUSKY fee for service and the aged, blind and disabled Medicaid and the low-income population will be combined under an ASO which is now currently a MCO model with savings of 44 million in FY '12 and 87 million in FY '13.

Medicaid pharmacy reimbursement rates are lowered with a total savings of 65 million in FY '12 and 71 million in FY '13. And provides one million to -- maintain -- I know an issue that's near and dear to your heart, Mr. Speaker, for 24-hour staffing for our domestic violence shelter.

I thank you and I thank all the committee -- all the members on the Subcommittee of Human Services.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Roberta Willis.

REP. WILLIS (64th):

Thank you, Mr. Speaker. I rise to report on Higher Education Subcommittee Budget. I first would like to thank my cochair, Senator Maynard, for his assistance this year. I'd also like to thank Alan Shepard and Sarah Bourne

of the Office of Fiscal Analysis who were extremely helpful and always there when needed to put this together. And certainly to the many members of our subcommittee who worked diligently to put this together.

Higher Education looked at trying to report out a budget, subcommittee budget, which was within the framework of -- of the Governor's budget. We did have 10 percent cut to the block grants across the board. There were some inequities in the way the original configuration was done on current services. I'm pleased that the subcommittee was able to work that out so the cuts were equitable across all our colleges and universities.

I am pleased to say and report to all of us that financial aid for our public colleges and universities for students who are attending the publics in the state of Connecticut was kept as it was in the past, very important to ensure access and affordability for our students. Financial aid to our students -- low-income students who are attending privates unfortunately had to be cut, but we did -- we did fix that a little to make it more equitable and to ensure that our low-income students who go to school in Connecticut could continue to get financial aid.

Regarding the consolidation of all of our constituent units of -- CSU, the State University Systems, the

Community College and Charter Oak, the hope here is that there is going to be savings on administration and that more monies will be able to go to provide services and faculty for our students. A very important that -- for all of us, from the Governor to the members of the Legislature, that our students benefit from -- from funding.

I also want to say that it was very important to, I think all of us here in this building and to the administration that we do something in Connecticut to create jobs and I think that we have, in a small way, been able to fund two very important job creation programs. One is a community college program at Asnuntuck which will provide funding for unemployed, out of work or -- or workers looking to increase their skills in high-precision manufacturing and that will create -- 120 people ready to enter immediately into the workforce every 45 weeks. So that -- that is something that we should be most proud of.

In addition, we have added funding for eminent faculty at the University of Connecticut. Thanks should go to Senator Williams upstairs that is in the Senate, very important initiative that we also applaud. This will create not only jobs, will attract excellent faculty. It will attract entrepreneurs looking for intubators face and

certainly will be a way to attract more businesses and create more jobs, high-paying jobs, in the state of Connecticut.

With that, Mr. Speaker, I conclude the report of the Higher Education Committee. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Andy Fleischmann.

REP. FLEISCHMANN (18th):

Thank you, Mr. Speaker. I rise to report for the Education Subcommittee. I'd like to thank my cochair, Senator Maynard, who was always a pleasure to work with. Sarah Bourne and Alan Shepard from the Office of Fiscal Analysis are a pretty impressive duo who kept us on track, and then all members of the subcommittee, both sides of the aisle, really kept focused on how we deliver quality education while saving dollars, and that happened throughout the subcommittee.

With the Teachers Retirement Board we maintained the Governor's 10 percent reduction while ensuring that teachers' retirement benefits will go out as they ought to.

With the State Library, we retained cuts of 1.3 million in the first year and 1.66 million in the second

year while protecting two critical programs that we heard from so many people about, the Interlibrary Loan Program that allows you to get a book that may be in the stacks of a library a few towns away, and Connecticard, which allows you to use your library card from Meriden in any municipality in the state of Connecticut. Those are both great programs. They're preserved in this budget while we kept all of the savings that the Governor had proposed.

Finally, and most significantly, under the State Department of Education, we did protect and preserve education cost sharing while finding economies. We moved School Readiness from the Department of Social Services over to the State Department of Ed which is going to create short- and long-term savings. And we moved the Bureau of School Facilities over to a new Department of Construction Services which will again create short- and long-term savings.

So, Mr. Speaker, in sum, we have before us an education budget that protects vital educational services while achieving savings. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Doug McCrory.

REP. MCCRORY (7th):

Thank you, Mr. Speaker.

Mr. Speaker, I would like to present to you the Judicial and Corrections Subcommittee budget. Before I begin, I'd like to thank all the individuals who helped put this budget together. It's too many to name so I won't without disappointing anyone. I don't want to mention names individually, except that I would say that I'd like to thank my cochair, Senator -- Senator Harp, and also Representative Klarides from the other side of the aisle. I can honestly say this was a bipartisan effort to put this budget together.

In the area of Judicial, we're talking -- when we put this budget together we had to consider these are the most vulnerable people in our state of Connecticut. Those people who come through our -- our court system looking for -- seeking justice and/or are punished through our system and all those individuals who are coming through our correctional facility hopefully to be rehabilitated.

Quickly, in the area of -- the Department of Corrections we anticipate a closing of one of our facilities for a savings of \$6.8 million in both fiscal years. Also in the Department of Corrections we established the -- Offender Management Program -- Incentive Program. This is for those

individuals who have displayed their commitment to turn their lives around and have shown their commitment to be rehabilitated. We expect a savings of \$6 million in the first year and \$24 million in the following year.

We have eliminated positions in our Judicial -- Judicial Branch for a savings of about \$3.2 million and also we have found savings in the Department of Corrections and their operating expense because of the fact that we anticipate a closing of one of our facilities for anticipating a savings also.

Real quickly, as I conclude, in the area of public defenders we have consolidate -- we consolidated the Child Protection -- Agency into the public defender status. That alone will save us \$1.2 million in both fiscal years. And finally, we also transferred the -- the responsibility of the juvenile parole to Court Support -- Services for them to also do that type of work.

Mr. Speaker, that concludes my report, and again, I'd like to thank everyone who did all this work on this committee and hopefully we have an opportunity to pass this budget and move on. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Toni Walker.

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REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, that concludes our reports from the subcommittee. And before I conclude, I want to give a special thanks to my ranking member, Representative Miner, who really spent a lot of time working with all of us and talking to us about all of the issues so that we understood exactly how we can work forward -- go forward and work together.

So with that, thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Chairwoman of the Finance Committee, Representative Pat Widlitz.

REP. WIDLITZ (98th):

Good afternoon, Mr. Speaker.

SPEAKER DONOVAN:

Good afternoon, madam.

REP. WIDLITZ (98th):

Mr. Speaker, the Clerk is -- in possession of LCO Number 5751, designated Senate "A". Would he please call and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5751, which is

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previously designated Senate "A".

THE CLERK:

LCO Number 5751, Senate "A", offered by Senator Daily  
and Representative Widlitz.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize the amendment. Any objection? Hearing none, Representative Widlitz, you may proceed with summarization.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker. Mr. Speaker, we are required by statute 235-b to adopt revenue -- projections for the budget that we are about to debate. I move adoption of the amendment in concurrence with the Senate.

SPEAKER DONOVAN:

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

REP. WIDLITZ (98th):

Thank you, Mr. Speaker. The revenue projections for fiscal year '12 are one point -- roughly 1.8 billion and for fiscal year '13, are roughly \$1.9 billion. Everyone has the -- the sheet of all of the revenue projections. I'd be happy to take questions. I encourage people to accept the revenue projections as the Finance Committee

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did yesterday and the Senate did last night. Thank you,  
Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Remark further on the amendment? Representative  
Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and good afternoon to you.

SPEAKER DONOVAN:

Good afternoon, sir.

REP. WILLIAMS (68th):

If I may, just a question or two through you to the  
proponent of the amendment.

SPEAKER DONOVAN:

Please proceed.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. Through you to  
Representative Widlitz, yesterday in the Finance  
Committee meeting to discuss the revenue estimates there  
was some consternation about the fact that we had our  
consensus revenue numbers released on Friday and those  
consensus numbers of course coming by the law that we  
passed, I believe in 2008. And the numbers showed, I  
believe in fiscal year '12, that the surplus would be \$282

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million as projected and then in fiscal year '13 would be \$255 million. Am I correct, through you, Mr. Speaker?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that is correct.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And contemplated within that, my question would be, what are we talking about doing with said surplus? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, the surplus from the current fiscal year will be used to retire debt. As you know, there is a bill that has moved through the Finance Committee that would first reduce the obligations that we encumbered on the electricity rates for the Conservation Load Management Fund and then through the CTA assessments. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

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REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And with respect to the surpluses in fiscal years '12 and '13, what is contemplated for the use of that surplus, through you?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

If we do in effect achieve those surpluses and our revenue projections are -- are right on, then those would also be used to reduce the debt, restore part of the Rainy Day Fund to -- we have borrowed. We have borrowed money in the past to meet our operating obligations and certainly our first priority would be to retire debt. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you, obviously the numbers that we're talking about here today in terms of the tax increases and in terms of the revenue exceed the amount that the Appropriations Committee just spoke about in terms of what we will be spending this year. And so, I guess my question is, why is that money not being

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used to mitigate the increase of taxes? Through you, Mr. Speaker.

In other words, we have -- we have more -- we're collecting more money than we need to get through the deficit. Why is that money not being used to mitigate the increase or decrease the amount of tax increases that we have? Through you.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker. That's a -- certainly a valid concern. The revenue in -- now understanding that these are estimates and certainly given the state of the economy currently with the price of gas tax as -- not gas tax -- I shouldn't have gone there. The price of gasoline as an example, we don't know what the impacts are going to be going through the next fiscal year of those -- of those prices and people's ability to have discretionary spending.

So I think we are -- we are comfortable with a modest surplus in the first year of the budget. Certainly in the second year of the budget, we will have a better idea of what those revenues certainly will be, and we will be able to make adjustments if necessary, perhaps being able to

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reduce a tax or otherwise reducing our debt obligations.  
Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and just one other additional question. What came up yesterday in the Finance Committee was the fact that there was a letter written from Commissioner Sullivan, the Commissioner of the Department of Revenue Services, to the Malloy Administration outlining the fact that there are two taxes within our revenue estimates here that are largely, quote unquote, uncollectible and in which case he said we may even have a net revenue loss. And those two taxes were the remote seller's tax as well as the cosmetic tax.

And so I guess the question I have is, why would we include revenue for those two taxes when the chief collector of those taxes has indicated that we may not be able to collect those taxes for two different reasons.  
Through you.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker. That certainly was -- you

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are correct, that was an opinion rendered by the -- the Commissioner of Revenue Services. However, when we passed the policy statement, I had been assured that he would do his best to collect those revenues. And pointing out to you the last -- the last line of that letter stated that these are not large sums of revenue that are projected so if in the event we did not collect all of them, it would be absorbable in the budget. Through you, Mr. Speaker.

SPEAKER.DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

I thank the Chairlady for her answers. I may touch on that issue again as this debate goes on regarding the remote seller's tax, commonly known as the Amazon tax, as well as the cosmetic tax. But I thank Representative Widlitz for her answers. Frankly, thank you, Representative Widlitz, for all the deference and the respect that you have shown to me throughout the time that we have worked together this year. It's been a pleasure to work with you and an honor to work with you.

Mr. Speaker, I regretfully have to oppose these revenue -- estimates today, the adoption of these revenue estimates. You know, we again have a surplus that we are

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running in a year that we are increasing taxes more than we've ever done before in the state of Connecticut. And additionally, we're balancing this budget, albeit minimally in the grand scheme of things, with two taxes that we are going to be unlikely to collect. As much as we may want to, we're not going to be able to collect them and it's fairly obvious that that is the case, at least to me, from my perspective.

So Mr. Speaker, I would urge rejection. Thank you.

SPEAKER DONOVAN:

Thank you.

Representative Davis of the 57th District.

REP. DAVIS (57th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, some questions to the proponent of the -- of the amendment.

SPEAKER DONOVAN:

Please proceed, sir.

REP. DAVIS (57th):

Mister -- through you, Mr. Speaker. I was just wondering -- oh, sorry. I was just wondering where in these revenue estimates is the earned income tax credit included? Through you, Mr. Speaker.

SPEAKER DONOVAN:

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Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker. That would be an expenditure --

SPEAKER DONOVAN:

Representative Davis.

REP. WIDLITZ (98th):

-- not a revenue.

REP. DAVIS (57th):

Thank you, Mr. Speaker, through you. So it is not in -- calculated under the personal income side of the revenue estimates? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

It is actually a reduction in the -- it's an offset on the income tax revenues. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Davis.

REP. DAVIS (57th):

Through you, Mr. Speaker. So it's not included in the refund section of the revenue projections?

SPEAKER DONOVAN:

Representative Widlitz.

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REP. WIDLITZ (98th):

Through you, Mr. Speaker. It is reflected under the personal income tax category, you can see creation of an earned income tax. It is a revenue loss in '12 of \$110 million and in '13, \$116 million. That's where it's -- that's where you can find it. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and I thank the gentlewoman, the Chairman of the Finance Revenue and Bonding Committee for her answers. I raise these questions because I'm a little bit concerned, because the earned income tax credit is being created as a refundable tax credit, yet it's being, under these revenue projections, on the income tax part. And it's a situation where credit against the state income tax liability of up to 30 percent of the federal credit, yet if a person exceeds the -- the taxpayer state income tax liability, the DRS Commissioner must refund the difference to the taxpayer.

So essentially, if a taxpayer is not paying up to -- I believe they do not start paying until \$13,460, the State of Connecticut is still going to write them a check for

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their earned income tax credit that is not paid currently because they do not pay income taxes. It's a situation where if you work minimum wage, and you work for 40 hours a week, 52 weeks a year, you're in about \$17,000 a year. Under this current proposal, you would be receiving no earned income tax credit money back if you have no children. Zero.

You do not start receiving -- or you receive earned income tax credit right away, even though you've paid nothing, and then once you hit the threshold of \$14,500 you no longer receive an earned income tax credit, despite the fact that that's right about where you start paying your income taxes and that goes all the way through to \$45,000 a year. If you were married and you're joint filing and you have one child and you earn between \$40,500 and \$45,500, you'll receive one dollar in earned income tax credit back to you.

It's a situation where low-income families surviving only on Social Security income do not qualify even if they meet the income limits. Unemployment benefits are also not considered in the earned income tax credit calculations. Despite paying income taxes on these benefits, these individuals will not qualify.

Mr. Speaker, this earned income tax credit as

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proposed will be twice as high as that of Massachusetts. It will be more than what our neighbor in Rhode Island has. It will be more than what our near neighbor in New Jersey has. If you have no children, your maximum state credit will be \$137. If you have one child, your maximum credit will be \$915. If you have two children, \$1,511. And if you have three or more children, you'll be making \$1,700 from the State of Connecticut, and that's when you don't pay state income taxes. It will be a check written to you directly from Department of Revenue Services back from the State of Connecticut to you.

Mr. Speaker, I have concerns about this program. I think it's unfortunate that the hard working people of Connecticut will be funding a program that gives money to people who are not paying into the system, especially when it's a situation where paying income taxes and benefits is a situation where they need to pay into the system in order to receive some, and Mr. Speaker, I just cannot support this amendment as -- as presented. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

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

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aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

All those opposed, nay.

REPRESENTATIVES:

Nay.

SPEAKER DONOVAN:

The ayes have it; the amendment is adopted.

Remark further on the bill as amended?

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker. Just clearing off papers from that one. Whoops, okay.

SPEAKER DONOVAN:

We're trying to go paperless, Representative.

REP. WIDLITZ (98th):

Mr. Speaker, I would just like to comment on -- in support of the bill currently before us as -- now amended. This has been a very cooperative process. As you know, Governor Malloy put a budget on the table on February 15th. That budget provided a framework for taking Connecticut's fiscal problems and dealing with them head on, no gimmicks, just tough choices and they were tough choices.

The Finance Committee held public hearings, we had hours of meetings with representatives of businesses and constituents who would -- would be impacted by the proposed budget. We had lots of constituent feedback. The Governor himself did a tour of the state, 17 town meetings. Finally, after several hours of hearing from the public, hearing from businesses, we -- Senator Daily and I met with OPM Secretary Ben Barnes who really worked hard with us to address our concerns and compromised on many issues.

And I certainly would like to say that I appreciate the cooperation we had with OPM really listening to our concerns. Part -- part of one of the things that we did in reaction to the -- proposed -- budget, was to restore part of the property tax credit. That was very important, we felt, for our constituents. We couldn't restore the entire property tax credit, but we compromised at \$300 of the property tax credit. We maintained funding to municipalities for education, we held -- held -- harms town -- I'll be all right -- towns harmless from the Machine and Manufacturing Equipment Pilot which was removed.

And I have to say, Governor Malloy, having been a mayor of a city, realized that our towns only have the property tax to fall back on and they needed additional revenues to avoid raising those property taxes which many

of our constituents are telling us is the most onerous tax. We addressed funneling more money, more revenues into the towns to help out with that.

We examined some of the impacts on businesses. I'll use as an example the Marine Trades. A property tax on the Marine Trades would have been devastating to the industry. Now I'll just share with you briefly, Senator Daily and I attended a conference in Rhode Island of all of the finance chairs of the New England states. When Rhode Island saw that proposal, they just couldn't wait for us to pass it, and we realized that would be devastating to the industry, so we worked with OPM and we pulled that back.

There are several other changes that were made. We worked with the businesses. Now there will be criticism of the business tax in this tax package. Nobody likes to pay taxes, and nobody likes to levy taxes, but the business community came to the table and worked with us and they gave us actually assistance in forming this tax package.

We did have to raise revenues. We raised the sales tax. We restructured the income tax to rely a little bit more on the higher income end, but in the end everyone shares in that burden. And we eliminated some exemptions from the sales tax, but at the same time, to help the

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working poor, we instituted the earned income tax credit for working people.

You know, it's not a pretty budget. It's a tough one, and there's something in here for everyone not to like, but it's honest, it's aggressive, it turns Connecticut around on a path to go forward to grow our economy, to pay our debt obligations, and Mr. Speaker, I urge everyone to support the budget before us. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further on the bill as amended? Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and good afternoon again.

SPEAKER DONOVAN:

Good afternoon, sir.

REP. WILLIAMS (68th):

Through you -- well actually, before I do that. Thank you, Mr. Speaker, and again, thank you to Representative Widlitz for that explanation.

Ladies and gentlemen, today we have before us a bill that increases taxes more so than we have ever seen here in the state of Connecticut. We all know these are dire economic times, and we know that we have a massive budget

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deficit, but ladies and gentlemen, with respect to the shared sacrifice that we have heard about over and over and over again this session, really the only people who are sacrificing are the taxpayers.

And so, with that Mr. Speaker, I have a few questions just to drill down a little bit on these tax increases for the Chairman of the Finance --

SPEAKER DONOVAN:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. Mr. Speaker, through you to Representative Widlitz. I think it's been well documented throughout the last few months, throughout the many public hearings that we had in the Finance Committee, that income and sales taxes are increasing dramatically. Some of the other taxes that we may not have heard of before are also included in this document. For example, through you, Mr. Speaker, my understanding is that there now will be a tax on clothing and footwear under \$50 total. Is that correct, through you?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct.

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SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Widlitz. So let me, just to make sure I understand this, if I am a parent and I'm going to buy items, clothing items or footwear for my child in the week before school starts, under current law, I pay not tax for items under \$50. Under this proposal, I will pay 6.35 percent sales tax on those items. I'm now paying a new tax, is that correct? Through you.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, actually we did save the sales tax-free week so if you do that pre-school shopping you will not pay any tax on those items. However, during the rest of the year, that is correct, you will be -- paying these sales tax.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Widlitz. Another one that I was reading

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in the budget bill is the nonprescription drugs. If an elderly person, let's say, gets sick in the middle of the night and has to go to get Robitussin or -- or Tylenol, whereas they are not subject to the sales tax currently, my understanding is that they now will be subject to the sales tax in trying to cure themselves. Is that correct, through you?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And we talked about, or you talked about the property tax credit. For the benefit of the Chamber, the property tax credit is currently \$500 and I think most people would agree that that is the only hedge that property owners have against ever-rising property taxes.

You know, we hear this on the campaign trail over and over and over again, and we hear this from people when we go to grocery stores and restaurants that property taxes are out of control in Connecticut, and in the eight years

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I've been here I've been listening to property tax reform proposals. So the current property tax credit is \$500, and under this proposal, if I'm understanding it properly, it will now be \$300, a decrease of \$200. Is that correct, through you, Mr. Speaker?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And if I own a restaurant that has entertainment in the evenings, my understanding is that the new cabaret tax that we will have, as long as I have more than one entertainer in my restaurant at a time, that my customers will now be subject to an additional three percent tax, an additional three percent tax on the food items and beverages that they purchase at my restaurant. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that is correct, and the

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revenue from that goes back to the host town in some cases to deal with what they are required to do to manage some of the situations that arise around some of those venues. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And I guess from a -- logistical standpoint, if I own that restaurant, and I have equipment that calculates the tax for me when I get the bill ready to give to a customer, I would only calculate that tax during the time that the customer is there. Throughout -- I'm sorry -- only at the time that the entertainment is there. Is that correct? Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And through you, if I'm a smoker and I'm looking to access certain smoking cessation

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products that are currently not taxed, through you to Representative Widlitz, will those now be taxed under this proposal?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, yes they will.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. Through you to Representative Widlitz, we know that there are significant increases in the income tax being contemplated in this bill. Would it be fair to say that those income taxes -- increases, are now going to be retroactive? In other words, that they will go back to the beginning of the year. Through you.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

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Thank you, Mr. Speaker, and through you to Representative Widlitz. So if -- if I'm a taxpayer and next year I go to file my income tax return, I will have to calculate what my total liability is long before this bill -- this budget was passed. I will have to calculate my liability from January 1 through December 31 of 2011 rather than from the day that this bill becomes law. Is that correct, through you?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that is correct.

SPEAKER DONOVAN:

I'm out of synch here. Representative Williams, sorry.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. Through you to Representative Widlitz, my understanding is that through this bill the real estate conveyance tax, which in 2003 was proposed to be a temporary tax just to get us through that one little recession we had in 2003, that the real estate conveyance tax, which was temporary, will now become a permanent tax. Is that correct, through you?

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Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that is correct.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and through you to Representative Widlitz. I understand that the corporation tax surcharge, also which was supposed to become a temporary tax, is being expended for two years and doubled to 20 percent. Is that correct, through you?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that -- yes, that is correct. That affects corporations that generate over \$100 million in revenue.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. So through you to Representative Widlitz, this also though will be a temporary tax as was the conveyance tax at one time. This particular tax, the corporation tax surcharge, will have

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an end date. Is that correct, through you?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, yes, there is a sunset at the end of the biennium.

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And I thank Representative Widlitz for her answers.

Mr. Speaker, ladies and gentlemen, what we have just heard is one view of shared sacrifice. We have middle-class taxpayers who have been sacrificing for many years under the economic conditions that we have in this state. We've lost over 100,000 jobs in the last few years, Mr. Speaker. We have seen thousands of businesses close their doors and flee Connecticut and go somewhere else where there's greener pastures.

Ladies and gentlemen, the reason that that has happened, make no mistake about it, is because of what we have done here in the Legislature and what we have not done over the years. We have not gotten a hold of our State spending. We have taxpayers that come up to us all the

time. I know each and every one of you get the same phone calls and the same comments from people that I get. They say, I can't afford any more. They can't afford it. They have had it.

What we've done over the last few years is like death by a million cuts. We increase taxes a little bit, we increase fees a little bit and we say, well, it's not that big of a deal. It's not that big of a deal this year. It's just a little bit, just a little bit, just a little bit more, and what we've refused to do is get our fiscal house in order.

As we'll hear throughout the course of the day today, there's no real reductions in spending. There's no real reform in the way that we finance State government and the way that State government functions. We are not dramatically changing everything, and yet with the push of a button, sometime later tonight, or maybe early -- tomorrow morning, we're going to make a very big decision on behalf of the taxpayers here in the state of Connecticut, a very big decision. And that decision is, are we going to take the easy road and increase taxes, and not dramatically and responsibly cut spending, or are we going to say, no, enough is enough, the taxpayers are right, they've had it, they've had it up to here?

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With the push of one button tonight, we could dramatically change the way the course of the state of Connecticut's -- or what the course of the state of Connecticut's future holds for each and every one of us. You know, just -- you look at the Department of Labor's report that they put out on job creation and job retention. Just a few weeks ago Hamilton Sunstrand lost 200 jobs. Precision Camera in Enfield, which was once rated the fastest-growing company in Connecticut, in 2006 they went from 49 jobs to 490 jobs, fastest-growing company in Connecticut, lost hundreds of jobs this year.

A company in Waterbury, right upstairs from where I work at my full-time job, Amkai Solutions, picked up and moved to Armonk, New York. And in fact, New York rubbed it in our face pretty good a few weeks ago. Governor Cuomo issued a press release and talked about Amkai Solutions, how happy they were to move a whole host of jobs down to New York from Connecticut.

We're losing jobs left and right. We all know it. It has touched and affected each and -- every one of us, sometimes in personal ways, sometimes in indirect ways, but we all know people who are suffering and the common denominator is that they cannot afford to be here anymore. They can't afford to be here anymore.

Think about the small business owner, you know, a landscaper who puts gasoline -- who buys hundreds of dollars of gasoline every week. You know what we're not doing here today? We're not putting a cap on the gross receipts tax. Yeah, maybe we took the three-cent increase that was proposed by Governor Malloy out of the gas tax, but we're not capping the gross receipts tax. And we, the State, who can't stop spending are going to witness a windfall, an economic windfall, on the backs of every man and woman who gets in their car every day and goes to work.

We're increasing cigarette taxes on smokers and we're eliminating the exemption for smoking cessation products. Middle class people are affected by that. People like you and I are affected by that, and so for us to say to ourselves, well, you know, we're in a bad year this year and -- we don't have much choice. We do have a choice. We do have a choice. We could roll up our sleeves, we can get to work, we can responsibly reform State government without throwing people out of nursing homes and without devastating the social services that we have become so accustomed to here in Connecticut.

We can do it, the question is, do we want to. Do we want to do it? Do we have the stomach to do it? We got here for a reason, folks. We got here after years and

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years and years of neglect. We've heard it before. We've heard it recently. Governor Malloy came into office and instituted generally accepted accounting principles, something that on this side of the aisle we all support, and I know many of you do as well. And he did that because he knew that State government was broken. State government is broken.

We can change the course of the state folks. We have a big decision to make here today. That decision is, like I said before, is with a push of a button, and we all have to live with that decision, as do the people who elect us. Thank you, Mr. Speaker.

Deputy Speaker Orange in the Chair.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further? Representative Klarides, you have the floor, ma'am.

REP. KLARIDES (114th):

Thank you, Madam Speaker. Madam Speaker, my colleague -- who spoke before me and many of my colleagues, and quite frankly, many of the people in the state of Connecticut have been talking recently about the average

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guy. The regular Joe, the middle class person, the people we are trying to protect in this state. That's why we do what we do, because we're trying to protect the people of the state of Connecticut and help them live a better life. A safe life, a healthy life, a better life.

Parts of the budget that we're seeing in front of us today don't do that, quite frankly. And through you, Madam Speaker, I would have some questions of the Chairwoman of the Finance Committee.

DEPUTY SPEAKER ORANGE:

Please proceed, ma'am.

REP. KLARIDES (114th):

Thank you, Madam Speaker. Madam Speaker, through you, in Sections 136 to 142 approximately, I believe is DMV fee increases. Through you, if the Chairwoman could explain, just generally speaking, what the purpose of all those fee increases would be, through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, there are -- there are many fee increases under the Department of Motor Vehicles. They are revenue increases, plain and simple. Through you, Madam Speaker.

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DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker. Madam Speaker, through you, just to maybe hit on a few of the -- for -- for clarification. In Line 3757 I believe, what type of fee increase would that be? I believe it's a school bus, is that correct, through you?

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thirty seven fifty seven. Through you, Madam Speaker, yes, that is correct. That is in relation to school bus registration. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker. And through you, Line 3779, would that be a fee increase on a registration of an electric motor vehicle?

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct. Through you, Madam Speaker.

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DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker. And through you, in Line 3797, would that be a fee increase on the registration of a hearse?

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct, through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Madam Speaker. Madam Speaker, I'd like to thank the chairwoman for her answers. Obviously we could sit here and go through this line-by-line which I will not do. I will not -- take the Chamber's time, but the -- the point of this is one.

We talked about increasing the fees of the registration of a school bus, a school bus. We take pride in this building on educating our young people, and it is our charge. We are charging school bus companies more that they are already charged to deliver our children safely to school?

We go on and on and on, and we just heard Commissioner Esty talk about alternate -- alternate fuel sources. And we have gone on in this building about incenting people to try alternate fuel sources. Electric cars, windmills, we talk about all different kinds of sources, but in this budget we increase the registration for an electric vehicle? What kind of message does that send?

We increase the fees for a nonprofit service vehicle, charitable, religious, all types of nonprofits. People that are hurting, day in and day out, people that come up and beg us just for a cost of living increase, let alone a cut. Your everyday man, your everyday man is the man who is a carpenter, who is a plumber, who works on a farm. All the advocates in this building for farmers and we're increasing the registration on farmers? And you can't even get by with dying in this state without having an increase of a registration on a hearse. So God forbid you go into that business.

Madam Speaker, my point is one. We talk about the everyday man every day. We talk about our -- our job being the regular Joe, helping him or her make money, make a living, make ends meet. They struggle every day, each and every one of us. We're increasing their fees just to register their vehicles for farmers and Artesian well

drilling equipment.

And we certainly know people can't afford to go on vacation anymore so they may have a camper in the backyard and they have to increase the fees on their camper, too. That is hypocritical of us every day in this building to tell people we're helping them, we're incenting them to do things, and then on the same hand, increasing their fees. This can't be.

This is one section of this budget. There is section after section of this budget that it speaks in the same hypocritical tone. We cannot have this anymore, Madam Speaker. Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, Madam.

Would you care to remark further? Representative Chapin, you have the floor, sir.

REP. CHAPIN (67th):

Thank you, Madam Speaker. Madam Speaker, on my way into Hartford today, I had the privilege of casting a vote on our Town's budget. Not only the Town side, but the Board of Ed side in our annual referendum. For a couple of years I've proposed legislation to expedite the process as to when this body adopts its budget, specifically the municipal share, so each municipality would have a better

idea when their budgets are adopted as to what they can expect coming from the State.

When the Governor gave his speech roughly 11 weeks ago in this Chamber, not only to us, but also to all Connecticut residents, he took pride in some of the things that I believe I heard the Chair of Finance talking about, holding towns harmless on education funding, meaning they would be funded at the same level in the upcoming two years that they were in the prior year.

But I'm not alone as a legislator, and I think probably all of us can relate to this, that we come in here and we pass a budget and one of the first things we'd like to know is, how does that impact our municipality and what level of municipal aid is contained in that budget for each one of our municipalities. Because one of the things we do know, and the Governor knows, he spoke about it when he presented his budget, is that when we short the towns on municipal aid, they have very few revenue options available to them. I think most people agree that the present property tax system we have may not be the fairest system in the world. It doesn't really take into consideration a person's wealth or ability to pay that property tax.

I was interested in hearing some of the comments that

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the Chair of the Finance Committee made about the revenue portion of the budget, and I have some questions, through you to her, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Please proceed, sir.

REP. CHAPIN (67th):

Thank you, Madam Speaker.

It appears in Section 95 of the bill that we're creating a Regional Performance Incentive Account. Could the gentlelady tell me exactly what that account is intended to do? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you. Thank you, Madam Speaker. That is a new account that is going to give incentives to municipalities to work together on a regional basis, and there will be revenues from the hotel tax and the rental car surcharge that will be deposited in that account. And those grants will be competitive, but rather than -- we would like to encourage regions to work together, municipalities to form alliances, rather than using a stick, this is a carrot, basically. It is a grant that will be available on a competitive basis for -- municipalities to work together

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to achieve economies of scale. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again through you. So regarding the room occupancy tax, let's say after this budget passes and goes into effect, I may want to have a graduation party after July 1st. I assume that's the effective date. And I have in-laws who may come in or family members who may come into town and I decide to put them up at the Homestead Inn in the town of New Milford. Under existing law, I believe the rate for the room occupancy tax is 12 percent, and this bill proposed increasing it to 15 percent. 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 Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again through you. So

if I'm footing the bill for my relatives to stay and -- and join in a family celebration, they'll be expected to pay an additional three percent over what they would be paying now, but only one percent of that goes into the Regional Performance Incentive Grant Fund? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Well, if you were really a nice guy, you would have picked up the bill so they didn't have to pay it. But having said that, one percent would -- one percent of that tax would go into the fund. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and I think the previous speaker talked about regular guys. I'm -- I'm both a regular guy as well as a nice guy so I will be picking that up.

Again, through you, Madam Speaker, presently, can the gentlelady tell me where that 12 percent is going? Does that just go right into the General Fund? Through you,

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Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct. The rest of it goes to the General Fund.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. In looking at the room occupancy tax sections of both the OLR summary as well as the fiscal note, perhaps the gentlelady could reconcile something for me. In -- in the OLR summary it says that the bill imposes an additional three percent sales and use tax -- I'm sorry, I'm -- that's on the rental car surcharge.

It does say in the fiscal note under room occupancy tax that the increase is to be distributed to the municipalities, but that's only the one percent. Is that correct, through you?

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. And I believe the rental car surcharge in Section 93, that is another tax, as I understand it, is presently at 6.35 percent, and proposed in this budget to increase to 9.35 percent? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again, through you. So does any portion of that three percent increase go into the Regional Performance Incentive Grant Fund? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Through you, one percent of that increase goes into the fund.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. As I look at the fiscal note for that particular section, it does state that the increase, rental car surcharge -- to 9.35 percent with one percent of the increase going into the -- says one percent to be remitted to the municipalities in which the transaction occurs. But as I understood the gentlelady's answer previously, that's not actually occurring. It's going into the -- the Regional Performance Incentive Grant Fund and then will be distributed on a competitive grant basis. Is that correct? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

You are correct, sir. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. So being the nice guy that I am, not only will I pick them up at the airport, but I'll also rent a car for them, so I can expect if I go down to Enterprise Rent-A-Car, again, in my own municipality, and I have to pay an additional one-percent sales and use tax,

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that money will not be returned back to my own municipality. Is that correct? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, I don't see anything in the fiscal note that would send it back to your municipality. However, that was an earlier discussion. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker.

I also heard the Chairman of Finance talk about the Municipal Revenue Sharing Account. That's a different account that's created, I believe in Section 96 of the bill. Are there certain increases in taxes proposed in this budget that will go into that particular fund? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, yes. The revenue going

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into that particular fund will be one tenth of a percentage point of the 6.35 percent sales tax. Another portion of that will be one tenth of a percent on the seven percent luxury tax and a quarter of a percentage point of the State conveyance tax. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again, through you. There was mention earlier of the Manufacturing Machinery and Equipment Fund that had been proposed to be eliminated. It's my understanding that those towns -- I believe the Chairlady said would be held -- held harmless under this proposal. Are they being held harmless from the monies that are going into the Municipal Revenue Sharing Account? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Yes, the plan is to, out of that pool of -- of revenue, to first hold the -- towns harmless that would have received a pilot under current law for the Machine and Manufacturing Equipment. The remaining part of that money will be distributed to all

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municipalities on a formula based on per capita and the wealth of the community. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again, through you. When the gentle lady says those MM&E pilot funds will be distributed to hold the towns harmless, is that held harmless at the rate that the towns were paid in fiscal year 2011? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, my understanding is that it would be what they would have of -- have expected to receive under the pilot payment. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. And -- and I believe that that last response goes to my point about the unreliability in the bill before us.

In fiscal year 2010, we underfunded the amount of

money that should have gone to the towns for MM&E pilot payments. To fully fund it, it should have been -- we should have fully funded it. Admittedly, that was our -- was our fault. Sixty eight point five million to fully fund it, but we only appropriated 57.3 million, meaning that is was prorated at 83 percent.

In fiscal year '11, \$75 million would have fully funded the account, but we only appropriated 48 million, meaning we only fully funded -- we only funded the towns at a 64 percent proration.

So my question again is if the Town of New Milford received a 64 percent prorated amount in fiscal year '11, should the Town of New Milford expect generally the same prorated amount in fiscal year '12 under this proposal? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is my understanding.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. As the Chairman of the Finance Committee has indicated, point one percent of the

sales tax, the increase being point two five percent going to the State and point one percent going to the -- into the Municipal Revenue Sharing Account, that coupled with the point one percent of the luxury tax and a quarter of a percent of the State conveyance tax would also go into that fund. Again, through you, Madam Speaker, if I could just have that confirmed by the Chairlady of the Finance Committee. Through you, Madam Chair -- Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Yes, it would be a tenth of a percentage point of the 6.35 percent sales tax, plus a tenth of a percentage point of the seven percent luxury tax, and a quarter of a percentage point of the State conveyance tax. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again, through you. As I recall the Governor proposed as part of his offset for municipal revenue expanding the local conveyance tax. Is that correct? Through you, Madam Speaker.

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Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, yes, that was the Governor's proposal. We did not include that in our budget. Rather we increased the State portion of the conveyance tax by a quarter of a percent, and that will be distributed to municipalities for revenue. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, Madam Speaker, and again, through you. So under that proposal, had that occurred, the municipality would have realized all of the revenue from that increase in the municipal portion. Under the proposal that's before us, that money is being -- and I believe this was the Chairlady's word, funneled, into this account and then back out through some formula after the MM&E pilot payment is made. Is that correct? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, the Governor's original proposal was to allow the municipalities to add on another quarter of a percent on the conveyance tax. That was an option. We felt that might be very difficult to do on a

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local level so in order to assure the municipalities of the additional revenue, we instead put it on to the State portion so we could directly funnel that back to the towns as you said. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. So if I were to sell my house, if this budget were to pass, the conveyance tax that I would be paying as a -- the increase in conveyance tax I would be paying as a result of this budget would go into the Municipal Revenue Sharing Account and then be sent back to perhaps my own town, but other municipalities as well? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct, through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. And is this a -- a formula that implicates all 169 municipalities? Or is it somehow done on a county or regional basis? Through you, Madam

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DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, it will be divided so that -- yes, the answer is yes, that it would be directed to all municipalities, 50 percent on a per capita basis and 50 percent on a -- a wealth factor of the municipality. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker, and again, through you. Is -- is that 50-percent formula, is that modeled after the -- how we distribute Pequot funds? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

It is my understanding, through you, Madam Speaker, I think it would be done similar to the way the ECS money is distributed. That is my understanding. I will -- I will absolutely verify that at a later point. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Chapin.

REP. CHAPIN (67th):

Thank you, Madam Speaker. Madam Speaker, I thank the Chairlady for her answers. I -- what I've tried to do here today, Madam Speaker, is -- is to show, or to demonstrate that the budget proposal before us, while I certainly appreciate its attempt to hold the towns harmless, because as I stated earlier, when we drop the ball on municipal aid, it falls on the backs of the little guy to have to, in most cases, in most instances, have to endure some sort of a property tax increase because of the loss of the revenue that the town was counting on from the State.

Under this provision here, we have no real way of knowing just how much money each one of our municipalities will receive if this budget is to pass. I recall when the OPM Secretary came and spoke before the Finance Committee, there was discussions about the Manufacturing Machinery and Equipment Fund. It was my understanding in his response to several members' questions about that -- the -- proposed elimination of that fund, that it was a feeling of the Governor's Office that diversifying a municipality's tax base would be a good thing.

Now under this proposal, if we look at the -- the

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increase in the sales tax with a portion going to the municipalities, presently if I go out and buy a forty-dollar pair of Levis, there's no tax on it. Under this proposal, there would be tax. It wouldn't be a lot, \$2.54, a very small portion of that going into this fund that doesn't even really translate dollar-for-dollar back to the municipality.

I live 25 minutes from the Danbury Fair Mall. I would choose to shop locally as many of us do. We do that knowing we may be paying a little more, but recognizing there -- that there's an -- an importance for that mom and pop store down on Main Street to stay in business to create jobs.

Had this proposal been written in such a way that that sales tax from that purchase of those Levis on Main Street in downtown New Milford, if that money had gone back into the town itself, I'm sure that that would have been a -- a great incentive for members, or residents of the community to shop locally. I think the way it is set up now it -- it's both unreliable, it's confusing, we really don't know exactly what the outcome's going to be except if any one of our municipalities ends up with less than they did in a prior year, we know that the average guy next door to us is -- and -- and all of us are going to be paying as

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property tax payers a little more because of the shortfall.

That's one concern I have with the budget that's before us, Madam Speaker, and certainly a reason why I'll be voting no today. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further? Representative Rowe of the 123rd, you have the floor, sir.

REP. ROWE (123rd):

Thank you, good afternoon, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Good afternoon, sir.

REP. ROWE (123rd):

Well, I guess -- I guess we've got some good news with this budget, and the good news would be that it is a reasonably honest budget. I think that's the end of the good news. Just because a budget is reasonably honest, doesn't mean it's a good budget, doesn't mean it's a budget that ought to pass. But I do think we need to, with a nod, at least acknowledge that -- of course we have this -- this multi-billion-dollar gap with the concession still out there, but putting that aside, we've got a reasonably honest budget. So we appreciate that.

But again, that's not the end of the story. The story

here really is that we've got the largest tax increase in the history of the state. That's nothing to ignore. That's nothing to treat lightly. That's historic. This is -- we're all going to be part of history, hopefully tonight, maybe tomorrow morning, and we ought not take that lightly.

Nearly \$4 billion in -- in new taxes and tax increases over a 40-billion-dollar budget, over the -- the two-year biennium. Of course you juxtapose that with no meaningful reductions in spending, in fact an increase in spending, and at best that's very troubling, and at worst, frankly, it's outrageous.

Now, we all know the Governor had a listening tour, he went to 17 municipalities and presumably he listened. And many of us had our town meetings, town hall meetings. We talked to people at the ball fields, and the soccer fields, and Representative Hwang and I, along with Senator Musto, had a very engaging town hall meeting about a month ago. And to a person -- those that came up to the microphone to speak, they didn't ask, well, gee, I think the way out of this is to raise taxes about \$4 billion, give or take. No one said that. No one said raise taxes a penny. Just the opposite, they either begged, they pleaded, they yelled, they implored us, they cajoled. I

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should have written down a bunch of synonyms so I could come up with more, but any way they could get the message across, that tax increases were something they couldn't handle.

Their family budgets weren't being increased. Their family budgets were being tightened. But not the case here. When we grow -- when we grow our budget in Hartford, we grow our tax base, and we grow our tax base by raising taxes, not by bringing in businesses, but simply by raising taxes on the businesses we have, by raising taxes on the individual taxpayers. Our -- our motto in Connecticut perhaps ought to be, you know, tax first, ask questions later.

So everyone that I spoke with, everyone, talked about, please, get your house in order and don't soak us with taxes. And even -- even if they weren't talking about soaking with taxes. Even -- even if -- if they were amenable to -- to discussing it, and they weren't, but even if they did, they -- they would have no -- no taste whatsoever for this kind of tax hike.

So we listened at our town hall meeting and we came away with it knowing that we needed not to raise taxes, but to do the opposite, to get our house in order. This budget that we're voting on does not do that. It does just

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the opposite. It answers practically all the deficit questions by raising taxes. And, you know, the parallels to 1991 when then Governor Weicker hoisted upon taxpayers the magic elixir of a state income tax. This one-time tax reform that was going to solve our problems that we had in that recession that was going to enable us to keep the sales tax low, and the property taxes in check, and really help keep our budget on track.

That was the solution back in '91 and that was a historic solution and has -- had historic and unfortunate, profound consequences and I fear that by passing this budget today we will have similar historic and very unfortunate consequences. And we know what happened with that one-time reform. Did we have a sales tax that was kept low? No, now we've got a higher sales tax and it -- higher and going higher. Did we have property tax, meaningful long-term property tax return? No, we didn't. In fact, you know, many of our constituents always talk about, how can we afford the burden of the oppressive property taxes?

How about the income tax itself? The highest bracket was four-and-a-half percent when originally passed 20 years ago. We suspected it wasn't going to go down, but it's gone up 50 percent over that 20 years to 6.7 percent

under this budget for the highest earners.

So here we are, 20 years later, making the same, frankly, short-sighted mistakes, letting spending go unfettered, while feeding the appetite of what has become a government beast, frankly. Again, nearly \$4 billion in spending on a 40-billion-dollar biannual budget. We're raising the sales tax. We're raising income tax rates. We're creating new taxes on a whole host of things, nonprescription drugs, clothing, and shoes under \$50, pet grooming -- there's -- there's just a laundry list of new taxes in this. New taxes that are going to affect the middle class more than anyone.

So we do have a bit of a legacy vote today unfortunately. And at the same time many of us are trying to say, with a straight face that, you know what? It's a new day in Connecticut. Connecticut's open for business. And in parentheses, or with an asterisk in the fine print, but we're doubling the corporate tax surcharge. We can't say it with a straight face. We cannot expect businesses to stay here, grow and be happy and employ our people -- we've got 9.1 percent unemployment. Frankly, it's probably double that if you use the -- the figures that were used a generation ago, 20 years ago when it was a more honest figure.

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So you're looking at anywhere between 15- and 20-percent unemployment in this state and we are penalizing, we're punishing businesses with higher taxes. It's -- it's very disappointing. I fear that this is going to be a sad day for Connecticut. It's going to be an unfortunate legacy for the Governor and for this Legislature. And with that, I register my firm opposition to these -- this historic tax increase which we're about to have.

The last thing I'd say is yesterday we had tax freedom day in this state. And tax freedom we all know is when the average resident has paid their federal tax share, their State tax share and their local tax share. May 2nd, which means you've got more than four months that the average taxpayer in this state gives away. They work four months and two days for the government and then they get the rest of it for themselves to feed their family, pay their bills, maybe go to a movie every now and then.

And what's this budget going to do? Well, it hasn't been calculated yet but it isn't moving tax freedom day back into April. It's moving it deeper into May. So I'll -- we'll revisit that issue maybe next May 10th or 12th. We'll make the point on the House floor that here we are, tax freedom day, May 10th, and we're headed into

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June at -- at this rate. It's very troubling. It's something we really ought not take likely -- lightly.

I know this is a huge problem that the State has, but we're simple solving it by raising taxes, and long-term we are creating far more problems than we're solving.

Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further?

Representative Candelora, you have the floor, sir.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

Madam Speaker if I may, I have a couple of questions to the good Chairman of the Finance Revenue and Bonding Committee.

DEPUTY SPEAKER ORANGE:

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

In dealing with the Personal income tax, we are retroactively taxing individuals back to January 1st. And my question is, for those individuals that are currently paying estimated taxes based on our current tax law, will they be held harmless for basically underpaying

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their tax liability? If this budget goes into law, would -- would they be able to pay at a later date and not be subject to the penalties and interest? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, they would certainly owe the tax. I would think in their July withholdings they would have to accommodate the increase in the sales tax, rather income tax withholding. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And in the past, I know when we've -- I guess two years ago when we increased the Personal income tax, I believe that we had specific language that held these individuals harmless. And I just wanted to confirm that that type of language is contained within this budget. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

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Thank you, Madam Speaker. Are you looking at a specific section of the bill that you want confirmation of that? I'd like to have a little help in finding that if that's the case.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. I -- I didn't see that particular provision within the bill and that's why I have just posed a general question. So I apologize, I do not have a particular section. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, I do not have the answer for the gentleman.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. If I could, could I just get a general description of the tax that we -- we call the remote seller's tax, what that is attempting to do? Through you, Madam Speaker.

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Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. The remote seller's tax is a proposed requirement that remote sellers, which would be on -- you know, for people purchasing online, would collect the Connecticut sales tax if they have a nexus in the state of Connecticut. And we are saying that the nexus to the State of Connecticut would include connecting a -- a consumer connecting through a Website link of a business in Connecticut. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. So it doesn't involve the general law that we -- we have heard about, which is the streamline sales tax. This isn't necessarily capturing any sales over the Internet. It's just specifically through Internet sales that have that nexus, that connection, through advertising? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

That is correct, Madam Speaker. That would be

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through a -- an active link on a website. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And the provision that's dealing with the exemption on -- illuminating the exemption on nonprescription drugs, I was wondering if the gentlewoman knew, does that include -- taxes on vitamins and supplements as well? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, I am trying to check on that. I would not think vitamins would be considered prescription drugs, but I'm looking for clarification. That would be nonprescription drugs. Vitamins, it would be my understanding, we certainly could clarify that, but that would certainly not be a nonprescription drug. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. So, you know, in today's

day and age a lot of individuals are going through alternative methods of their own personal health, besides taking -- besides taking the -- the preventative medicine such as, you know, Tylenol, and they're taking things such as herbal remedies, or you know, we hear about the Omega-3s and those type of -- of vitamin supplements, or those type of food products. Items such as chia seeds, would those items fall in as a -- as a drug or I guess those would be considered more of a food item and therefore would still continue to be exempt? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Supplements such as vitamins and those types of items to which you refer would not be -- could not be subject to the tax. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you. I appreciate that answer. And then I just wanted to move to Section 106, which is the proposed cabaret tax. As I read this, is -- is there a requirement that a facility that would fall under this provision, would

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they have to charge an admission fee in order for this section to apply? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, my reading of this wouldn't be that they would not have to require an admissions fee. The fiscal note indicates the bill imposes a three-percent tax on admissions, food, drink, service and merchandise at any place offering live music, dancing, so forth. So it would be my understanding that it would not require an admissions tax. The cabaret status actually begins when music, dancing, or entertainment starts, or the establishment starts charging an admission or cover charge, so it's either/or in the explanation. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, ma'am. Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And I -- I read that that way as well. In the situation then of a -- a banquet hall, which seems to be included under the definition where we state that it's any room in a hotel, restaurant, hall, or other public place. If there's an establishment that

provides wedding services, and as a result of that wedding facility there are certainly bands that go into that facility and play there, would they then be subject to this cabaret tax? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

I -- I'm sorry, Madam Speaker. Could the proponent of the question please repeat it?

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

As I read this, it seems that the triggering mechanism for an institution to be subject to a cabaret tax is if there is live music, dancing, or other entertainment. And I was wondering then if facilities that -- that offer out weddings or celebrations where certainly live music would be brought in to them, they certainly also have liquor permits typically because they serve alcohol at these events, would they then therefore be subject to this cabaret tax? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, let's see. On Line 2165, it would appear that that would apply. It says cabaret or -- similar place means any room in a hotel, restaurant, hall, or other public place where music, dancing privileges, or any other entertainment, so on. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And also in that definition it's -- there is a reference here of -- of a public facility. If an individual, typically in -- in towns we have different musical events, and if -- they may -- there may be a charity event in particular. If a -- if a community gets together and decides to hold an event at a public facility where there's music and they're maybe selling food for the purposes of raising money for a nonprofit charity or for an individual in someone's community that might have taken ill and they want to raise funds for that individual. Because they have live music and because it's at a public place, would they be subject to this cabaret tax? Through you, Madam Speaker.

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Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, I don't see an exception in the language for that. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. So individuals who are subject to this cabaret tax, does not necessarily have to be -- I guess they don't necessarily have to be a brick-and-mortar institution. The determination of whether this tax would apply to a person would depend upon what type of event they're holding and -- and whether alcoholic beverages are served there.

So in the situation, I guess, where a group might come in and rent a public hall where alcohol is allowed to be served, and they are subject to that tax, after a month if they don't pay that tax, does the liability flow to that individual? Or would the State be able to go after the owner of the facility potentially? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, the event has to be open to the public in order for that tax to apply.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. Can the -- the good lady point to the language in the bill that requires that? As -- as I read it, it seems as if the -- the event need only afford -- be afforded to patrons of that event, and I don't see language requiring that the event necessarily be open to the public -- general public. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, in line 2166, refers to a room in a hotel, restaurant, hall, or other public place. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker.

So the term "other public place" I guess then -- implicitly refers back to those other institutions

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of hotel -- room in a hotel, restaurant, or hall, so that the event would be required to be open to the public. So therefore, in the situation of a private wedding, the tax would not apply if -- if there is a limited guest list? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Madam Speaker, that is correct. And through you, Madam Speaker, to the good Representative, I do need to correct myself. Evidently the herbal supplements would be considered nonprescription medications. Through you, Madam Speaker, I just wanted to make that correction. And the vitamins as well.

DEPUTY SPEAKER ORANGE:

Representative -- Representative Candelora.

REP. CANDELORA (86th):

Thank you, Madam Speaker. And I appreciate that. I know this is a -- quite a large document and there's a lot to digest here. And so I do appreciate the -- those corrections and I -- and the attempt to answer these questions. I think it -- it's been a helpful discussion for me.

Madam Speaker, one of the underlying concerns that

I -- I have about what we've done here with this particular budget is how we've looked at revenue. Today what we seem to be doing, and what I've seen over the last couple of months, is we didn't necessarily look at the policies behind our decisions, but we looked at how much money a category would generate. And my concern here is by not looking behind the numbers, by listening to the institutions that are represented within this building, we have forgotten about the most important individuals that are protected, our constituents and the little guy.

Just recently, we had our consensus revenues put out on Friday and we're seeing an uptick in revenue, and I think -- for me I scratch my head. I'm -- I am elated that we're seeing some relief without having to increase taxes, but I'm wondering, where is this coming from because the individuals that I speak with in my communities aren't telling me that they're feeling comfortable about their future? They're still struggling, there's still anxiety, and I know in my own personal life, I share those same anxieties.

And what's interesting when we look at those consensus revenue numbers, we see a big -- uptick in personal income, and I think one of the dangers in the state of Connecticut, and I think it's been our curse since the

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income tax, is that so much of our revenue is derived out of Fairfield County and the stock market. So when we see the stock market perform, we begin to see income rising and we think things are great.

And I have a hunch that that's what's happening right now. We're seeing the stock market perform well, and I know we probably talk about it over the dinner table. How is this happening because every state is in deficit, government seems to be going bankrupt, houses are on the markets still and aren't being sold, businesses are struggling. How could this be? We don't know, but I think it's important for us to try to figure that out because we are relying on that very revenue when we've crafted this budget, and what I do see when I look at those consensus revenue numbers is I do see the continual decline in other areas. That decline in our conveyance tax, the decline in our alcohol sales, the underperformance of our sales tax. And you know what? Those are the areas that affect the everyday citizen in the state of Connecticut.

So no wonder they're still saying to me, I'm not feeling really good about what's going on here. And it makes sense because when you look at those revenue categories that represent the little guy, it's still underperforming. So what are we doing here today? We're

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crafting a tax policy. To me that seems to be a bunch of jumbled numbers as opposed to real tax policy. And the reason I say that is, you know, we talk about the remote seller's tax, well, we need to go after Amazon because we need to bring that revenue into the state of Connecticut and help our brick-and-mortar institutions because everybody is buying their products over the Internet and the small business guy is getting killed because they have to charge the 6-percent sales tax and the out-of-state doesn't have to charge it.

And I agree with that 100 percent. But the remote seller's tax doesn't fix that. What we're doing is we're going after companies like Amazon who have already threatened that they're going to pull their revenue out of the state, their advertising revenue, which is going to hurt our advertisers to the millions and millions of dollars. We've heard that testimony over and over, that's why we've never done it before.

And what are we going to do with that brick-and-mortar retailer? We're going to increase their sales tax, we're going to take away the exemption on clothing, we're going to increase the tax on alcohol sales. Guess what that's going to do to our border communities? I don't know how anybody who represents a town on the border of Connecticut

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would be supporting this tax package.

I personally have a -- an alcohol permit. Through my business I saw sales decline over 20 percent in alcohol sales, and they haven't returned. It's been a two-year, flat line decline and what we're going to do to these stores is we're going to pile it on, let's tax them some more.

I was at an event last night and we were sitting around and talking, and a friend of mine said, you know, I go to Massachusetts once a week, it's no trouble for me to just buy my alcohol over the border, I'm not going to pay -- pay more taxes.

It's the pile on. It's not just 30 cents to that little guy. It's the personal income tax, it's the property tax credit, it's the increase in the sales tax. People are tired, and I'm concerned when we have an Administration that has said in public testimony, I don't believe in the Laffer Curve, it doesn't exist. Well, what the Laffer Curve is, it's basically saying we could tax as much as we want and we are not going to change behavior. That concerns me if that is the policy of our Secretary of the Office on Policy and Management, because you know what? Taxing does change behavior. We heard it last year when Starwood brought their high-end, high-paying jobs into Stanford. And why did they bring them here? They

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said, for the quality of life, because we pay less taxes, or we -- Connecticut charges less taxes than the State of New York.

Well this tax package today is going to undo that, and as we heard our ranking member of the Finance Committee speak before, jobs are already leaving. We are losing jobs to Westchester County, to Massachusetts, to Rhode Island. And will it be a mass exodus, Madam Chair -- Madam Speaker? I -- I don't think so. You know, there will be institutions that will stay here. Certainly the insurance companies love this budget. They sent a letter saying they do, so probably that institution will be protected. Not having the unitary tax in here, we're protecting our big businesses, but what concerns me is the individuals that we're not protecting are the little guys, the 70 percent of our economy, the small business individuals.

And why are we rushing this budget along? Because I suspect that 70 percent of our economy in Connecticut translate to 70 percent of our electorate, and if we rush this budget along, we don't need to hear from them. We don't need to listen to their cries and their struggles. I don't think the right thing to do today is to pass this budget, but I think the right thing to do, if you vote for

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this budget, is to go home to your district, look your constituents in the eye and tell them why you voted for it. Tell them why you increased their sales tax, tell them why you increased their personal income tax, tell them why you -- took away part of their personal property tax credit and explain that to them. Explain to the businesses why you've increased their alcohol tax and the sales tax on commodities such as clothing. And on top of all that, explain to the businesses how they're going to pay for the two point five billion-dollar unemployment liability that may be looming down the road.

I can't possibly understand how anybody in this Chamber could think that this is a good budget for the little guy. And after you've looked them all in the eye and tell them, I'm sorry I had to raise your taxes, don't forget to tell them that, by the way, we're creating a one billion-dollar surplus with this tax package, be we need to increase our savings account, never mind yours. So you could dig deep into your pockets, pull your money out of savings to fork up that extra 200, \$300,000 that we're going to milk out of you so we could stick it into our bank account. I don't think that's good fiscal policy. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further on the bill as amended? Will you care to remark further on the bill as amended? Representative Shaban of the 135th, you have the floor, sir.

REP. SHABAN (135th):

Thank you, Madam Chair. Briefly, and to kind of distill some of the comments that you've heard, I rise in opposition to the tax package that we're discussing and the budget overall for several simple, good reasons.

Now, like has been mentioned before, most of us in this Chamber have gone back, done some town hall meetings, and spoke with our constituents about their concerns. Add to that your real-life experiences about how things really work in the state of Connecticut and the real world, and you come away with the knowledge, or I at least did, both by listening and by confirming my own knowledge that for small businesses, you have essentially three to four main cost drivers that are the difference between that business surviving, hiring, or going out of business, and that's what we're playing with today.

Those drivers are taxes, transportation costs, energy costs and your labor costs. Now this tax package and this budget, especially with the -- hits the first

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three. It clicks up the first three. We're going to raise taxes, sales, property, income taxes, especially on LLCs and small businesses. We're going to increase transportation costs. We've got a diesel tax in there, an inventory tax in there, I know there's been some pushback on the gas tax, thankfully. And it's -- it could and it will rise -- click up energy costs. We have a generation -- local generation tax that will likely get passed through and we've eliminated some natural gas producers' conservation measures.

So we're clicking up taxes, we're clicking up transportation costs, we're clicking up energy costs, and then later in this session we're going to be talking about some other things that are going to drive up labor costs. That's not the budget I want to vote for, and that's not the budget our constituents want to see come out of this Chamber.

Simply put, you cannot vote in favor of this budget, in favor of this tax package, and in good faith go back to your constituents and look them in the eye and say, you know what, I know we're raising taxes, energy costs, transportation costs, and labor costs, but hey, guess what, we're open for business. You cannot do that in good faith, especially when on the other side of the balance

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sheet on this budget we're increasing government spending.

So with that, Madam Chair, I thank you for your time. This budget, and especially this tax package, is the wrong measure at the wrong time and is going to push us all in the wrong direction. Thank you for your time. Thank you for giving me the time, through you.

DEPUTY SPEAKER ORANGE:

Thank you, sir,

Will you care to remark -- Representative Noujaim, you have the floor, sir.

REP. NOUJAIM (74th):

Thank you, Madam Speaker. Good afternoon, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Good afternoon, sir.

REP. NOUJAIM (74th):

Madam Speaker, I was listening intently when the ranking member of the Finance Committee was asking some questions about taxes that were not there this year, that will be included in this package that we are considering. I lost count after 14 questions the ranking member asked, is this tax going to be a new tax, and the Chairwoman of the Finance Committee says, yes that is correct. After 14 questions, 14 new taxes that we do not have now we will

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have in the future. I lost count after 14 questions.

The one question, Madam Speaker, that the ranking member did not ask about, that I was hoping he would is the hair -- the haircut tax. The haircut tax is also on the -- I'm very interested to know about and I understand that we will have the haircut tax as well.

But Madam Speaker, as we are talking about those taxes, I would like to convey to you and to my colleagues on both sides of the aisle, and to those who are watching us on CT-N and in the media, some of the issues that I face as a business person.

Several weeks ago, we were at the Commerce Committee and as you know, Madam Speaker, I have been a member of the Commerce Committee since I joined this body back in 2002. We were talking about the Governor's proposal to bring in five companies employing 200 or more people each to the state of Connecticut. And we are all excited. We want to bring businesses to Connecticut.

. So I left the meeting of the Commerce Committee and I drove back to work. I am sure most of my colleagues know that I work for a small manufacturing company. I arrived to work and at my desk was the day's mail. The first envelope that I opened was a letter from the State of Connecticut indicating an assessment on our unemployment

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tax. The letter was dated March 11 and it says, you are being assessed an additional \$2,793 for unemployment tax, retroactive to the beginning of the quarter, meaning retroactive to January 1, 2011.

Now we are a small company. For a small company to sustain an increase of \$2,793 all in one lump sum is a lot of money. What do you think larger companies in the state of Connecticut are sustaining, and how much more they were being assessed at the same time that our little company was being assessed \$2,793 retroactive to the beginning of the year? Not from now on, retroactive to the beginning of the year.

In addition to that, I looked at the cost of doing business in the state of Connecticut. Health care -- do you know, Madam Speaker, that in our little small company, the company that I work for, we pay for a family to cover them for insurance close to \$1,800 a month? Close to \$1,800 a month. You translate that to about 12 to \$14 an hour. And now we are continuing to increase taxes even though we know how expensive health care is and then you add the unemployment compensation.

Ninety nine weeks right now, 99 weeks we are covering people who are out of work. Do you know, Madam Speaker, that I have people walking in, knocking at the door and

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they want a job. And I ask them how long they've been unemployed. And they say, well, about two years and my unemployment ran out so now I am looking for a job. After two years, technology has passed them by. Technology changes every day and it's changing our lives, and technology has passed them by.

And I ask them, and I say to them, did you work throughout these 99 weeks? And they say, I did some work here, I did some work there, and that's about it, which means they were working under the table at the same time that they are collecting unemployment from the State of Connecticut.

The cost of doing business in the state of Connecticut, insofar as worker's comp, unemployment compensation, energy, health care, regulation, transportation, skilled work so forth has been unbearable for businesses. Unbearable. I see that every day, I live it every day. I go to work in the morning before I come here and many times I go back to work to check things out.

Madam Speaker, the ranking member of the Finance Committee was talking about a company that left Waterbury two weeks ago. The same day, the same day, a gentleman whom I helped come to Waterbury and open his business in Waterbury back in 2006, a company came in to make

gluten-free products. They hired eight people to work in Waterbury. He walked in my office to thank me and say we are closing our doors and we are moving out. Eight employees lost their jobs. Not only that, the gentleman, and his wife who was working with him, bought their home in Waterbury, actually in Representative Berger's district. Now they have to sell their house and move out of Waterbury. These are the issues that we are facing and we continue to face.

Madam Speaker, I am hearing more taxes being levied by this budget that increase the taxations by an amount that was unheard of before, the highest ever in the history of the state of Connecticut, and then we say we are open for business. We cannot keep the businesses that we have. We cannot bring businesses to Connecticut. We cannot tell them to come to Connecticut because once they come to Connecticut and they see the cost of doing business, A, they will not come, and B, they will not survive.

And this is a fact that I think all of us, on both sides of the aisle should consider before we push in the button on voting yes on this budget. We have problems in the state of Connecticut, and right now it is time for us to cut spending, adopt -- a budget that is -- that is responsible, that gives middle-class people the ability

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to survive and to live in the state of Connecticut rather than chasing them away.

Madam Speaker, this budget is not a responsible budget. It will be very difficult for us to explain to our constituents that we voted in support of it. And therefore, Madam Speaker, so far everything that I have heard, everything that I have read, everything that I heard from my constituents tells me that this budget is not a budget that we can support. It is a budget that I cannot, in good conscience, and in support of our constituents, push my green button and vote in support of it. It is not a responsible budget, Madam Speaker, and I urge rejection. Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark -- Representative Miner, of the 66th, you have the floor, sir.

REP. MINER (66th):

Thank -- thank you, Madam Speaker.

Madam Speaker, if I might, a few questions to the proponent on the bill from the expenditure side, I guess the Chairman of the Appropriations Committee, please, through you.

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Please proceed, sir.

REP. MINER (66th):

Thank you, Madam Speaker. First of all, let me just say that I, too, enjoyed the process this year, working with Representative Walker and Senator Harp. It has certainly enlightened me and the Appropriations Committee. The subcommittee process has been very helpful to our members. We had a number of freshmen on the Appropriations Committee this year, and so to the extent that they were always welcome to participate, always requesting information and receiving it, I want to personally thank Representative Walker for her efforts, and the staff as well for helping us through the process.

The first question that I have, through you, Madam Speaker, is that it would appear that the spending level that we are currently in totals about \$19.3 billion and I would ask the gentlelady if I'm correct there.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker. First, I want to thank the good gentleman from Litchfield for the question. That it -- through you, Madam Speaker, that is correct.

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Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And as I understand it, under the proposed budget, with all funds in, backing out the lapses, it would appear to me that the -- the expenditure level is something on the order of \$19.825 billion. Is that correct also, through you, Madam Speaker?

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank the gentleman for the question. Through you, Madam Speaker, is he asking for a -- FY '12? If that's -- if that is the case, then that is correct.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And yes, I -- I am asking about FY '12. So I -- I thank you for that answer. Madam Speaker, we heard back in January from the Governor that this spending package proposed by him and now by the Legislature, I'm assuming, actually cuts spending. But the simple math of subtracting 19.39 billion, which is the current budget that we're operating under, and the 19.825,

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I think most people at home would know we're not decreasing spending, we actually are increasing spending. So perhaps the gentlelady could help me, through you, explain that as to why it is we're spending more money and talking about having cut money, through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

I thank the gentleman from Litchfield for these questions. Through you, Madam Speaker, it is a reduction. What we are having in the budget is a couple of additional things that are -- that we have. One is the 27th payroll that is going to definitely -- it's going to be approximately \$127 million. Additionally, we have the funding for GAAP accounting which we have in the reserve -- in the budget. Beyond that, Madam Speaker, we also have some fixed items that have also caused increases in the budget and those are the Medicaid costs and the costs for energy. We all know that those costs are going up --

DEPUTY SPEAKER ORANGE:

I believe some people are having difficulty at this time. Would people please take their conversations outside. Thank you.

REP. WALKER (93rd):

Thank you, Madam Speaker, because I could barely hear the Representative from Litchfield.

But those are some of the items that are actually causing some of the -- the increases in the budget. As far as what we're looking at is the expenditures and the things that we allocated and those things we did have reductions.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And so when we're referring to the FY '12 budget, it really is an increase in spending. I -- I do understand that there are reasons why the Appropriations' budget and in fact the Governor's budget spends more than we currently do, but to talk about reductions in spending, it doesn't really work, Madam Speaker. And so I think that's the point that I'm trying to make. I'm not questioning whether the gentlelady and the committee and the Governor believe that there are expenditures which the State of Connecticut should budget for and make. My point is that the general public hears information like, we cut spending, and I think she has confirmed that the numbers don't indicate that we actually cut it. We spend more in the first year of the biennium

and then more again.

The next question that I have has to do with the projected surplus, and I know back when the Governor put his budget out in January, the revenue estimates were entirely different than they are today. And so if I could, through you, was there any change, any reduction in spending over the last couple of weeks from the Appropriations' budget till now that would have helped to generate the three hundred and seventy one billion-dollar surplus that's projected in the first year, million-dollar surplus in the first year? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam, if you just wait one second.

Through you, Madam Speaker, could you ask the gentleman to repeat that question about the surplus dollars? I -- I just --

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Certainly, Madam Speaker. From the time that the Appropriations Committee voted and passed out its budget and now, the budget seems to show a growing surplus in the

first year of the biennium, in fact in the second year of the biennium. I think one of the members on this side of the aisle alluded to the fact that over the two years, the tax and spending package, if you put them together, presumes a billion dollars in surplus over the two years. Some might suggest that it's a billion dollars more than we need, and my question was that somewhere between the Appropriations Committee meeting and now, was there a reduction, a significant reduction in spending? Or is this pretty much the budget the way it came out of the Appropriations Committee?

REP. WALKER (93rd):

Through --

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Sorry. Sorry, Madam Speaker. Through you, one of the things that we did do was we did increase on the -- the hospital tax, if that is what the gentleman is referring to. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank -- thank you, Madam Speaker. My -- my question

wasn't whether we increased the reimbursement to hospitals. It was whether this surplus, which continues to grow, is partly facilitated through decreases in spending since the Appropriations' budget came out last week. Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

There I go, okay, sorry.

Through you, Madam Speaker, yes, there were some changes in the budget. I apologize, I did not quite understand. There were several different things that we did adjust, but with the budget that we have, we are \$43 million below the committee budget and -- original budget, and \$40 million in FY '13 below.

Some of the changes that we had in the budget were the -- some things that were taken out of the budget, one would be the hospital tax and the other would be the MM&E. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And so the gentlelady has helped us all understand that from the time the budget came

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out till now, there was -- reduction in spending. And perhaps to the extent that the budget -- and I'm not sure which one wants to answer this question because I see the Chairman of the Finance Committee here as well.

To the extent that we now have a surplus that approached 400 million and there was an acknowledged reduction in spending, perhaps one of them could explain to us why there wasn't a commensurate reduction in taxation knowing that we generally tax our residents for the services that we anticipate providing to them. Through you.

DEPUTY SPEAKER ORANGE:

Well you have to pick one, Representative Miner, and who shall it be?

REP. MINER (66th):

How about the Chairman of the Finance Committee? Why don't we start there?

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. If the proponent of the question wouldn't mind restating it, I was assuming it was going to be directed elsewhere, I'm sorry.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker, I'd be glad to. Previously the Chairman of the Appropriations Committee indicated to the Chamber that there was about \$43 million less in spending in this bill that's before us, from the -- that which passed out of the Appropriations Committee, meaning that at the time the Appropriations Committee voted its budget out, there was more spending in it, less in this. And my question is, between then and now, there appears to be a surplus in the first year of 371 million. Knowing that we generally, just like municipalities do, or I think most people believe we should, we assign a tax package to a spending level. Why weren't the taxes proposed in this budget reduced to match the spending level? Through you.

DEPUTY SPEAKER ORANGE:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Madam Speaker. Through you, Madam Speaker, first of all, there will be an amount of about \$70 million that will come off of that surplus number to -- to provide for entering into GAAP -- GAAP accounting, a generally accepted accounting principle. There is money in each year of the budget that will be put toward

that target, so that will bring it down somewhat.

Understanding that this budget -- these are estimates. These are projected estimates, revenue estimates, so rather than commit those at this point in time to spending them, we would prefer to leave that there. I -- I think I mentioned earlier, you know, we're a little concerned about going forward with the price of gasoline right now and the impact that that might have on the economy. It's -- it's likely that we may see a shift in some of these other numbers that go into the revenue projections.

So I would be more concerned about the second year of the budget and dealing with that number, the surplus number which is much higher, and possibly looking, as we enter into the second year of the budget, of making adjustments there rather than tinkering with that first year, because it's -- we're in such an uncertain economy right now. Through you, Madam -- I hope that's helpful, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, madam.

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And I -- I thank

the -- gentlelady for her answer. What I -- what I'm trying to get across here is that there's been a period of time, both between the time the Governor put his budget out and the Appropriations and Finance Committees have met, and to some degree I think people at home would have expected that these -- these numbers would have gotten closer, not farther apart. And because some of us actually watch things like revenue estimates, most of us have seen over the last four or five months, that there has been some growth in certain sectors of our economy. I think Representative Candelora talked about possibly that which has gone on with the stock market.

But clearly the inheritance tax has generated revenue that we didn't anticipate. Sales tax has generated some revenue that we didn't anticipate. There are some losers to be sure. But the bottom line is, the way the budget is structured, it appears to me that we are, in essence, overtaxing people. And I -- and I understand the gentlelady's point that we need to be careful not to set our numbers too low because then we end up in a deficit, and I think we've all lived through the last three or four years in that mode.

But the bottom line is, I don't see how any of us could argue that this tax code is going to provide us what we

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need rather than far more than what we expect. I think most of us have seen somewhere around \$400 million in growth and revenue just since January. Now I don't know where the -- where it stops. I'm hoping, like I think all of you are, that the economy continues to improve, that people go back to work instead of having an unemployment obligation, they instead become taxpayers. But right now the way this bill is structured, it seem to me that we have a tax package that does not match its expenditure package. And if I could go back to the Chairman of the Appropriations Committee for a few questions, if I might, through you, Madam Speaker. The gentlelady --

DEPUTY SPEAKER ORANGE:

Please, proceed.

REP. MINER (66th):

-- talked about the number of jobs that were removed from the budget, and if she could take us through the budget and tell us which agencies actually in this budget actually lose positions, meaning full-time equivalent jobs, and whether they might be supervisors or regular personnel. Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I -- thank the gentleman for the question. We have reduced a lot of vacant positions and we did a lot of reductions in positions in agencies through consolidation. As to where they are positioned, that was not part of the discussion.

What we did was we did a reduction in the number and the dollar amount. And for the idea of trying to determine which one was a -- a middle-management job, or a senior job, I could not begin to tell you exactly where they are. So with all -- all respect, the most we could get through our agencies was the idea that they would be eliminating those jobs and we would be having savings. Through, you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And so while the term "lapse" is familiar to some of us in the Finance and Appropriations Committee, it may not be to folks at home. Is this number taken through a lapse at the end of the budget, meaning we're not actually saying that in the Department of Motor Vehicle we're going to recommend that five jobs are eliminated? Or in the Department of Children and Family, 20 jobs are eliminated? Is it a

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single-line lapse through the back of the budget? Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Thank you, and I thank the gentleman for the question. There are -- very -- there are a variety of actual vacancies, but there are actual jobs that we are eliminating in -- in some areas.

For example, for the Commission on -- Child Protection Lawyers, we are eliminating the top three jobs in that agency. Excuse me, I have a cold. In some of the other jobs -- some of the other locations, the consolidations of some of the agencies that we talked about in the budget, we are eliminating some specific jobs also. But there are also additional vacant jobs that we are eliminating. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And so throughout the budget, those individual jobs that may have been vacant for some period of time -- I know under the former administration there were a number of representations in

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the budget, through the word that I call "lapse", where we knew -- everyone in the Legislature knew that personal services growth was not going to be something that government was looking to do. So in fact this budget removes some of those vacant positions, but these are not currently filled positions other than the one or two that you've spoken about. Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker. .

REP. WALKER (93rd):

Again, I thank the gentleman for his question. I want to point out that there are -- I was also reminded we took 24 administrative jobs from the Department of Higher Ed also. But there are some additional jobs, for example, we did take some vacancies in the judge positions, in judicial, because of the fact that we were told by the Judicial Department and by -- by OFA that these positions were vacant and we were going to be removing some of those also. So there -- it's a combination of all of these. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And, again, not so much

as a question, but I know through sources here in the State of Connecticut that we -- we probably have something on the order of 80 to 100 people retire every month, out of the 50-some-odd State employees that we have. That seems to be a pretty consistent number, so if we could just imagine that since this budget came out in January and now, more people have left State employment of their own free will than this new budget proposes to remove, I believe.

And I know that during the summer, the Commission on Enhancing Agency Outcomes, which I think you -- you might have -- I know you are -- were a member and participated, looked at specific agencies and assigned numbers of where if we took a percentage, meaning one supervisor per 10 or 12 or 14 employees, we as a commission arrived at some conclusions. One of which was, we may have 1,950 more supervisors in the State of Connecticut than would exist by any matrix in the private sector, whether it be in the health matrix, public safety, you name it.

And so, through you, why wasn't that information folded a little more heavily into this document in terms of trying to rebase the State of Connecticut in terms of its employee network, consistent with that Commission on Enhancing Agency Outcomes? Through you.

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Representative Walker.

REP. WALKER (93rd):

I thank the gentleman for -- for his question. I think there -- there are two things that -- that we're talking about. One, are the -- the retirements and the actual vacancies. But there are some positions, and there are some agencies that we did actually reduce in -- in taking some of the vacant positions that would be considered an agency that had a large percentage of -- of middle-management employees. And one of them would be Department of Children and Families. We -- as we looked at some of the information that was provided to us, we reduced positions in that agency also.

We tried very hard to get a lot of that and -- and as the good gentleman knows, we are starting to get that information from Core-CT. As the agencies all start to sign on, we actually are starting to see where the exact middle-management position are. It is something that is not exactly moving quickly, but it's moving a lot faster than it did for the last three years. So I -- I hope that within this, maybe by the next six months to nine months, we'll have a better idea of where they are an excess of middle-managements and we can start to -- to pull some of those positions away as we start to see, and we look at

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more efficiencies for our agencies.

So I -- I understand the good gentleman's concern and I understand what he is looking for, but part of it is the fact that we are just now getting actual data from the agencies right away that actually help us understand where there are gaps that we can look for positions. So, through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And so is it anticipated that those reductions would come during the second year of the biennium? I'm -- I'm not sure I understand how that action would occur knowing that this is a biennial budget. Is it anticipated that the Appropriations Committee would reconvene at some point through the fall? Or would we be talking about that as part of next year's budget cycle?

Because I think the number, the magnitude of 1,900 people -- and, you know, I've met different labor organizations in the state of Connecticut and that was one of the things that they talked about, quite frankly, Madam Speaker, is that when they try to do something for a client or a patient, they need to run it up five levels of supervision before they can get a sign-off to go ahead and

do something.

So if we were going to wait another six months or nine months, could -- could the gentlelady tell me about when she thinks those further reductions will happen, and are those reflected in the second year of the biennium?

Through you.

DEPUTY SPEAKER ORANGE:

Representative Toni Walker.

REP. WALKER (93rd):

Thank you, Madam Speaker, and thank the gentleman for the question. I believe that we will see some reductions in those positions, possibly through some of the negotiations that are going to happen through the -- the union contracts in looking at refilling some of the positions that are going to be retiring. I think we also are going to see more reduction as we go through the next couple of years. But I don't -- I cannot definitively say that we will be back here in six months to do that. I think because we do have the opportunity on the second half of the biennium, we will have a better understanding of those positions. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Craig Miner.

REP. MINER (66th):

Thank you, Madam Speaker. If I could move just briefly to the Department of Motor Vehicle and -- and again, for those of us that are familiar with the budget, we know that that's -- comes under the Transportation Fund, and the majority of those operations are paid for through plate sales, licenses, gas tax and so on, so that the -- the General Operation budget isn't necessarily affected by big moves within DMV.

But I think there are two issues that I remember, again, from the Appropriations Committee. One was the issue of who's going to manage the weigh stations on the State highways. And if I could, through you, would the gentlelady know if there's any resolution to that issue, and is it included here in the budget? Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Again, I thank the gentleman for the question. We did talk about the weigh stations in the subcommittee. In fact, I learned more about weigh stations than I ever wanted to know. I didn't even know we had a portable weigh station. I mean, port-a-potty, port-a-weigh-station. I thought it was very interesting.

But it -- the -- the idea of eliminating the actual

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weigh stations is something that has to be discussed because it is also part of -- one of -- a couple of the facilities that we man with some of the State employees. That is something that I've -- understand that they are talking about in the last committee meeting that we had with the Transportation. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And my limited understanding of that one issue includes I think some information about the fact that if the Department of Public Safety actually is operating these, they're at a higher wage scale and, more often than not, many of the people that are there are put in at an overtime rate. So the implications of this decision are pretty significant.

And is it anticipated that this -- that that issue is included in the conversation about the billion dollars? Or is that another number in this budget? Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Again, I thank the gentleman for the question. I'm not privy to what is going on in the discussions with the

union -- the unions with the Governor. That is something that is sealed and I do not know that, ma'am.

But I do know that the idea of reducing and changing the management of the weigh stations was something that was recommended by the subcommittee and it is -- being further looked into by the Governor's Office. If it's in the budget now? No, it is not, but it is something that was done as a recommendation. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you. And -- and in terms of, again staying with DMV, I had an occasion when we were talking as a Legislature about how the trade-in was going to be handled in terms of the budget, and happily, I think that issue's been resolved. But I spent a number of hours speaking with dealers and with the dealers association, and inquired as to whether or not they had the capacity of helping us with registrations. And it wasn't surprising to me that they showed an interest, that the notion of privatizing the way we renew our registrations, whether it's for your car, your truck, your boat, your trailer, your motorcycle, they felt to a person could be handled at our local dealerships.

And so, through you, Madam Speaker, is there any

contemplation, other than the limited relationship we have with triple-A which I think is a good one, of actually moving in that direction of privatization as the states, I think, of Arizona and New Jersey have done? Through you.

DEPUTY SPEAKER ORANGE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I thank the gentleman for the -- the question, and I saw the -- the good gentlelady who was Chair of the Transportation Committee who was one of the people who brought that as one of the suggestions from her subcommittee. They are requesting the Department of Motor Vehicles to look into establishing kiosks actually in some of the city hall locations to try and divert the -- the traffic from the DMV agencies. And that is something that is a -- they're looking into. It was not established as one of the reductions, but that is one of the things that the Department of Motor Vehicle is planning to look forward into.

I also want to say that I enjoyed going to triple-A to get my license renewed. It was the most delightful thing. It took me all of 10 minutes, so I -- I definitely want to encourage the Department of Motor Vehicles to come up with alternative placements for that. I think the

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people of -- the good people of Connecticut would appreciate that. Through you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Representative Miner.

REP. MINER (66th):

Thank you, Madam Speaker. And I want to say, for the record, and I've said this in committee, that my relationship with DMV has been nothing but stellar. I know we hear complaints about that agency and -- and to some degree it may just be the hours of operation, it may be the locations. I do think the agency itself has tried to do as much as it can.

So I don't -- I wouldn't want anybody working for DMV to think that -- that I for one believe that -- that they don't provide good quality service because I have found them to be very helpful to many of my constituents that have needed help every now and again.

But what I'm getting at here, ladies and gentlemen, is that we have these opportunities in the state of Connecticut. The average individual, if they're fortunate enough to be working, are working on the very same days that Motor Vehicle is open. This is just one issue. Now the Department of Motor Vehicle knows that there are dealers in the state of Connecticut that are open

seven days a week. That computer is on seven days a week. Wouldn't it be neat if our constituents could walk into a dealership, the dealership actually gets people on their property? I mean it's -- it's a win-win.

But we have nothing in the budget here to drive people in that direction. And while I don't fault the Chairman or anyone else in the Appropriations Committee for wanting to follow the numbers and reach out to people in these agencies, there is nothing in this Appropriations budget that is new. As a constituent of mine said to me this morning, at about 6:30 in the morning when I was at my first job today, this is the path of least resistance; this is not the road less taken.

Madam Speaker, what we have not done in this budget is we have not looked outside the box. We have left that to another day. We have, as a result of this expenditure level, forced tax increases on the people of Connecticut. It's not bad versus good, it's not people who don't care versus those who do care. In private industry, people have to look outside the box every day.

Now I could go through this budget in question, just as I'm sure you folks could of ours, every single line item in this budget. Why do we do this? What's the SID number? Why did we start doing this? I got quite an education

putting together our budget because we have line after line after line that say the same thing in different agencies, and it makes me ask why. Not that it's wrong, but it deserves an answer.

HUSKY Outreach, Food Stamp education, I don't know why we have them anymore. I don't know anybody who doesn't know that HUSKY is available. I guess maybe the one exception would be if you got here yesterday, and that's another point. We've done nothing to restrict what we offer to anyone going out into the future. You can show up here yesterday and sign up here tomorrow and that's pretty expensive.

And by the way, if we're the only state in the union doing that, guess what we're going to be? The only state in the union to have that. And we may be talking about a 3.71 million-dollar estimated surplus in the first year now, and 6.30 in the second year, but growth, growth within Human Services, ladies and gentlemen, is going to eat up that surplus and it's because of our policies.

Citizens' Election Fund, I'm sure if I asked there's still plenty of money in here for Citizens' Election Fund. Three point five, 3.6, pick a number. The deficit is huge and still we fund that. So the budget, while it does include money for what we expect to provide the

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constituents of this state is in this budget, it really doesn't send us outside the box. It doesn't make us look at a different way of doing things such as -- and the Chairman of the Finance Committee referenced a meeting that she was at, I think it was at -- in Providence, and I was there as well.

The state of Rhode Island, the state Vermont -- three years ago I asked why we didn't get the federal government to participate in reimbursing us for health care services to people that were incarcerated. Many of the people we have incarcerated suffer from alcohol and drug addiction and mental health problems. State of Vermont, 15-bed facilities have an application into the federal government. They've been looking at it for a couple of years. Where are we? Behind the curve.

The UConn arrangement with the Department of Corrections, almost \$100 million. We get back less than one percent, ladies and gentlemen. Now do I believe we shouldn't be providing health care to people who are incarcerated, I absolutely do. But I know from my one question three years ago and the work done by the Commission on Enhancing Agency Outcomes, that there's an opportunity there. The State of Connecticut can file an application with the federal government and they will

participate.

We need to be creative, but there's no reason to be creative if we keep following these line items and staying within the lines. Our constituents have survived, those that are still in business, and many of them are not, because they have looked outside the lines. Homeowners have found different ways to keep kids in school, pay their mortgage, we all know the stories. There is a lot of opportunity, Madam Speaker, and I wish we would look outside of the -- the normal realm of how we operate, both on the Finance and Appropriations side, to look at those opportunities. I thank both Chairmen of both the Finance and the Appropriations Committee. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir.

Will you care to remark further? Representative Cafero, you have the floor, sir.

REP. CAFERO (142nd):

Thank you, Madam Speaker. Madam Speaker, just for the information of the caucus, I am not speaking in wrap-up, I'm just speaking as to the budget that's before us. Sorry, folks.

Budget day, 2011. I guess I've seen a lot of them.

This is my 19th. And I can't help but reflect upon something that used to happen every year when I served with that incredible man, Richard Tulisano. Richard Tulisano, at the beginning of each session used to leave a single piece of paper on every member's desk, and it was a quote from Edmund Burke, and the quote said, in part, your Representative owes you, not his industry, but his judgment. Your Representative owes you not his industry, but his judgment.

God rest that man's soul because he did so much to educate many of us who had the honor and privilege to serve with him. And those words ring so true here today, because what it says is, industry, hard work if you will, and judgment, are two different things. One thing I will say is I do not question the industry, the hard work of every single member of this Chamber. And to my good friends on the other side of the aisle, I had an opportunity to speak privately to Representative Walker and did not get the opportunity -- she was speaking -- to say the same to Representative Widlitz. We might not agree on the product that is before us, but I thank them from the bottom of my heart for their hard work because I know how hard they worked. I know how hard the members of my side of the aisle worked to craft this budget.

I've served with these people for years, many of you. You're good, decent people. You work hard and you do what -- we all do what we think is best for this state. On November 2nd, all of us got elected from our respective districts, and on January 5th we took that oath of office on behalf of about 24,000 men, women and children in each of our districts, to do our best to exercise our judgment on their behalf.

On January 5th, frankly regardless of party, we welcomed a new Governor, a very good and decent man, a very bright man. A man who took office with an exuberance, with an enthusiasm, and with a determination to do what he believed was right for the state of Connecticut. And all of us, myself included, wished him God speed, good health, good judgment, because as I said publically, and as I said privately, you are our Governor. We want you to succeed because if you succeed the state of Connecticut succeeds. And we live and love this state. We live in this state and we love this state, some of us our entire lives.

So let's go back to that quote, that quote that said, your Representative owes you, not just his industry, but his judgment. How do we formulate our judgment? Well, we formulate it from various ways. Our life experiences, our education, our upbringing, our work experience, the

friends we have, the people we meet, the things we hear, the things we see, that's how we formulate our judgment. And we hope and pray to God everyday that we exercise that judgment for the best.

So on a day like today, when we have before us the most important bill, the most important bill of this session, of any session, the budget. Why is it the most important? The obvious reasons, everything flows from the budget. The budget tells a story about who we are as a state, where our priorities are.

Unfortunately, a budget picks winners and losers. It tells a story. As we contemplate how to vote on that budget, or how to even craft the budget, if I may, my judgment tells me to do so from the perspective of the people that I represent. You see, we're -- some of us who've certainly been here a while, we tend to know institutions. Government is an institution. Education is an institution. Municipalities are an institution. Big businesses are institutions. But all of those things are made up of people, people of all races and creeds and colors and ages and abilities, and that's who we represent so when we fashion our budget, it must be from their perspective. It must be from their perspective.

We started out this session, especially those who are

brand new to this Chamber, with a set of expectations. Yes, we knew that our fiscal condition in this state was in horrific shape, the worst in history. A recession that had left people homeless and jobless and savingsless, had people scared. And we had this great expectation on January 5th that we were going to work together to fix that. Together we were going to work, because it didn't matter about Republican or Democrat, our Governor said it, there's no Republican ideas or Democratic ideas, there's only good ideas, he said. And there was no one clapping louder than this guy right here in this chair.

Our Governor said we were going to take a road less traveled. We were going to make different kind of choices because he appropriately and correctly said the choices and the path that we had taken up to this point had led us to this point and it was the wrong path. That's what we heard. Those were the expectations. We had our Governor talk to us about shared sacrifice, that these are tough times, and whether it's a family or a business, or in our case a state, together we were going to have to make those tough choices and those sacrifices. He called upon our collective bargaining units throughout this state and he said, I'm going to have to ask you for sacrifice.

He said all those things that raised the expectations

for all of us in this state. And then on February 16th, he came out with his vision of the state in the form of his budget, and with all due respect, that's when my expectations were shattered because I listened to what our Governor said, and then I saw what he did, and today as has been described by those who have brought out this budget, there isn't much change to what the Governor did.

There was tinkering, I heard, and small revisions and changes. But the vision that the Governor laid out in his budget is the vision that is before us right now. And we are led to believe that there's no other choice, this is it. If we are going to get this State on the right footing, this is the only way we could do it.

I want to go back to how we formulate our judgment when we are asked to vote on this budget. We do so by our experiences, by the people we've met, by what we've seen, by our education and our own life experience. And just for a moment, I know each of you are always involved, obviously involved, by virtue of you being here in the community. Many of you grew up in that very community you now have the privilege to represent, and I'm sure if you close your eyes right now, in your mind's eye you could see faces of people, men, women, children, young old, rich, poor, middle class, handicapped, healthy, people you meet

every day at the shopping center, the coffee shop, a church or synagogue, the soccer field.

You know them. You know their names. You probably saw them Sunday, maybe yesterday, maybe this morning. Those are the people that have faith in us, and they tell us, not just by their words -- but the way they've been forced right now to live. They're hurting right now. They're really hurting. They're good decent people that don't ask for much from us. They pay their taxes, they do what they're told. For the most part they abide by the law. They don't ask for much, and they send us up here to advocate for them, to fight for them, and what they've been telling us and showing us is they just can't afford government anymore, that we're just too big.

All these programs we hear, all these programs that are in the thousands of pages of this document, they're good programs. They meant well. Their history traces back maybe 30, 40, 50, 60 years, but we've added program after program, layer upon layer, and unfortunately we never checked to see in many cases if it's working.

Recently we have what we call results-based budgeting. Very simple concept, it says these things we're paying for, are they working? It's a new concept, believe it or not, relatively new, at least to this General

Assembly. You've got to scratch your head about that. Those people back home saying, why is that so new, it makes such clear sense to me. You've instituted a program to help people and you've asked me to pay for it, did it ever occur to you to see if it's working or not?

And they hear us, year after year, take these mikes and bring out these bills and talk about how this program is going to help this, and this is the change, and this is going to put our -- our state in the forefront. Ask them if it works. Ask them if they feel that much better about it. But they keep paying and paying and paying.

See, all those budget days that I've been here, I've heard various people stand up and say, we got it right this time, this is it, we adopt this tax scheme and this spending plan, we will be on an even keel, we will no longer have to worry anymore. This will change everything. Through no fault of anyone, but it hasn't worked. It hasn't worked.

Just a few years ago in 2007, we had just finished banking our third consecutive year of a billion-dollar surplus. Think about that folks, three consecutive years of a one-billion-dollar surplus. By definition, a surplus means we took more in in taxes than we spent, \$3 billion. In eight months we went from a surplus to a

deficit and eight months later we came in, in February of 2009, with billions upon billions of dollars in deficit, and the people we represent who -- how did it get that way? How did it get that way? You said that we were doing it right, that we were being fair, that things were going to work out.

And we said, we're going to have to ask you to sacrifice a little more. We're going to have to raise a fee here, and a tax there. What you used to be able to do is going to cost you a little more, but hang in there with us, because we're going to get it right. And we go back again and again.

On top of all that you had the global recession, people losing their jobs. Those faces you could picture in your mind's eye, how many of them said to you, I was working 40 hours and my boss called me, has to cut back my time. Or I had to get that second job at night because I can't afford to pay the mortgage anymore. How many people do you know, like I know, had to pull their kids out of college mid-semester because they couldn't afford the tuition anymore?

A few months back, myself and my colleague, Senator McKinney, did a tour of small manufacturing companies. See I -- with due respect, I have to laugh. When this

budget was brought out we were told business is behind it. They signed a letter, five guys, five guys signed a letter, but what business are we talking about, because as all of you know, 73 percent of the businesses in the state of Connecticut have nine or less employees, 53 percent have four or less employees. Anyone talk to them? Anyone see how they're doing? I did.

I went to 11 manufacturing companies throughout this state and each meeting was joined by five other manufacturing companies. These were men and women who were fourth and fifth generation in their business. There was no such thing as labor and management, they were family. They had people working for them for 30 and 40 years. They treated them like members of the family. They would go without to make sure that the people who work for them got their paychecks first. You know what I'm talking about. Every one of you can identify with somebody like that in your districts.

And I said to them, what was the hardest thing you had to do? I said the hardest thing we had to do is to look over a table and tell somebody who's been working for me for 30 and 40 years, I'm sorry, Joe, you're out of work, I can't afford to keep you anymore.

I spoke to one manufacturer in Waterbury,

Connecticut, a fourth-generation manufacturer, he had 120 employees and 120 times he sat across a table and said, I can't afford to keep you anymore, I've got to let you go. When the last one left, he closed the steel gate and had to go back to his family and tell them, I'm out of work, I don't have a job. That's real-life stuff. That's the kind of stuff that forms our judgment here, folks. That forms our judgment.

I saw a fellow I went to elementary school the other day. He's a landscaper. He had a forlorn look on his face. I asked him what was going on. He shook his head and he pointed to his equipment, his truck. On the back he had a trailer filled with lawnmowers. He said, Larry, it costs me \$400 a week to fill those gas tanks so I can bring money home for my family, 400 bucks a week. It went up by 40 percent in two months, how am I supposed to budget for that, Lar? How am I supposed to budget for that?

I'm not telling you anything you don't know. Go to the dry cleaner, go to the convenience store, talk to these men and women who have families and employees, they'll tell you how tough it is. That's how our judgment is formed, from knowing and representing these people.

So what does this budget say we do for them? My God, folks, \$1.8 billion in taxes, and you know, sometimes

we -- we throw these numbers around and we get numb to them. One point eight billion dollars in taxes. We have a 20-billion-dollar budget (inaudible) years, blah, blah. But what does that mean to that man or woman? In this budget what it means is when they go to buy clothes for their kids or themselves, pajamas, underwear, sneakers, they now have to pay a tax on that. There was zero, now it's 6.35 percent, to put clothes on their kid's back.

Whatever money they earned from January to now with the passage of this bill is going to be taxed 10-percent higher. That's what we're doing.

The one weapon, one weapon that we have given to our citizenry to fight the property taxes, and how many times have we heard that, folks? How many speeches and campaigns have been run on, we have too high property taxes. We're the highest dependent on property taxes in the nation, property taxes, property taxes, property tax. What do we do about it? I'll tell you what we did. One thing, we gave them a credit against what they own the State on their income tax. This budget says we're going to take 40 percent of that away from you, forty percent.

So we're going to tax everything you buy at a higher rate. We're going to put a tax on things you never paid tax on. We're going to tax your income retroactively by

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10 percent more, and we're going to take the one tool you had to fight property tax and we're going to reduce it by 40 percent. That's the quid, where's the pro quo? What are they getting for it? Nothing. Nothing they didn't have before, in fact if you listen, a little less, and we're telling them you've got to like it. You've got to sacrifice.

And a lot of those people said to me, wait a minute, I have sacrificed, I had to pull my kid out of college, I've got to work two jobs to pay the bills. I have sacrificed. You guys in government, what have you done to sacrifice? And with the passage of this bill, you know how I have to answer them? In fact, do you know how all of us have to answer them? We didn't reduce spending, we increased it. We increased it.

Now we can talk about, well that's actually a function of the -- we actually decreased it based on current services projected out for a two-year period, and basically with the hospital tax, if you add that in, it's a -- what the hell does that mean? Last year we spent \$19.3 billion all in to run government, this year it's 19.8 and next year it's 20.2. Hello. We increased spending.

And in this budget we have, over two years, \$1 billion of surplus, of surplus. So what do we say to that guy?

What do I tell that landscaper buddy of mine? Suck it up, baby. Suck it up. I realize you've got two kids in college. I realize you're paying 400 bucks a week to keep your equipment going. I realize that we're taking away 40 percent of your property tax. I realize that we're increasing your income tax by a half a percent. I realize that we're going to increase everything you buy, but suck it up because we're spending more money. That's what we're going to tell them, folks. Is that what we're going to tell them? Is that our judgment today? There's a better way.

As this afternoon goes by, this side of the aisle is going to present our view. I'm not saying it's a better view than what could possibly come up with, but I believe with all my heart it's a better view than what we have before us. Now you might not think so. I get that and I respect that. But here we are on May 3rd, we don't adjourn until June 8th. In our budget we don't raise a single nickel of taxes because you see we believe that that guy or gal out there, the little guy, they've suffered enough. They've sacrificed enough. It's government's turn now.

But there's a big delta, a big difference between zero and \$1.8 billion, and if we pass this budget, there's a

lot of people out there -- remember, close your eyes and picture their faces in your head -- that are going to say, I don't get it. Isn't there some compromise between zero and \$1.8 billion? Why was this bill you passed today called an emergency when you have five weeks more in session? Why did you do this before you even got the lowdown on the union concessions? What are you doing to us? What are we going to say to them? Your state representative owes you not only your industry, but his judgment, his judgment.

Ladies and gentlemen, today we have an opportunity to exercise good judgment on behalf of the men, women, and children we represent. I implore you to listen. I implore you to think about what we are doing today, to close your eyes and think of those faces of the people that you represent, the people who share stories like the ones I represented today. And you know them, you know them, you see them every day. Anybody ran for office and rang a doorbell, you've heard them all, you've heard the heartbreaking stories. That's who we represent and they expect better judgment from us than to pass this bill today. Thank you, Madam Speaker.

(Speaker Donovan in the Chair.)

SPEAKER DONOVAN:

Thank you, Representative.

Do you care to remark further?

Representative Bill Aman.

REP. AMAN (14th):

Thank you very much, Mr. Speaker.

Following the Minority Leader is also a very difficult especially on the subjects I will be talking about. We have spoken all morning -- morning, now afternoon, about the impact this budget has on people's lives, the impact the state budget has on the individuals of the state of Connecticut, but for most of our -- most of our residents, or for many of our residents, the taxes they pay to the state really are dwarfed by what they pay on the municipal level. That for many of residents, especially those who are on fixed income, what they pay in property tax exceeds what they're paying on income tax, sales tax and all the other taxes that we're talking about. The cost of running local government is a major impact on almost all of our residents.

And obviously, aid to the municipalities is a major part of our budget. I personally don't like the word "aid" to municipalities, because I think it puts the

municipalities as a second class citizen. We are going to give them aid. I don't think we're giving them aid. I think we're sharing in revenue from the state that the state has maybe a more efficient way of collecting money and putting it over to the towns. Even myself starts to say, give it to the towns. We're not giving it to the towns. We're sharing some of the persons of the state of Connecticut their money with -- with the towns that I think can spend it on a much more efficient basis.

Through you, Mr. Speaker, I do have a couple of questions. I think the first ones will probably be to the chairman of the Finance Committee.

SPEAKER DONOVAN:

To Representative Widlitz. Please proceed, sir.

REP. AMAN (14th):

Yes, under the budget, as it is being presented and going to be voted on, it's my understanding that the total funding to the municipalities is going to stay either exactly the same or very similar to last year, whether it be a total of education funding, town road aid, STEEP, or the other various forms of payments to the town. Are they pretty similar to what they have received in prior years?

SPEAKER DONOVAN:

Representative Widlitz.

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REP. WIDLITZ (98th):

Through you -- oh, you okay -- Mr. Speaker --

REP. AMAN (14th):

I think, Mr. Speaker, that may have been better directed to the Appropriation chair, but either one, I would be fine with the answer.

REP. WIDLITZ (98th):

Well, I would be happy to yield the microphone to the chair of the Appropriations Committee.

SPEAKER DONOVAN:

All right. All right. I guess you threw me off. You said you were going to throw it to the Finance, so I'll --

REP. AMAN (14th):

I'll definitely go it to the Appropriations.

SPEAKER DONOVAN:

Why don't you -- Representative Walker.

Maybe you could repeat your question.

REP. AMAN (14th):

Yes, looking at -- and this would be the spending part of the budget -- is the compared to the fiscal year we're in now, the amount of money that's being shared with the municipalities if you take the education, town road aid, STEEP, PILOT and the rest of them, in the aggregate, they

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are the same as the current fiscal year that we're in.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, to the gentleman from South Windsor, in the FY'12, we are \$42 million more and in FY'13, we are \$6.8 million more. And I thank the gentleman for his question. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Aman.

REP. AMAN (14th):

Yes, through you, Mr. Speaker, would you say which accounts those additional funds are located in. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Walker.

REP. WALKER (93rd):

Here they are. Sorry, Mr. Speaker. I've got too much paper up here. This is a lot of paper.

Through you, Mr. Speaker, to the gentleman from South Windsor, the revenues -- the grants and revenues to the towns include the PILOT, the -- let me get the rest of them. Excuse me just one second -- the PILOT MM&E -- I don't have

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the rest of them -- they -- they -- through you, Mr. Speaker, they include the PILOT, College and Hospitals, the Pequot Fund, and the Town Aid Road. Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Aman.

REP. AMAN (14th):

I, thank you. I think that probably leads to what I will be talking about in a little while is that we are talking a total of \$42 million. It's that difficult to figure out where it is coming from and against and 18 to 19 billion dollar budget, it's a very, very small part of it. We also have the real estate conveyance tax that is being raised at a fair amount and also the sales tax, and again, it's been discussed at some points that that's going to the municipalities, but it is, but it's very indirect. It's going through some other regional organizations and how it is going to actually filter down to the property tax level, I'm not really sure.

But I think it is a fair summation that the municipalities this year are going to have a lot more than \$42 million of cost increases, just as we are looking at the increased in medical costs, the increase in fuel cost, the increases in other things that they cannot have very

much control. They're looking at an increase to the electrical costs as we are driving up the cost of electricity within the state of Connecticut. All of those, I think, are going to total up much more than that.

At the same time, I do understand that the state of state of Connecticut is in a position of financially very, very difficult for us to have increased funding to municipalities. We have a very large deficit and a very major problem, but what I, unfortunately, don't see is turning the municipalities and saying, we can't help you out financially this year. It is just -- the money is not there. I think all of the municipalities would understand that, but we're not responding either to their needs by saying, okay, we understand that we can't give you any more money, but we can give you some sort of mandate relief. And for the last many years I've been on the Planning and Development Committee, and each year we talk about the mandates and what we can do and what we can not do, unfortunately, at the end, we have passed very, very few mandates that have saved money. The amount of mandates that we have released has been just a token amount to the cost.

Obviously, the big ones that the municipalities always come to us, binding arbitration, prevailing wage,

even raising the age, have not come in front of this Legislature this year, and I don't think that they will. Those are big money items that the towns have asked for and for a variety of reasons, this General Assembly has not been willing to take them up. We've also, as far the school systems go, we have had requests from the superintendents to redo things such as the in-school suspension and the service days, the service days that each of the teachers are required to take. We've been asked, can you waive those in-service days, the requirements, postpone some of the continuing education until we get through this couple of years. We're not talking about it.

We won't even take up something like newspaper advertising, because we don't want to offend the newspapers. We don't want to cost them any money so we continue to have our municipalities spend thousands and thousands of dollars on ads that most people are saying we don't know if technology has passed it by, if these still are servicing our people very much. Those are some of the hard ones that are big money, but at the same time, we won't even take on the mandates that the municipalities are talking about that are really minor and aggravating. We won't take out and say that they don't have to use standard ink anymore for their public records. We won't tell them

anymore that they don't need to use loose-leaf binders for public records. We do tell them, however, that the flags in their rooms have to be made out of silk. God help us if we have allowed to have a cotton or polyester flag put up.

We must require a whole variety of weekly reports without going back and saying to them, are you actually reading them? Does anyone care? We haven't taken up the subject of fines that the municipalities are allowed when someone violates a local ordinance. We're saying \$99 on most things is the most you can collect. Well, for most municipalities, \$99, it's not worth the time and effort to have a police officer fill out a citation or a town official fill out a citation, go through the hassles and collect the paperwork to try to collect it. So for many of us, the ordinances that our towns pass, because the State has limited the amount of fines that they may collect, are not there. I wouldn't mandate it on our municipalities, but I definitely think the word "may" should be in there so they can decide what fits their needs best.

Anybody looking at what the results have been this past year has definitely seen it. The pressure is definitely on the municipalities. The voters are speaking and they're speaking hard. All you have to do

look at the number of referendums that are being defeated, the number of town budgets that are being rejected, the -- anytime the taxpayer has had a choice in the past year, they've pretty much said, we don't want to spend the money. It may be a good idea, but we don't have the money to do it.

So we have got to somehow turn to them and say, yes, we are listening, we can do it. Right now, we're saying to the municipalities raise your taxes. We can't help you financially. We also can't help you through mandate relief. You're on your own. And I think this budget does not address the problems of the municipalities and this Legislature has not responded to what the budget is going to have to do by responding in the mandates. I think it is a very unfair thing that we are doing to our town and cities.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. Good evening.

SPEAKER DONOVAN:

Good evening, Madam.

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REP. LAVIELLE (143rd):

I rise to oppose this budget, and I rise to do so on behalf of the many, many countless constituents in my district who have written and spoken to me to tell me how concerned they are, how frightened they are for their future, and that they are ready to leave Connecticut if they could just sell their house. And they're using words like scared, desperate, hopeless. They go pretty far, because they're really worried. And these people who have had a tough time in the last three or four years.

I represent part of a city and I represent a white collar town. It is a white collar town that if the trains worked a little better, you might even say it was sort of a suburb of New York, and in that white collar town in the last three or four years, the food pantry has been doing a bang-up business, because people aren't doing very well. Some of them have been living paycheck to paycheck, if they had a paycheck. Others haven't had a job in 18 months, two years, maybe they won't ever work again they think. They don't know how they'll pay their college tuition for their kids; how they'll pay their mortgage; how they'll put gas in their car; how those of them who are small business owners, and there are quite a few, will keep their businesses open and pay the employees they've actually

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managed to keep.

We've talked about that situation a lot at length in the Appropriations Committee. I don't think anyone in here would deny that the situation has been tough for folks in Connecticut, and during that time, by the way, since 2009, they've been having to deal with, what was at the time, the largest tax increase in Connecticut's history, \$1.5 billion voted in on August 31, 2009. And so these people have told me that they've sacrificed enough. They don't want to hear about sacrifice anymore no matter what kind of sacrifice it is. And yet, this budget is telling them they have to sacrifice more. They don't care if the sacrifice is shared, they just want it to stop. They want government to help them catch their breathe and get their feet back on the ground so they can get to work and plan for the future. And you know, isn't that the government's job to begin with. To help people, to serve them, to protect them, to get things out of their way so that they have opportunities to work hard to proper and incentives to excel.

So what does this budget do for them? This is their government making a budget so they can have something done for them. Well, it asks them to pay \$1.8 billion in taxes next year and for what? Well a billion dollars of that

we understand is surplus. Okay. Well, what else? It taxes them on almost anything that they buy, and we've heard about that already, clothes and shoes under \$50, nonprescription drugs, electricity, cars, entertainment, the sales tax, new income taxes, escalating gasoline taxes through gross receipt tax, the reduction in the property tax exemption, internet sales, luxury goods -- and by the way, that gets the middle class, too, because work for companies that sell things that have luxury taxes. And then there's the real estate taxes, and realtors tell me every day that the housing market can't bear any more taxes. And let's not forget the real -- the estate tax, which hits people who are thinking where they will retire and it's just one more incentive to move, if they can manage to sell their way out of Connecticut. And don't forget, the income tax is retroactive to the first of this year.

So this is tough for people and their families, but not only them, it's tough for business, too. They have the country's highest energy costs, the highest insurances costs, high operating costs, the assessment they'll have to pay for the Unemployment Compensation Trust Fund and these new taxes make it even hard for them to stay afloat. It just isn't the way to make jobs come back to Connecticut again.

I can't vote for this budget for a great big reason, because if I do, I won't have an answer this July when my constituents get that first paycheck that withholds their taxes retroactively and they're shocked and they call me to say what happened? Why did you do this to me? I can't tell them I thought it was fair to ask them to make a whole new set of sacrifices. They've made so much effort for so long and it's government's turn now.

My constituents, Mr. Speaker, are appalled. They've said stop. Stop spending so we can stop taxing to cover it. We just celebrated the last -- the latest tax free day in the country yesterday. We have a 9.1 percent unemployment rate and the heaviest tax burden in the country. This budget doesn't just hit people hard. It hits them hard when they're down already and I don't care how they share the sacrifice. That's just not fair.

My constituents expect me to vote against this budget, Mr. Speaker, and I will. Thank you.

(Deputy Speaker Altobello in the Chair.)

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

Further on the bill as amended.

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Representative D'Amelio, of the Brass City, you have the floor, sir.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

Mr. Speaker, I have a question, through you to the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio, we do not have an amendment on the board currently. If you like to feel -- have someone field a query regarding the spending or taxing side of the budget, I'd happy to route that for you.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. I stand corrected. It's a long day.

I have a -- through you, Mr. Speaker, the bill before has the issue of a cabaret tax and I have a few questions regarding that tax. So through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir. I believe I would route that to the chairwoman of the Finance Committee, Representative Widlitz.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

Representative, I'm just curious to know how this tax

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would work.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz, would you care to respond?

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, the bill imposes a 3 percent tax on admissions, food, drinks, service and merchandise at any place offering live music, dancing or other entertainment in addition to serving alcoholic drinks. It also requires that the tax is to be dispersed to the local municipality where the sale occurred. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, there are many restaurants that provide music to their customers at a certain time during the course of the evening. I'm curious to know how -- how this tax would be implemented during that course or day of business. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, would they be offering live music, dancing or other entertainment in addition to serving alcoholic drinks? Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

Yes. Many have us have gone to Mexican restaurants, I know we have a couple in the city of Waterbury and they provide a mariachi band, three or four gentlemen or ladies that will stroll around tables playing Mexican music. According to the bill that's before us, as soon as the band starts to play, we're going to have to add an additional 3 percent tax to the customers that are in that restaurant at that time. Is that correct? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, with the current language, I would say that is correct.

DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker.

I took it upon myself to speak to DRS earlier in the day and I called an IT company that I do business with. Currently, there is no software that is written for restaurants to implement this tax unless it's manually put in. So through you, Mr. Speaker, how -- how can a restaurant that provides live music implement this tax if the software is not written that -- that can do so? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, I'd just like to comment that I think this particular issue has generated enough questioning so that it may be something that we would like to continue to discuss and really answer these questions so that we have a definite idea of this going forward and we will be doing implementor bills to implement the budget. I certainly would be willing to continue this discussion. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative D'Amelio.

REP. D'AMELIO (71st):

Thank you, Mr. Speaker. And I thank the gentlewoman

for that.

You know, I just wanted to bring up this issue to the chamber of this cabaret tax, because I think it's enforceable and it's not doable. Like I mentioned, you could go into a Mexican restaurants that provides a -- mariachi music to their customers and the moment that that music starts, we have to implement a 3 percent tax to all of the customers that are in that restaurant. Furthermore, you might be a customer that enters a restaurant that's providing live entertainment of two or more people and not knowingly walk into that restaurant, and you, as a customer, are subject to a 3 percent increase in your tax for that meal. So you know, I think this wasn't really well-thought out. I think it creates a problem for the state of Connecticut when they go to audit restaurants that are providing live entertainment. The software is not there to provide that 3 percent tax unless it's manually put so these are the questions that I hope that we could address during the course of this session to -- to address this issue.

And I thank the -- again, the gentlelady for her comments and I look forward to working with you on this issue. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative D'Amelio.

Representative Perillo, you have the floor, sir.

REP. PERILLO (113th):

Mr. Speaker, thank you very much.

A question for the proponent -- actually from the kind chair of the Finance Committee, if I may, through you.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. PERILLO (113th):

I've seen and I've heard a lot of talk about the provider tax and I think I understand what the provider tax is. It's on the tune of about \$400 million per year over each of the next two years, at least that's what's in the budget. Could you describe and explain exactly how that would work and a little bit of detail of what it is. I want to make sure I understand.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz, would you care to respond to the query, madam.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, it is my understanding that there is a 4.6 percent tax on the hospitals. I did not have -- the Finance cochairs actually did not negotiate that so with your permission, Mr. Speaker, I would like

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to yield the microphone to the chairman of the Appropriations Committee.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo, would you care to forward your question to the chairperson of the Appropriations Committee?

REP. PERILLO (113th):

Gladly. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker, do you care to respond?

REP. WALKER (93rd):

Through you, Mr. Speaker, could I get the gentleman to repeat the question, please.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo, would you mind repeating the question?

REP. PERILLO (113th):

Certainly, Mr. Speaker, thank you.

The question is just very simply, we have this provider tax in the budget, I believe that I understand what it is, but if you wouldn't mind giving me a little bit of detail about how that would be implemented, and -- not just collected but then also redistributed.

Thank you, sir, through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Mr. Speaker, first I want to thank the gentleman from Shelton for the question. What we do is we have a DISH pool where we tax the beds in the hospitals, that the tax that we collect on that is -- we assess it, and this year, our assessment for the hospitals is \$331 million. The additional -- the supplement payments from the federal government -- I mean, to the towns is \$363 million with a net of \$32 million. This DISH pool is -- this year we increased it because we also incorporated the expenditures for LIA, the low-income account, for basically the old SAGA population or Medicaid, so we incorporated that into our estimations and using the numbers of clients that the hospitals serve under Medicaid, those people are then incorporated in the -- the final numbers, and what we did was incorporate those to add those to the actual hospital tax to come up with the amount that each one of the hospitals have.

I want to also say, through you, Mr. Speaker, that in the past what we did was, we basically created sort of a block grant that we gave the hospitals and it was distributed through the number of people that were served,

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but through this, this is actually done through the Medicaid-reimbursement process so the requirement for the hospitals to do a bit more paperwork is incorporated in this process, but -- can you hear me anymore? I'm sorry -- it is fee for service. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker.

And I thank the kind lady for her answer.

I understand some of the -- I mean I understand the SAGA to LIA. That was going to happen anyway. That is a very, very smart thing to do. The impact of how we're handling DISH payments is another issue entirely, but as I focus on the hospital tax itself, as I understand it, we are taxing hospitals and then retributing that back to hospitals, and I think you explained that, so I'm wondering what the benefit is to the state of Connecticut. We're not -- we're not necessarily getting any money out of that. Is that correct? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, what we're doing is

releveraging the Medicaid reimbursement to help us to acquire additional funding for -- for the hospitals through that. Through you, Mr. Speaker, to the gentleman.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you.

So I imagine you're referring to the federal government match for a Medicaid payment. So essentially, we are assessing hospitals over \$300 million, taking that money from them, giving it back to them in a different order and then taking some sort of money grab from the federal government in order to do that. It sounds like we're just moving money around, taking it out of one pocket and putting it in another and then getting federal money in the process. It sounds sort of like a money grab. Am I misunderstanding? Through you, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I guess "money grab" I think is a little heavy handed in the -- in the comment. I believe that the federal government provides us with reimbursements for a variety of different services and

this is one of those services that we do -- we are allowed to get a 50 percent match in. Through you, Mr. Speaker, to the gentleman.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker.

I understand specifically with Medicaid the federal government, when the state of Connecticut distributes a Medicaid payment, as a result of the performance of a service, we get a 50 percent match from the federal government, but that is not what is happening in this case. We are taking money from hospitals, redistributing it to other hospitals, calling that a payment, and then claiming the 50 percent back. Like I said, it's moving money from one pocket to the next. Taking money from certain hospitals, redistributing to others and then taking the federal money in the process. It doesn't sound like we are, in this case, reimbursing hospitals for any specific service that they've performed, we're simply taking money from them, giving it back to them and then taking money in the process from the federal government.

Through you, sir, is my understanding correct?

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker, we are assessing. It's a user-fee assessment and I believe that they use that in a lot of different types of reimbursement scenarios. This is one of the ways that we have done it because we have increased actually the actual dollars that we are reimbursing the hospitals. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you.

I understand that we are increasing reimbursement for the change from SAGA to LIA. I don't know that that addresses the issue of the hospital tax. Just to sort of move on from the mechanics of it, you know, the hospitals here in the state of Connecticut don't really make a lot of money. Their margins are very, very slim. Many hospitals actually in the state of Connecticut are losing money and have been losing money for quite some time. We've heard about a lot of hospital layoffs. In fact, recently, we've heard about hospitals selling off to for-profits, all our hospitals with the exception of one are not-for-profits.

We've also heard about a hospital merger in the southern end of the state and I'm sure the chair of Appropriations is familiar with that. But given the fact that hospitals have such a small margin, I'm trying to understand the wisdom of assigning a tax to them given the difficult situation which they're in. And the interesting mechanics of it is that, as I said before, we are assessing hospitals an amount of money and then turning that around and giving it to them, but if Hospital A gives us \$2 million, we're not turning around and giving 2 million back. We're actually choosing winners and losers.

And I can look at some examples right here. Danbury Hospital, as a result of the hospital tax, loses, you know, \$350,000. Griffin Hospital loses \$1.3 million. Middlesex Hospital loses \$2.1 million. But interestingly, there are actually some winners. Lawrence & Memorial Hospital appears to be a winner and there are some others, but we're making that determination in some, what I would argue, arbitrary way and I say "arbitrary," because the breakout that I'm looking at here is not the first iteration of this breakout. It is by my count -- and I might have actually lost count by this point in the game -- I think this is the fifth or sixth iteration. And

every single time we rerun the numbers in the Excel spreadsheet, it's a little bit different, and in some cases, extremely different.

You know, in the last version, we had a hospital losing over \$3 million. Now, it's losing under one million. That's not tinkering with the numbers. That's changing a policy. So I don't understand how we can argue in good -- in good conscience that this is something that increases reimbursement to providers or that in any way, shape or form is good for the hospital community. We are choosing winners and losers and given the fact that we've changed that methodology five or six times, it's clearly something that is very, very arbitrary. And for the most part, it appears that there has been one sort of consistency throughout the process and that is that small hospitals lose and big hospitals win. That's probably a gross generalization, but in -- you know, in general, that seems to be the trend, and I'm concerned about that.

I'm very concerned about that and I'll tell you why. This isn't just about taking some money from the federal government in reimbursement for money that we didn't even really pay out in the first place. This is about community hospitals and for those folks in the room who have a smaller community hospital in their district, this has an impact.

You know in your community the impact that your small hospital has. It is oftentimes one of the largest employees, and in many cases, its employees aren't the first in their generation to be an employee there, they're the second or the third. These are families who are employed here. And I've heard it from hospitals, and I'm sure many other folks in the room have heard it from hospitals, given that their margins are as slim as they are already, this hospital tax will crush them, crush them.

And we're not just talking about eliminating a little bit of margin. We're talking about putting them in the red. We're talking about hospitals defaulting on their debt covenance because of this tax. This isn't small business. The city of Bristol is a great example, and I see some representatives from Bristol in the room. They're going to hit significantly by this. Still after the sixth iteration of the spreadsheet before us, we can't in good faith argue that this hospital tax will not cost people jobs and they're jobs in our communities. Hospitals are saying either we sell or we close or we layoff workers, and unfortunately, the most tenable of those options is to layoff employees. That's the reality. That's the reality.

And that's not just the end of it, though. This

is -- doesn't just have an impact on employment and on jobs. This actually has an impact on access. Not just if a hospital goes out of business or sells out to a different concern, it has an impact on access when hospitals layoff employees. It has an impact on the level of care that patients receive when there are fewer clinicians to treat them within the hospital. Layoffs are inevitable. I've heard it from so many hospitals. I know we've all heard it from so many hospitals. It's an inevitability. It has a negative impact on access for patients to get into hospitals, and we often are excited and we drive access, and we're very concerned about it, and we've heard a number of bills throughout the session that promise an increase in access for patients to the medical system, yet, this hospital tax does the exact opposite. We can't have it both way. And I -- I don't mean to be distracted, but I'm a little bit worried about this issue, obviously.

And the other interesting side effect of all of this is as we lose our small hospitals, our community hospitals that add so much value to the patients, we're actually left with our large hospitals, our tertiary medical centers, our academic medical centers, and at the end of the day, the costs are higher in those facilities than they are in community hospitals. Our community hospitals do a very,

very good job of keeping their costs down. They do that all the time. And in this case, we're punishing them for it and we're going to feel a hit at the same time, because as we know, Medicaid reimbursement in the state of Connecticut is based on a percentage of cost. It's based on a percentage of cost so if we are left only with high-cost hospitals, what we will see is that we are paying out a higher reimbursement to hospitals -- the hospital system in the state of Connecticut. And at the end of the day, we're going to see a negative impact on the budget.

This is -- this is of great concern. This is of great concern. And I'll leave it with this. If indeed it is the will of this Legislature to implement a hospital tax and it seems as though we're moving in that direction, one has to pause at the arbitrary nature in which it is being implemented. As I said before, this thing has changed six times. Hospitals have gone from being winners to losers, and this Legislature, and government in general, typically isn't very good at picking winners and losers. If a hospital does well, let it do well. If a hospital doesn't do well, then it has problems. But we shouldn't be driving which hospitals succeed and which hospitals fail based upon whether or not we tax them or we don't, based upon whether they do well at the end of the day or they don't.

And this isn't just about -- this isn't just about tax, we're talking about improving the economy. This is going to have an impact on unemployment. This is going to have an impact on patient access and it is irresponsible in my opinion for us to go ahead and do this. I'm -- I'm supremely concerned and if -- and if your hospital in your community is one of the winners on this latest spreadsheet, watch out, because I understand we're coming up with a new version, Hospital Tax Version 7, 7.0, and your hospital might not be a winner anymore in the next iteration, or the iteration after that, or the iteration after that. Who knows how many more we have left. There's another five weeks.

So I urge caution to those legislators who think, well, my hospital is a winner. My hospital isn't a loser. By the time this thing is done, who knows who is going to be a winner and who is going to be a loser. And I think at the end of the day, the real losers are patients because it's going to have an impact on access.

And I thank the kind lady for the answers to my questions and I thank the Chamber for their time.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Rebimbas of Naugatuck, you have the

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floor, madam.

REP. REBIMBAS (70th):

Good evening, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Good evening, madam.

REP. REBIMBAS (70th):

Mr. Speaker, it's probably no surprise that I rise in opposition to this bill that's before us here today and I'll start off by characterizing it as a bill that lacks intellectual honesty and commonsense. And I say that after having heard many people on both sides of the aisle, because I still pose the question after hearing many of the statements that were made, I still question how -- how is that we balance a budget, pay our debts, provide all the services that are much needed and create jobs by increasing spending and by taxing. How? Of all the hours that we've still been debating, I still have not heard an honest explanation to that.

I've also heard on both sides of aisle and I'm going to have to agree with a point that many people have put countless hours and dedication into two proposals that will be before, the second ones, but many hours and hard work. Why is it that we continue to work harder and yet we do not work smarter. Why is that we're here today

voting on a budget that's not balanced? Why didn't we take the next several days, not the full five weeks that we have, because quite frankly, I know I don't have any vacation plans because I signed up for this. This is why I got elected is to make a balanced budget and in the best interest of the residents of Connecticut. I'm not going anywhere whether or not a bill gets passed today or the next five weeks.

What we should have done, Mr. Speaker, is have both budgets, people working on both sides of the aisle and then propose a budget that would be in the best interest of the residents of Connecticut. Once again, we have failed them. How is it that we're going to make change, positive change without government reform. Many people on many occasions in your districts, on the floor of the House, even up in the Senate chamber, everyone agrees that government is too big. Everyone agrees that government is bloated. Yet, several members and governors have said it's not my problem, I didn't create the problem. It was the people before me. If you don't address the problem, you're now creating an additional problem, and the cycle goes on and on and on.

I had the honor and privilege and to be surrounded by many of the Naugatuck residents last evening as we had

a local election and one woman's comment to me was, don't forget us. My response is, that's impossible, I will never and can never forget you because I am you. I live in the state of Connecticut. I have a family. I have a small business and I have parents who are seniors. Let me tell you about shared sacrifice, because I think it's gotten a little rhetorical. We all have to share sacrifices. Well, let's talk about the sacrifices that many families have made and based on this budget, what you're doing is taking additional money out of their personal pockets.

Around our family table, probably something that our government can take a lesson from, we look at how much income we have coming in, what is our expenses and then we plan according and let me tell you, we're certainly not taking any -- or taking lack of precautions in that. We're not going out to eat. We can't as often as we once did. We're not taking vacations. We can't. We cant' afford it. But then on top of that, wearing the business hat, then I sit around another table and that table is in my office, and what I have to do there is also balance a budget. How am I going to be paying an employee. How am I going to be paying for supplies? How am I going to be providing the services that I need to my consumers, but

yet still keep the doors opened.

And then there's a third table still in my life, and I'm sure many of you can probably relate to this. I have parents who are seniors so not only am I sitting around my personal table, but I'm sitting around their table trying to determine how it is that we can make sure that they can afford have healthy, happy lives. Those are many tables and it doesn't take as much hard work as we've been doing. We've got two -- the second hopefully will be proposed a little bit later -- but two viable budgets. It was represented earlier, probably, again, it depends on your perception of which one is better, but you take the best of both and you work on something responsibly, and we have not done that.

It's no news to everyone that the state is broke. Our state is broke. How are we collecting more money and rewarding a state that has mismanaged our money? I want to spend my money. If you think that this budget won't alter people's behaviors, you're sadly mistaken and that's not only our personal, individual behaviors, but we've heard on several occasions people talking about the business community. I haven't personally met those five business gentlemen, tycoons that signed that letter that was presented not too long, but I can assure you one thing,

probably each and every member in this chamber either attended a chamber meeting or was invited to a chamber meeting, and unfortunately, some may not have gone to those chamber meetings, but what I heard was from the manufacturers. I heard from the small business community, and I've heard from the mid-size to the large business community. They cannot afford to do business in Connecticut.

And what's even more fortunate -- or unfortunate -- is they can't afford to do business outside of Connecticut either. Why is that? They can't sell their business. No one wants to buy their business. No one wants to buy the building that their business is located in. That's sad. So therefore, many of these businesses are shutting down, closing down. I urge each and every one of you, if not in your personal town, your neighboring town, you drive down your main street and tell me what's going on, because I'm sure it's not any different than the main streets that I drive through.

There are closed storefronts. There are people struggling. And yet, we still sit up here, Mr. Speaker, with an unbalanced budget in the hopes that we may receive concessions. My district is made up of many different

people, union members, seniors, state employees. You name it, we have it. I hear from them so what do you think the concessions, how is going to impact my state job? Well, quite frankly, we don't have them yet, so I can't even tell you that, but aren't you going to -- the question to me, aren't you going up there to vote on the budget? So we are, but we still have no idea really how we're going to balance this budget, but for some reason, we need to vote on it today, or even tomorrow night, but we're voting on within the next 24 hours. What's the rush, if the work hasn't been done?

There were several points that made earlier regarding the cabaret tax. I cannot stress enough what a horrible idea that is. You've got restaurants and other entertainment venues struggling to be creative, to try to bring people to their restaurant, keep them in town so they think creatively by bringing entertainment in, but smack. We punish them with a tax. That's just one example.

Many times we talk about creating healthy lives. We even talk about labeling calories on foods, et cetera, et cetera, et cetera, but yet, yoga, it's now taxed. Nonprescription drugs for those people who have low dose aspirin, you're now getting taxed. Hospitals, you're now getting taxed. What kind of message are we sending?

I would ask and urge everyone to think and consider what you are voting on when you go to press that button today. Who voted you into office? Who are your family members? Who are your neighbors? And who do you run into on a regular basis? Remember that and remember the conversations that you've had with them whether that was through town hall meetings, personal e-mails, phone calls, or walking the streets in your district. Remember them and what they've said to you, because I can assure that if you press the green button, that's more money for the government. If you press the red button, you can stop the nonsense.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

Representative Hetherington.

REP. HETHERINGTON (125th):

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

You have the floor, sir.

REP. HETHERINGTON (125th):

Thank you.

I rise to oppose this proposed budget, but I'd like to focus on particular aspect and that is the estate tax.

This budget proposes to reduce the threshold, to drop the threshold of the Connecticut estate tax from 3.5 billion -- million to 2 million, retroactive to January 1, 2011. This is a particularly tough time for that move because in 2013, the federal estate tax will go back to a threshold of \$1 million and thereafter go progressively up to a maximum marginal rate of 55 percent so that taxpayers in Connecticut will get hit by an increase in the Connecticut tax and then get hit by an increase in the federal estate tax.

But I want to comment further on who this really hurts. Now, the perception is, I guess, that the estate tax gets the rich folk. They have a lot of money. They accumulate it during their lifetime and then they try to pass it on to their heirs. Actually, it is not the very rich that pay the estate tax. We should really understand. It is not the very rich that pay the estate tax. The very rich can afford to the \$600 an hour and accountants to figure out a way that will enable them to not pay any estate tax. And if you go on the Internet and look for trust and estates lawyers and you will find it and they make a lot of money. These lawyers get \$600 an hour. I do some of this work. I never got that much, but I guess there is something I wasn't doing right. But this

has spawned a very expensive industry and, in fact, the very rich do not pay the estate tax.

The people who really pay the Connecticut estate tax are the couple that has worked all their adult lives, bought a home years ago, paid the real estate taxes, paid the mortgage and have an asset that has grown enormously in value. The value is there. You can't sell it right, but if the value is still there, it would be calculated in the estate. So that when -- when they die, these people don't have the same sophisticated planning and the value of that house, that family home, puts them into the estate tax. This creates a dilemma, particularly in this environment, because they might not be able to realize the value of that house. The estate will have to report an appraised value for it, which will be a vastly inflated value, perhaps, over a decade, two decades, three decades, but they can't realize it.

So the widow or widower will have to come up with an estate tax to pay on an asset that cannot yield any present liquidity for them. They can't yield any cash for them presently. So it does very much hurt the middle income. It hurts the top of the middle income. The people who have succeeded, who have been frugal, who have deferred all kinds of things they might have spent the money on so they

could own that family, and for most people -- for most people, as we all know, the family home is the most valuable asset they ever owned or ever will owned and most of their wealth is in that family asset.

What we've proposed to do is to drop the threshold from 3.5 million to 2 million and begin the 7.2 percent at 2 million and then run it progressively to 12 percent. That's a lot of money to have to pay particularly when you don't have the access to the funds because you can't sell you house, assuming you would want to sell the house -- and you might not want to, because after all, it is the family home, and it doesn't only apply to the family home. There are family businesses, closely-held businesses, the principle dies, the mother or father, and the value of that business is in the estate. It often means that the business has to be broken up and sold for whatever can be realized because you have to pay an estate tax on the value of the business that the decedent owned.

This -- this tax, as I mentioned earlier, is retroactive to the first of January 2011. Well, what happened to people who died before they knew about Governor Malloy's plan. They died and their estate is liable for this if they died in January, February, March. And a simple estate could conceivably be just about wound up and

distribution made. What do you do then? The executor has to recover whatever funds might be distributed to recover to try to pay the estate tax. What if you can't recover it? Is executor liable? The surviving spouse, usually the executor in most estates, now has to find the money to pay an estate tax from an estate that's been distributed. This is a -- I think we really don't appreciate fully the impact this has on our people because it's not about the rich, it's about the folks we know every day, see every day.

This estate tax is a factor in people's decision as to where they want to retire and live out the rest of their lives. You know, I know it's somewhat difficult to believe that people would leave the state based upon our tax structure. We all think, well, you love Connecticut, we all love Connecticut, and just because you have tax increases, you wouldn't leave. And it may be hard to tell empirically that that's happening because you don't see those Suburbans rolling down Interstate 95 with all the furniture latched on the roof, you know. It's not like the Grapes of Wrath's scene, but people are leaving. And for successful people, reasonably successful people, in 2011, it is very, very easy to move and live somewhere else.

In fact, if you get one of those expensive advisors, you can probably spend as much time in Connecticut as you want and still live in Florida. So people do leave. I just received an e-mail -- well, not just, but the other day it came it -- and it said, from a constituent in Wilton, "I expect you will do all you can not to let this budget pass. You will be chasing income earners out of the state. All any state legislator needs to do is to speak to anyone with their last kid in high school. After graduation, we are gone if the taxes don't go down. What we receive for what we pay is completely imbalanced." This is typical about -- from what I've been hearing and I think the estate epitomizes as much as anything the -- the imposition we are placing on people of moderate means.

So Mr. Speaker, I would respectfully urge my colleagues to reconsider this. You know, the estate tax does not yield a lot of money. It's only expected to yield 22 million as a result of this increase -- actually, it's not just 22 million from the increase, because that takes into account estates that would have been taxed even under the \$3.5 million threshold. So for -- for the -- why are we putting this \$22 million burden on people when we've got a \$1 billion surplus. How about reducing that surplus by \$22 million and let's keep the estate tax where it is.

Mr. Speaker, I'm not suggesting that this consideration, the estate tax, drive the entire budget debate, but it seems to me to illustrate very well what we are doing wrong in this budget and combined with everything else, it's enough to tell me that I can't support this budget. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Hetherington.

Representative Betts, of Bristol the 78th, you have the floor, sir.

REP. BETTS (78th):

How do I speak?

Thank you, Mr. Speaker.

I rise to share two experiences like Representative Cafero was talking about earlier on to let you know the impact of what we're doing in this budget on people. One comes from an e-mail, from a gentleman who owns a business that's not in my district, and one comes from somebody who is in Bristol. And I just briefly want to share this because I thought it was very real, very moving, and I'd really like everybody to understand what this person is coming from because I think a lot of reflect this experience.

It says, "Dear Representative Betts, I am writing to

express concern over the proposed budget for the state of Connecticut. In an economy that is struggling, the proposed budget and its several tax increases, new taxes, would put one more nail in the coffin of business" -- this is by the way a small business -- "The \$2 billion hole in this proposed budget that supposedly will be met with union concessions is a huge unknown. What happens when the concessions do not come through. The likely scenario would be an increase in new taxes and an increase in current taxes in addition to those already proposed in the budget to make up the difference. Our company is a mechanical and electrical contracting family business that established in 1973.

"In addition to nonunion office staff, we employ 4 trades of mechanics represented by three unions. In the current market where we can barely sell our product, this budget legislation will increase our costs which will increase our price to our customer and make our services even more difficult to sell. We have lost money the last two years. There is no profit margin to take this additional cost from. Our contracting business has been suffering from last few years going from 60 mechanics on a job sites to barely keeping a dozen busy with a three-day work week. Last fall, we had to reduce our office staff

by 50 percent from ten to five. Cuts coming -- cuts coming from primarily the office support staff. Remaining office staff workload has increased exponentially because despite the lack of actual work that brings in revenue, expanding paperwork, regulations and bureaucracy seems to be growing daily.

"The key to straightening out this economic nightmare is bring cost under control. Cutting costs not increasing spending and taxes. The private sector has been tightening its belt for years. It is time for the government to do the same. The course of action required includes cutbacks in various areas, a reduction of spending across the board no matter how painful I implore you to take this route and do the right thing. Rather than endorsing the budget that is currently proposed, take a stand and make the hard decisions."

This is the part that I'd you all to listen to very carefully.

"In the meantime, our company has a building that we cannot sell in this market. We have a business that is struggling that no one wants to buy in a state that no one is going to come to because of its lack of business friendliness. After almost 40 years in business, I can honestly say that if we had any alternative, we would be

out of Connecticut in a heartbeat. Given our circumstances, we will probably be out of business before we can move our business. I do not see Connecticut getting any better contrary to the Governor's statement."

How sad is that? Forty years. That is really unfortunate and this person is probably going to be out of business before he can move.

The second experience: I dealt with a local package store and the package stores are throughout the whole state. I know everybody has one in their backyard and I just talked to them about two hours ago and he told me that he has to now go through his entire inventory of 10,000 bottles of liquor, wine, beer, liquor and he has to do the inventory by August and then he has to reprice every single bottle to reflect what is going on with the new price increases. That is an awful lot to ask of a two-person owner package store, two people. I wonder how many other package stores are going to have to do the same thing because of what we're doing here.

I often ask myself when we pass legislature no matter how good the intent is, do we ever think about the impact it has on the people that we're impacting. I know last night when I was at a town hall meeting, it was the fourth one that I had been to, I have no idea whether these people

were Republicans or Democrats, but they came, they saw what was being done. They said look, I'm on a fixed income. I'm telling you right now I don't have any money to pay more taxes. I'm looking for a job. Please tell the General Assembly, please tell them they need to have to readjust the approach to solving the state's problems. Do not do it on my back. And when I had breakfast this morning at 6:30, I happened to come across two construction workers who were eating breakfast at 6:30 and they said, enough is enough. I'm packing up. I may not be able to sell my home, but I'm moving down to North Carolina in June.

That is what is being told and being said around our communities. I ask people to really think about what's being said and I urge people to try and work with us to find a better alternative. This is real life stuff and I think we really, really need to understand and listen to what they're saying to us. I know we're going to offer a budget that has no tax increases and there's one you have with 1.8 billion. Surely, surely commonsense says there's a middle ground here. I implore people to try and work together to find that middle ground, but under what I've been saying and what I've heard from people, I absolutely can't support this budget and I urge people to reject it.

Thank you very much, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, sir. Thank you very much.

Might I just remind the Chamber, that it has been the past practice of this chamber not to allow the reading of correspondence from constituents or others. However, you may, of course, summarize what you've heard or read or received, but not to read verbatim so that's just a cautionary note going forward through the end of this session. Thank you very much.

Representative Giegler of Danbury, the Hat City, you have the floor, madam.

REP. GIEGLER (138th):

Thank you, Mr. Speaker.

I rise, too, with much concern about the bill before us. Most importantly, I have a real concern about the increase in diesel tax. The budget may have taken the tax on gasoline, but it still has left the gross receipts tax, but additionally, it has added an additional three cents per gallon to the diesel tax to 29 cents per gallon. This tax hits hard a group of people who are already struggling as their industry has seen no growth. That is those that are working in construction. I know it well as we live it every day, as my husband has a small contracting

business and is an excavation contractor, and we've seen a complete decline over the last two years.

Not only has it been in the cost of doing business but the lack of individuals being able to get loans, which is not part of what's before us now. But have you seen as many truckers on the road hauling asphalt, stone or sand? Have you seen trucks hauling equipment, excavators, backhoes? Have you seen as many as you used to see when you drive along 84 or any of the back roads when you're trying to get somewhere and you have them before you? There is also the pickup trucks that they all drive. You talk about landscapers that drive pickup trucks, most of these use diesel.

We aren't seeing the new home starts and we're not seeing new editions. We're not seeing drainage repairs and all of the small businesses that usually do this kind of work or even do expansion plans on -- for homeowners, that's not happening. All equipment requires diesel whether it be pickup trucks, excavators, landscape trucks, well diggers, but we don't stop there. We also have to look at the fees that are now being incurred on them with their CDL licenses, temporary registrations on less than 6,000 pounds. These are all fees and taxes that are having a huge impact on this group of people.

Most excavators or contractors can use 40 to 300 gallons per day. Currently, they're paying 4.30 to 4.50 per gallon. Federal tax already requires that they pay on all their off-road equipment. Where is the shared sacrifice on these small businesses, most of whom are self-employed individuals, who when there is no work, are not part of the forest that is receiving unemployment benefits or is able to just go out and get a job on a different day. They're already struggling and you have to go out there and be with these contractors to see just how many have gone out of business, who have for sale signs on equipment. It's not unlike, if you go down the road, and you see someone having a for sale on a bulldozers or a backhoe or an excavator. There is no work for them and it's really difficult on their families. Some of them have wives that work, others are not able to have them do that. It's really a struggle.

So this three cents, you may say it's only three cents, but when you're looking at the volume of diesel that these businesses use, you can see, it has a tremendous impact. I cannot support another small group of self-employed individuals, see them have to just pack up and move out of the state because there is no work. So I urge my colleagues not to support these tax increases.

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Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Camillo of the 151st and last, but maybe the best, you have the floor, sir.

REP. CAMILLO (151st):

Thank you, Mr. Speaker. It's always good to see you up there and the people of the 151st thank you.

In a few hours, we're going to be voting on a budget that contains dozens, and dozens, and dozens, and dozens of taxes. Almost all of them I find objectionable, but there's only one that I really wanted to comment on right now and that's the proposed hospital tax. I say this as somebody who has a hospital in his district that will get hit the worst, or as Representative Floren says, is the biggest loser of the group. Greenwich Hospital made the last years about \$6 million a year. Under this hospital tax, we're going to lose -- slated to lost \$7.5 million. That's a \$13.5 million hit.

We could sit here and argue about every tax there is on the book and that's okay, but I think we can all agree that this is a tax on health care. There's no other way around it. Our hospital has a lot of noncompensated -- high rate of noncompensated care, so

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people think we're okay and because we're affiliated with Yale-New Haven and they do okay under this plan, that we'll be okay. We're completely separate as far as the finances go. We are going to be a huge loser.

Greenwich Hospital employs 1900 people. That's the biggest employer in the town of Greenwich. They've already told us they will be laying people off with a deficit of that much, \$7.5 million, but more so, and this comes -- speaks to the health care issue, Greenwich Hospital has a lot of free clinics and programs out there that people in the community have come to rely on and don't kid yourself, we're a diverse community. We have over 61,000 people. Furthermore, several years ago when United Hospital in Port Chester, New York, just over the border closed, we have had -- still have had an influx of people into the emergency room with no -- no insurance at all. And as a frequent visitor of our emergency room, I can tell you that it can be backed up at times.

This is unconscionable to put a tax on health care. Governor Malloy -- and I respect him and I believe him when he says that he's putting forth this budget because he doesn't want to touch the safety net -- he's -- and I'm quoting him -- he does not want to close nursing homes. He doesn't want to effect the most vulnerable. Well,

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unfortunately, this budget -- this particular item does exactly that. It is a tax on health care. It will put people out of work. It will certainly effect the people, like I said, that have come to rely on these programs, and as my colleague, Representative Perillo said, this is just a shuffling of money. I understand why the Governor is putting it forward to get the federal funds. I understand that.

But again, as Governor Malloy said in Greenwich a few -- a month ago, we're aware of the Greenwich problem, and I believe in what he said, he'll try to fix it, but how in God's name can I vote on something that is a work in progress when my hospital and my community is the biggest loser in the state of Connecticut and will be in a deficit. So for that reason alone, I'd ask people to really consider it. And if your hospital, most likely it is, is going to be okay under this, it may not be when it's revisited later on.

So again, thank you for your time and I urge rejection of this bill. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

From Madison, the 101st, Representative Kokoruda, you have the floor, madam.

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REP. KOKORUDA (101st):

Thank you, Mr. Speaker.

This is will be first state budget I'll vote on so just like everyone in this room, I take it very seriously. I have prepared and worked on 14 town budgets, and done one just lately again this year, and it will be last, and this will be the first state one. And I have to admit, I wanted to build on a little bit of what Representative Aman said when he talked about municipal aid. I have problems with that word "aid," too, because actually what we're giving our towns and cities is money back -- part of the money back that we collected from their residents and I know in Madison that's seven cents for every dollar we send to Hartford. So obviously, our state budget is important to all of us because it's our money.

I was saying this -- the two budgets that I worked on this year, I want to just comment that it was pretty astounding the difference -- the different ways that we approach them. In the town of Madison, we made hard decisions. We had to be pretty courageous. We worked with people on both sides of the aisle with compromise and put forward a budget that both parties could agree to and get out and publically support. And you know what? It felt great. And I know that hasn't happened here and it's

my first and a disappointment.

Taking the easy way out by just increasing taxes is something that really is hard for me to accept. I'll tell you, it's hard for my constituents, the people of Madison and North Guilford, to accept that just increasing taxes is the only way. We didn't make the hard choices.

Local legislators have streamlined budgets, have worked hard to cut government and we have not done this here and I don't really understand why. As a brand new legislator, it's been one of the biggest surprises that we're not listening. We talk about all our town meetings, all our budget hearings that we've listened. Well, this budget doesn't show that we listened by increasing taxes. I don't know about all of you, but not one of my constituents came up to me and said, raise my taxes, no one. They said just the opposite, and the fact that we held town meetings, and budget hearings and still put this budget forward is very different to someone who is used to doing just the opposite.

We heard today about the major cuts to this budget. Well, I don't see them. When your bottom line is higher than the year before, those are hardly major cuts. Our small towns, our cities are living with less, and as a new legislator, it's shocking to me that the folks in this

chamber are not willing to do the same. This is serious times, horrific times for so many of us and the fact that we keep ignoring it and just raising taxes and not truly, truly making significant cuts in our size of government, not making significant cuts on the level of managers we have in this state. No one wants to cut services, but we know our budget is inflated, our government is bloated. We all know it.

When we will be courageous enough like we're asking our small towns to be and do something about it. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Smith of the 108th, you have floor, sir.

REP. SMITH (108th):

Thank you, Mr. Speaker. I appreciate the opportunity to address the chamber.

You know, you're only a freshman once and it's kind of like your first kiss. You have a lot of expectations, and I must say these expectations are a little disillusioned this evening. And the reason why I'm saying that is, I've sat with many of you in the various committees and I know that I am blessed to serve with very rational

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people, because I've heard your arguments. I've heard your pleas. I've heard your suggestions and they're all good. And perhaps, that's why I'm most disillusioned this evening, knowing what's being presented tonight to the state of Connecticut and the people we represent.

You know, I was initially going to talk about the budget and the particulars of the budget, things you may have heard about like the highest tax increase ever, spending \$13 million more than we're doing currently over the next two years, giving no relief to our towns that we serve, and cities, but then I realized, you've heard it. You've hear it all. You know it. You've read it.

And the reason I say that is because when I look around the chamber, as there are -- speakers on this so-called "this side of the aisle" I guess, have presented the flaws in the budget. Most of you are looking down at your computers. Many have left the chamber. Some are -- simply decided to tune out and I say that with no disrespect because I truly believe that you do care, but I have a sense that your hands are being tied.

But I know that you know in your heart what we are saying to you here tonight is accurate. I know that you know in your heart what we are saying to you here tonight is what your constituents are telling you. I know that

you know that this is an unconscionable budget for the people of the state of Connecticut so what I'm asking you tonight to do when you push that button, don't do so because you're hands are tied, do so because this is what your heart is telling you to do. I'm asking you tonight to do so because this is what your constituents, your constituents have asked you to do, and if you do that, then the people of Connecticut will be not only well-served, they will be ecstatic for your efforts.

Thank you, Mr. Speaker, for the opportunity.

DEPUTY SPEAKER ALTOBELLO:

Thank you, sir.

One more cautionary note before we go forward in this session, past practice and rules do not allow the speaker to impute motives to another member of this chamber. Please comport yourself so and we'll have no problems going forward. However, if this happens again, you may be interrupted. Just a fair warning. Thank you.

Representative Miner, you have the floor, sir.

REP. MINER (66th):

There will be no kiss over here.

Good evening, Mr. Speaker.

Mr. Speaker, the Clerk has Amendment LCO 5841. If he might call it, and I be allowed to summarize, please.

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DEPUTY SPEAKER ALTOBELLO:

Representative Miner, would you please repeat that LCO number for us?

REP. MINER (66th):

Certainly, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you.

REP. MINER (66th):

LCO Number 50 -- 5848, and I be allowed to summarize.

DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO 5848, which will be designated House Amendment Schedule "A."

THE CLERK:

LCO Number 5848, House "A," it's offered

Representative Cafero and Senator McKinney.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, this amendment is the long awaited for Republican House and Senate budget and I move adoption.

DEPUTY SPEAKER ALTOBELLO:

Question before the chamber is adoption of House "A."  
Would you care to remark further, sir?

REP. MINER (66th):

Please, thank you, Mr. Speaker.

Mr. Speaker, this budget represents I think Minority Leader Cafero has said in the past when we have presented some of this information to members of the Legislature, a fair amount of hard work. Like members on the other side of the aisle, we spent many, many, many evenings looking through SID numbers, line items, agencies, revenues and have come to what we think is an important budget decision for the state of Connecticut. Mr. Speaker, let me say in the onset, that this budget does not raise taxes. I'll say it again, it does not raise taxes.

The budget does make some very tough decisions in terms of cuts. And while it does, it still preserves what we think are the core functions of state government. It consolidates many agencies. It looks to privatization in the future. It directs agencies to actually enter into studies to accomplish that. Mr. Speaker, this budget also makes adjustments to employment levels in the state of Connecticut. It does so through attrition. It does so through consolidation. It does so through lay off. None of which are easy, some are voluntary.

Mr. Speaker, as we go through the sections of the budget -- and I don't intend to go through all of

them -- let me say first of all that the budget spends in combination \$18.241 billion in 2012 and \$18.976 in 2013, considerably less than the budget that we're discussing as an underlying bill; \$1.15 billion in the first year and \$4.14 million in the second. As I said, no tax increases. It does provide a very modest surplus at the end of first and second year with \$71 million, 136 million in the second. It maintains current funding levels for municipal aid. No change to the MM&E program, no change to ECS. It caps the gas tax. It deals with a Connecticut pharmacy problem that is in the underlying bill by suggesting that we can go through the use of generic drugs and save approximately \$50 million, giving people still an opportunity to visit their home pharmacy. It also has a package of mandate relief in it and that will spoken about by someone else. We add positions for new fraud investigations, 20 new positions.

When we spoke earlier about the underlying bill, Mr. Speaker, we spoke about changes and the questions that were asked by myself and others were how was this budget morphed over time. Has it -- has it paid attention to increased revenues. Has it paid attention to other suggestions that have been made and I just want to point out that since the budget was originally proposed by House Republicans and

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Senate Republicans, we've added back half of the DISH payment. It depends on no 11-15 Medicaid waiver. We flat-fund fire training schools. Military Department Horse Guard has flat funding. We maintain 6 percent copay Connecticut Home Care Program. Charter schools are funded at the Governor's level, magnet schools also at the Governor's level. Disabled driver training restored -- I believe that that's provided by Motor Vehicle. And we restore six positions to the Office of Child Advocate. We use no surplus in balancing this budget, Mr. Speaker. We've restored the longitudinal database and interdistrict cooperation, both of which garner us federal aid.

Like the budget, to which this is amended, we proposed consolidations, some of them are the same, some of them different, but let me go through them if I might. The Department of Transportation will now contain Transportation and Motor Vehicle. The Department of Human Services will contain the Department of Public Health, Social Services, Mental Health and Addiction Services, Developmental Disabilities, and Children and Families. The Department of Education will contain the Commission of Educational Technology, in addition to the Department of Education, State Library Board and the

Department of Higher Education.

The Department of Administrative Service will include Public Works as well. The Department of Emergency Management and Homeland Security will be the Department of Public Safety included, Board of Fire Permits and Examiners, Department of Emergency Management Homeland Security. Department of Economic Development will include Connecticut Innovations, Connecticut Development Authority, Connecticut Housing, Department of Economic and Community Development and the Department of Labor.

We've also created a Department of Government Accountability. The Attorney General's office takes on a number of other agencies. The Commission on the Status of Protected Citizens will take on those that include African Pacific American -- Asian Pacific American Affairs, African American Affairs, Commission on Children, Aging and so on.

Mr. Speaker, we have made very difficult decisions in reducing expenditures. We believe that's the right road for us to be on going into the future. The reason we make a decision to reduce expenditures is to force the kind of conversations that we believe should be had within these state agencies. What would -- would create a conversation between DMV and DOT if not reduce spending.

Those are the kinds of conversations that go on all across the country, all the across the world. Why? Because people are trying to find ways to do things more efficiently.

We reach outside our current framework and make recommendations like doing intake through the private sector, not through our agencies, in terms of human services.

We don't believe that the way we're currently providing services is always the best and so what we are hoping to do through our budget is challenge our agencies, challenge them to outreach to private sector individuals, whether it's through motor vehicle talking to dealers, whether it's through any of our human services agencies talking to outside, private not-for-profits. We believe that in various sections of this budget the direction that we take state government is to become more efficient and to be more effective.

In Section 41 -- let me see here. I already did that one. Excuse me one second, Mr. Speaker.

In Section 53 of the budget, we talk about privatization through various agencies DCF, DMV, DEP, DSS, DOT and Department of Corrections, not because we want them to be private tomorrow, but there are certainly some

functions that we believe might actually benefit our constituents if they were done by the private sector.

We have sections in this budget, Mr. Speaker, that deal with municipal aid, that deal with mandate relief for municipalities. Those are included in a number of sections, again, that someone else will speak about later.

As I said in the onset, Mr. Speaker, we do reduce the number of full-time positions in the state of Connecticut in this budget, through consolidations, approximately 350 through what we call a hard-hiring freeze. I think that language has been used in the past. We've reduced staff by about 230. I indicated during a conversation with the chairman of the Appropriations Committee that the Commission on Enhancing Agency Outcomes has spent a lot of time researching what the proper manager-to-staff ratio should be. And I believe the number was about 1950.

Our recommendation is that agencies throughout the state of Connecticut reduce 1120 management positions, not touching agencies, as was pointed out in that study, the Judicial Aid Department would not be touched. There were a couple of others, Higher Education, that there were clearly some reasons why, at least on the teaching end it would be problematic.

As was stated earlier, there are vacancies within the

budget. The Governor takes them. Your budget calls for them. Our budget accepts them, about 166 positions. And then, quite frankly, we have about 834 layoffs that will have to be handled somehow through the agency process.

Mr. Speaker, our budget also includes the billion-dollar concessions which, the Governor has spoken about. The Democrat budget has included in it. I believe in the underlying bill it's handled in Section 12. Our budget handles it both in Section 12 and Section 96, and probably the biggest nuance between the underlying bill and our bill is that the proposal in our bill requires more hands-on activity in terms of the Legislature.

We very much understand that the negotiation processes between the executive branch and SEBAC, but we believe that the Legislature, just as the Governor said back in February -- back in January, should include the Legislature voting on these sorts of things. And so our language includes the Legislature being a part of ratifying those decisions, both in terms of concessions and in terms -- in terms of any other reductions in workforce that might occur or any other benefit changes.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Miner.

Representative Williams of the 68th, you have the floor, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker. And good evening to you.

DEPUTY SPEAKER ALTOBELLO:

Good evening, sir.

REP. WILLIAMS (68th):

Mr. Speaker, ladies and gentlemen of the Chamber, when we all took office earlier this year and the new Governor assumed the office of governor for the very first time, we all heard the same message. There's only one way we are going to get out of this budget deficit. We heard it over and over and over again. There's only one way we are going to get out of this mess and that's if we do a little bit of borrowing, a little bit of tax increases and a little bit of spending cuts. Right? We all heard that.

But in reality, the last few years -- and those of you who are members of this Legislature or who were campaigning for office at this time last year, you remember this -- the reality is we did quite a bit of borrowing to let plug our budget deficit. We did quite a bit of tax increases. Guess what we didn't do, we didn't do a lot of spending cuts.

And so while we heard over and over and over again

that there's only one way, there actually is another way. We, on this side of the aisle, happen to believe it is a better way. We believe that we can do this. We can responsibly balance this budget without raising taxes, without cutting state aid to municipalities, without throwing people out on the street who are in need of the social services that we so -- have come so dearly to want and understand here in the State of Connecticut.

We believe we can do that and we have put together a document here that does it without raising taxes. Let's talk about what it doesn't do. What it doesn't do is raise taxes on personal income. It doesn't raise sales taxes. It doesn't raise taxes on clothing and footwear that middle-class people benefit from. It doesn't raise taxes on entertainment if somebody takes their wife, or husband, or boyfriend, or girlfriend to a restaurant that happens to have entertainment. It doesn't raise taxes on those people. It doesn't post very punitive remote seller's tax "the Amazon tax" -- and on that point by the way, many of us on the Finance Committee had the good fortune to meet and hear from a gentleman named Tom Camposo from Claire's Marketing. Tom came up and talked to us about the very real possibility that if we pass the Amazon tax this year that the affiliates that he does business with will cut

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him off. This is a guy whose company started in the bedroom of the founder of the company. Literally, the guy moved from New York, came here to Connecticut and started this business in his bedroom. Grew to 25 employees. The company is now in Middletown, Connecticut. I'm sure the members from Middletown are familiar with Claire's marketing -- moved to Middletown, Connecticut -- occupied some space there and now employs 25 people. And you know what?

Based on recent history, I don't think we can see the guy is not telling the truth, that his affiliates are going to cut him off and he's going to have to lay off several employees. What are we going to say? We don't believe him? Oh, it's probably not going to happen. Maybe. Maybe not.

Folks, this doesn't eliminate the property tax credit or even reduce it as Representative Cafero said earlier, that is the one tool, the one tool that property owners have against rising property taxes and, as property taxes continue to rise because of economics and labor costs, they have no tool other than the property tax exemption. This proposal in front of you does not eliminate that.

It does cap the gross receipts tax on gasoline. And so while, you know, a lot of us have been running around

the chamber and around this building the last few days patting ourselves on the back because we are not increasing the gas tax by 3 cents -- there's another little hidden sneaky tax that remains uncapped in the underlying bill. And in fact, I did a little bit of research, and on January 1st of this year the wholesale price of gasoline was \$2.53 and the gross receipts tax was 19 cents a gallon. As of May 2nd, the wholesale price of gasoline had skyrocketed to \$3.46. The tax was 26 cent a gallon on that gallon of gasoline. People are getting in their cars and driving to work every day and making the decision as to whether to fill up their gas tank or go out to dinner. That's not a fair choice for us to force onto people while the government reaps a windfall, while we, in state government, reap a windfall from the gross receipts tax.

So this proposal before you doesn't include any new taxes. It preserves the things that we have cared about for so long in this room. Listen, I know we all go to our cities and towns and we say to our first selectman, or our mayor, or our councilman, all right, guys, we are going to work to protect state aid this year. We are going to make sure that we preserve ECS. The proposal in front of you does not cut that one dime. Not one dime. No one will go without access to health care who had health care last

year. No one will go without some of the very basic social services that we provide here in Connecticut.

But we have made some tough decisions in this budget proposal that's before you. And it's something that we should have done for so many years here in this building, and very publicly so many of you -- my good friends and colleagues have admitted we either borrow too much; we spent too much; we didn't cut enough; we created too many programs, et cetera, et cetera, et cetera.

We've all admitted it over the years and it has been well-documented in the press recently. You know what? We screwed up as a legislator. We screwed up, but this year we can fix that. Rather than just say oh, okay. Taxpayers, you have to deal with just one more year of tax increases. Just one more year. We promise. Take our word for it. We are not going to come back next year. We're not going to ask you for more. We've seen what happens when we make those promises and we can't keep them. As I said earlier, the real estate conveyance tax was passed in 2003. That was going to be a temporary tax. It's being made permanent here today. And there are hordes of other taxes and fees that have been raised over the years or implemented over the years and not taken back. And so you can't blame people when they lose faith and trust

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in their government. When we say one thing back home and we come up here and we do something else, we can't blame them for losing faith in us.

But today, we can at least make one step in the right direction to turn this ship around and help change that perception. And I hope you'll join me in voting yes on this amendment. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

REP. WILLIAMS (68th):

Mr. Speaker, I'm sorry. I meant to ask that when the vote be taken, it be taken by roll.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is whether or not to have a roll call. All those in favor, please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

The threshold has been met. When the vote is taken shall be taken by roll.

Further on House "A."

Representative Aman of the 14th, you have the floor, sir. Representative Aman, 14th, your mic should be live,

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sir.

REP. AMAN (14th):

It's on now. Thank you very much, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

You're welcome, sir.

REP. AMAN (14th):

A couple hours ago when we were discussing the budget, I was talking about the lack of mandate relief within the budget that we were presented. And that while no additional money was going to be municipalities, we also weren't going to give them help.

I'm happy to report that the budget that's before you know, as an amendment, does have a fair amount of mandate relief. I will admit that there's a lot of things that are mandates that are good that we should really want to do, unfortunately, many of them are expensive. The way all of our mandate relief is written is on the idea of shall -- on the idea of may not shall. I think it's up to each locality to figure out what combination of relief is good for them and what works for their own community.

Some of the items that are in there is the Raise the Age. It delays it for two years. This is something that has been going around for the last several years. For some communities, this is a very expensive item for them to

include in their budget. Similarly is the delay in in-school suspension. I personally feel that in-school suspension is a good idea versus out of school, but again, for many of our school systems, this has become a problem and I think, again, when we say that they may suspend it, not shall, it addresses the problems.

Teachers-in-service days is the three days that most municipalities, school systems, require their teachers to take some sort of in-service instruction. This adds three days to the total work year. It is part of collective bargaining. This bill does not say that it has to be suspended, but again, it gives the town the flexibility to deal with their teachers to decide whether to do it. If it was fully implemented, some of the estimates are as high as a savings of \$40 million to the municipalities if they eliminate all three of those days. Again, I don't think most communities would eliminate the three, but I think it is, again, some flexibility that they should have.

Binding arbitration: I don't think any of us who have talked to a municipal official has not heard them -- the problems with binding arbitration. The budget, as presented, will address that problem, put through some more standards as to how it can be done in a more efficient and fair manner. The prevailing wage

would raise the threshold up to, I believe, it's a million dollars for new construction. Again, I think this faces the reality right now of trying to get as much progress out of the capitol budgets as they can. The more we do along this line, the more people we can put back to work in a hurry. We also, on the same idea, is the legislative approval of stipulating agreements between the Board of Educations and the teachers. This has become a problem for some of the municipalities. When they come back to the legislative body, the agreement is turned down and then a stipulated agreement is signed. I think this covers that and allows, again, a better control over the financing to the top.

Last year, we passed Race to the Top. We were looking at a possibility of a tremendous amount of money coming from Washington. Most of that money has not occurred, and again, this proposal that you see in front of you delays by two years the Race to the Top mandates. It does not mean that any town that wants to use those mandates -- wants to supply them to their students cannot do it. It just requires -- removes the obligation to do it.

It also does something that allows reverse auctions. That allows municipalities to use a reverse auction

contract for services, professional services or other arrangements which they are currently not allowed to use. They are allowed to use it for goods and supplies, but for services, they're not.

It would add disciplined at this Chamber by in the future mandates saying good, if we want to put out a mandate we can, but it will require two thirds of us to go ahead and say, this is so important that we have to order our municipalities to do it.

This is the sort of thing that I think gives the municipalities the flexibility, the ability to respond to no more money from us and still meet their obligations. I'm glad to see the full \$500 tax credit because, as I said earlier, for many of our taxpayers the cost of the local municipal government is by far the most expensive part of their tax bill.

So Mr. Speaker, I urge the members of this Chamber to support the budget because of the mandate relief and many other things within it.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Aman.

Representative Scribner, of the 107th, you have the floor, sir.

REP. SCRIBNER (107th):

Thank you, Mr. Speaker. Good evening.

DEPUTY SPEAKER ALTOBELLO:

Good evening, sir.

REP. SCRIBNER (107th):

I believe in my heart that every single one of us, all 151 of us, are elected by roughly the same number of people and come to this chamber and to serve the public to the best of our ability. Not just the promises that we make during a campaign season, but what we come here to do, which is to serve and represent the best interests of all of the people that we are elected and take an oath to serve.

Certainly one of the most significant responsibilities that comes with that obligation and that oath is creating a state budget, a budget that will work for those people that we serve. There's no denying that we are faced with probably the most immense challenges that any one of us, no matter how long we've been here have had to face in regard to the fiscal condition of this state. And how would we move forward beyond? I would like to think that we have an opportunity before us that comes with those challenges to do better. And I believe we do. We've had a lot of discussion, and particularly, beyond February 16th, when we all gathered in this chamber in

joint session with our colleagues from the Senate and heard from our newly elected Governor what his proposal was to move this state forward with a two-year biannual budget. That was the foundation from where we all started to have discussions with each other at committee levels within our own caucuses and with the administration. And probably most importantly, taking the opportunity to share the information with our constituency as to what was being proposed by this new administration and this new Governor.

And we all know that there was a lot of talk publicly and through the media about the Governor going out and addressing 17 communities throughout this state. All at the same time, many of us were addressing our own communities. I think there were more than 45 town hall meetings that took place where we took the opportunity to help educate the public as to what the Governor's proposal consisted of. And I believe that there's more than just going out and presenting a budget to the public. I believe our greatest obligation in doing that is to then listen to their response. And when I say listen, I mean, listen, not just hear.

And I believe that as we were doing those town hall meetings throughout the state simultaneously with the Governor, we really did listen. And as a result, brought

the fine minds and talent of this caucus together and came up with a very challenging, but a very credible, alternative that would best represent all of the people of this state given the very difficult circumstances that we are in.

We didn't just say we were going to reduce spending and throw in a few symbols. We produced a credible, realistic document that is based on facts, that is based on needs and is based on what is truly sustainable for the people of this state. Because we listened to them and we made a commitment not to repeat the bad policy practices of the past, that we were going to learn from those mistakes and make the tough decisions that the people placed faith in us to make and produce a better budget for a better future for this State. I believe in my heart that's precisely what the document before us does and will accomplish.

We do have an alternative. We do have a choice. We have an opportunity to do something that will set the state in a better direction that will accomplish responsible action on behalf of this state government to serve the people in need, to assist municipalities, to ensure public safety, to best educate the children in our public school system. And beyond that, do it in such a way that there

is truly shared sacrifice. Nobody's going to say that this is easy, that every bit and every line in this -- this alternative budget everyone is going to love.

As a matter of fact, I believed from the beginning no matter how we worked through this process, if everybody didn't like the budget, we probably have made good decisions. But clearly, we have a stark contrast in the choice that's before us as we debate the future fiscal stability for this state. And I think, as we listen to the people that we serve, it is most important that we then demonstrate to them by our actions, by our commitments, however tough they might be that we truly did listen and we're going to do the best of our ability to do what's best for them, all of them, whether it has to do with health care issues, education, transportation.

When I look at the idea of truly taking on the growth in this state and it's spending, this document produces that. We made some tough decisions, but sensible and logical decisions in recommending consolidation of state agencies.

In the years that I've been here, I've worked very closely with both the Department of Motor Vehicle as well as the Department of Transportation. I can see very logically from the experience and knowledge that I've

gained through that time that such a consolidation could work, and work well. It's about creating efficiencies. It's doing more with less. It's setting an example. It's taking a leadership position to demonstrate to the people that we have a commitment to serve. We got it. We are showing them we can do better. We need to do better and we've made the choices and the tough decisions to get us there.

I implore every member in this Chamber to give very careful consideration, regardless of what your mindset was when you walked into this Chamber today, to really continue to listen to the debate, continue to review the detail of the document that is now before you and gives you a true, sensible and responsible alternative approach to best serve the people every one of us made a commitment to serve to the best of our ability. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Scribner.

Representative Sampson, of the 80th, the wonderful town of Wolcott, you have the floor, sir.

REP. SAMPSON (80th):

Thank you, Mr. Speaker and good evening.

I rise in support of the proposed amendment, the Republican budget alternative. The last time,

Mr. Speaker, that this body passed a State budget I was also here in this room. The only thing is, at that time, I was up there in the balcony observing. The outcome then, much like today, was pretty much not in question, yet, I watched those proceedings with great interest. And in the end, the results, no matter that I knew what they would be, still made me very angry. I found it shocking that the majority could pass a budget fraught with increased taxes, borrowing and far too much spending given the poor state of our economy even at that time.

However, the result also inspired me. It inspired me to work even harder on my election campaign so that I could find my way here so that I could do my part to change the course that we find ourselves on. And throughout that campaign, I promised that I would work to reduce government spending, make our state more friendly to businesses and I also promised that I would try and do these -- accomplish these goals, rather, without raising one single cent in taxes. I am very proud today to say that I am keeping my promise.

My fellow Republicans and I have accomplished this goal. We have produced a budget that is balanced, that level funds municipalities and contains no new or increased taxes. I'll be voting for this alternative

budget and against business as usual. I urge adoption of the amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Sampson.

Representative Leonard Greene, Jr., of the 105th, you have the floor, sir.

REP. GREENE (105th):

Thank you, Mr. Speaker. I rise in enthusiastic support of the amendment before us today and let me tell you a few reasons why. As I was driving up here, this morning -- actually, now it's evening -- I was trying to think of what I felt and how I felt about what we were about to do today. I was trying to think of what I wanted to say to describe what I thought, particularly of the amendment that is before us, and of the underlying proposal that is also before us later on this evening.

At the things that came to me are the stories of my constituents, friends and family, people that I represent, people that I know personally very well. I wanted to think -- I wanted to explain some of their stories and why I think that the amendment before us is the best budget we can offer that will help people like them. They are regular people. As many of you know, I represent three small towns in the lower Naugatuck River Valley. They are

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very middle-class communities. They are very representative of many of our constituents here. And many of my constituents are pretty much the average Connecticut resident; very hard-working. They pay their taxes. They do what they need to do to get by, but unfortunately, right now they are just getting by.

The other day I actually had the opportunity to spend some time with a couple of friends at their baby's baptism. And I was talking to a friend of mine. She just gave birth in December. And I said, how much does it cost for diapers on a yearly basis. My wife and I being relatively young, we are thinking about the same thing. And she told me. And as I was driving here today I realized that the underlying proposal, the tax increases that have been proposed tonight equal about a years worth of diapers. That's a lot of money. That's a lot of money for a struggling middle-class family just trying to get by with a newborn baby. The amendment before us gives us an opportunity to prevent that burden from being placed on their shoulders.

I thought about my sister who just recently got engaged. I thought about the fact that if the underlying proposal passes as opposed to this amendment, she might have to run out and buy her wedding dress a year early to

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avoid the luxury tax that we are going to place on that item. And the fact that her wedding reception next year is going to cost hundreds of dollars more. I just got married a couple of years ago and I can tell you right now, getting married is not cheap these days. We are making it more difficult for people to live their lives.

A good friend of mine owns a landscaping business, much like Representative Cafero's friend I'm sure, and he told me that if these proposed tax increases go through, he's not going to be able to hire the two individuals that he normally hires for the summer because he won't be able to afford it. We've already talked -- I know a number of the members of this chamber have talked about the gross receipts tax. This proposal caps it. That's important. That's important to regular people, small business owners. This gentleman, he's got a sole proprietorship and he's having trouble hiring part-time help to take care of his business.

And finally, I thought about the seniors that I met in Beacon Falls a few weeks ago, who were living on fixed incomes. To buy food, they are struggling. To buy prescription medicine, they are struggling. If we increase taxes, sales taxes, if we don't cap that gross receipts tax, if we start taxing nonprescription drugs,

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we're going to make it harder for them to live. This amendment gives us an opportunity to avoid that.

As I thought about these people, it kind of shored up my resolve that I was actually going to talk on the bill. I know that as freshman, a lot of times we are supposed to be seen and not heard and I understand that sentiment, but the fact of the matter is I represent 24,000-plus people in my district, and this is going to severely affect their lives for the next few years, probably even longer. So I really believe that this is an opportunity for us to take positive action on behalf of our constituents, on behalf of the people that elected us to be here and on behalf of the people that we need to fight for.

This is not shredding the safety net. This is doing things responsibly and that's why I will support this amendment wholeheartedly and I urge my counterparts to do the same. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Greene.

Representative Davis, of the 57th, you have the floor, sir.

REP. DAVIS (57th):

Thank you, Mr. Speaker. It's always a pleasure to see you at the dais.

I rise in strong support of this amendment here today, the Republican no-tax increase budget alternative. I do so because the State of Connecticut is at a critical juncture, a irreversible path that we are heading down, nearly irreversible. And that we can choose to pass the largest tax increase in state history. We can choose to pass the largest spending package in state history. Or now, we have the opportunity to vote for a clear alternative, one that does not raise taxes and lowers spending.

This amendment is exactly what our constituents have asked for. Instead of increasing spending by hundreds of millions of dollars, we're seeking to decrease spending by \$1.15 billion next year and \$414 million the year after.

This is exactly what any family or any business would do. Faced with lower income, lower revenue coming in, they make the difficult decisions and they cut spending. Why is government any different? And here is the opportunity for us here in this Chamber to send the message to the people of Connecticut, to the businesses of Connecticut, and quite frankly, to the people who are even considering moving to Connecticut, if there are any of those left, and the businesses considering moving to

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Connecticut, if there are any of those left out in the world, that we mean business. We will cut spending when times get tough. We will not increase your taxes and make your life harder.

So, Mr. Speaker, I thank you for the opportunity to urge the adoption of this amendment this evening. Thank you very much.

DEPUTY SPEAKER ALTOBELLO:

Thank you very much, Representative.

Representative Floren, of the 149th, you have the floor, madam.

REP. FLOREN (149th):

Thank you so much, Mr. Speaker. It's good to see you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

REP. FLOREN (149th):

Although, I didn't need to see so much of you tonight.

I'm up to talk about a tale of two budgets. That there are two very, very different budgets. One raises taxes by \$1.8 billion and the other raises taxes not one red cent. Now, to me that leaves a little bit of wiggle room. It leaves a little bit of chance for cooperation and conversation. Now, I'm not saying one should be

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totally, you know, dissed out of hand and the other one should not be ignored. There's a saying that we have always have used in Stamford, at least '14 years that our present Governor was mayor, and that was never let the perfect be the enemy of the good. Now, personally I've always thought that perfect was a little bit overrated, but at least we could try for the good. But this has not happened in this case. We went on a listening tour of 17 towns and cities, and yet, couldn't bother to walk across the aisle and talk about a different way of looking at things. I'm hoping that this will change.

It's not the way business was conducted in Stamford, when our present Governor was mayor, and I fully expect it not to be the way business is conducted now when he is the leader of our state. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

Representative Carter, of the 2nd District, you have the floor, sir.

REP. CARTER (2nd):

I rise in support of this amendment as well. You know, lately, I'm starting to feel like I living in a different Connecticut than some of my colleagues. You know, when I walked through the town, you know, where I

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live in Bethel, I live right downtown, and as I walk through the town, I see empty storefronts. I'm always greeted by people who are very interested in what's happening here in Hartford, because they know that if we raise the taxes and we don't stop our spending that we are going to be in deeper trouble than we are in already. We are at a point where my constituents know that is difficult to make ends meet and we are not doing anything to help them out.

Now, ask yourself in this room and in this Chamber, does it really make sense to raise spending, because that's what the other budget does. The benefit of this amendment is this budget will not raise spending. Now, why is that really important? We forget in this room that nothing happens in a vacuum. We've been talking about the next two years. We forget what happened the last two years.

The last two years was the other largest tax increase in history so you take that largest tax increase in history and you put it with this largest tax increase in history, you have close to \$5 billion in taxes in four years. Now, let's talk about -- how about rising food prices? How about the other things that the families are dealing with in Connecticut that we don't talk about when we turn around and we don't want to raise the burden by increasing state spending and increasing state taxes?

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Today we have a real opportunity to make a change. We talk about tough choices in this chamber. You know, the real tough choice would be doing something different than we've done in the last 20 years. You know, the last 20 years we've had negative job growth in the state because we've not done anything to help businesses come in. We've watched an increase in spending while the population has remained the same. This amendment is our opportunity to do something different. It spends less money.

I think it's time that the folks in this Chamber and my colleagues have real political courage and they stand up and reject any budget that increases spending and adopt a sensible alternative as this amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Piscopo, of the 76th, you are up, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Mr. Speaker, this weekend I was reading an editorial from the Wall Street Journal, I believe it was. It had a catchy headline. I can't remember the headline, but it had -- I can't really remember exactly what it was and I'm told we can't read here, so I won't read it to you.

But the last sentence in that editorial really caught my eye. Of course, it was being critical of the budget that we are trying to amend here today with this amendment. And it said, Connecticut was once viewed as the tax -- as a low-tax refuge state -- I mean, we were a pretty low-cost state in the Northeast. We were the state to go to, and -- and we decided to go down this -- we are taking this path of tax and spend, and we are just going to go join all our other Northeast states and become a high state -- high-regulated, big government state.

And it kind of -- it hearkened me back, sometime back when I first got elected, and I served with a few of you here, to last time we had to make a choice like this. We were -- I'm kind of embarrassed to say -- the budget was about 7 billion back then and we were in a billion dollar hole. It was 1991 and the income tax was being debated as part of the budget. And this -- we're offering is a choice to try and get back to that, through the forties, the fifties, the sixties, seventies, into the eighties, Connecticut didn't have an income tax. We were relatively low-cost. We had all kinds of world headquarters coming in. Our proximity to New York, our proximity to Boston was really conducive to business, to manufacturing growth and we were -- we were just a great state to do business

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in. We were the state that was looked to and we took a bad turn in '91, and it's been downhill ever since.

So this is our choice. We are offering you a choice. You're going to go on record here tonight, and this is a choice you have two vote for a budget that doesn't increase taxes. We could start taking this turn and we are actually going to look at the structure of government in this budget. We are going to look at those -- all those programs that was alluded to earlier in debate that have been stacking up from the sixties and trying -- streamline them, try and privatize where we can, try and take care of them with this amendment.

I was really impressed by the Commissioner of Department of Children and Families. I sit on Executive Nominations, and when she came in, she said she was somewhat taken by -- I guess she called them silos and she didn't use these words, but she said she wanted to blow them up. You know, she wanted to just get rid of all the silos that have been stacking up in her department and get people out in the field in these programs that are actually supposed to be helping children, families, transportation, whatever the -- whatever the program, and every one of these programs stacking up has a certain administrative function. And that's what we are trying

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to do, that's what we're trying to get at with this budget. Take a look at it. Please. Take a look at it and we offer you a choice and we are hoping you'll make the right one.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Piscopo.

Representative Kupchick of the 132nd, you have the floor, madam.

REP. KUPCHICK (132nd):

Thank you, Mr. Speaker.

I rise in support of this budget. A lot of people tonight, or today even, and this evening have talked about the little guy. You know, their neighbors or their friends. Well, my husband and I are that little guy.

We have a small heating and air-conditioning business that we built up over the last 20 years, and we have made it through hard times, good times. And when times were good, we had four employees, which was a lot for us. We were able to offer jobs to young people so they, too, could learn and work and save up money and even buy a home.

And when the economy went bad we tried really hard to keep it together, but housing prices crashed, builders weren't building homes anymore and so we couldn't afford to keep them. And so when other people talk about sitting

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across the table, we sat across the table and had to tell these young people that we couldn't afford to keep them anymore. And that is what has been going on in our state and in our nation for the last four years. It's a crisis.

You know, our friends are electricians. They are plumbers. They are painters. They are landscapers. These are our friends and they all run their own small businesses. And they don't get paid sick days. They don't get holidays off. They certainly don't get longevity bonuses. If they don't work, they don't get paid. We work six days a week, laboring six days a week just like all the people that we know. And -- on Sunday my husband writes proposals, and we do bills, and get the invoices out. There are no days off. There is no overtime or comp time. That's the reality of 70 percent of the people who live in this state.

They don't understand pensions and health care benefits. They understand working really hard and paying their mortgages and taking care of their families. So when I go out and do town hall meetings in my town, and people say to me, we can't afford it anymore, we can barely make out mortgage payments. Our house is not the same price it was when we bought it so now we are under water, but we can't move. We can't take our business somewhere

because we can't sell our house. I mean, this is a serious situation. I mean, this is a real crisis.

People can't afford the most basic things, and yet, we are talking about raising taxes even more. I mean, I looked at the Governor's budget. There's actually a million dollars in there to put new voting boards in the House Chamber and in the Senate Chamber for a million dollars. I mean, do we really need a new voting board? I just feel like there's just a huge disconnect between what's really happening in this state. And maybe I naively so, as a freshman legislator, thought or had this vision that we were all going to be here together with our sleeves rolled up, and we were going to be working together, as legislators, for our constituents, that there wasn't going to be the Democrats' budget and the Republicans' budget, and that we weren't ever going to actually talk to each other, but that's exactly what happened. And I just don't understand why that is.

And people ask me, how is it going up there? And I have to tell them the truth, it's not going that good, because people aren't working together. We all represent the people of Connecticut. It's not about being a Democrat. It's not about being a Republican. It's about being Connecticut residents and I really, maybe foolishly,

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hope that we could somehow figure out a way to do the right thing for everybody.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

Representative Hovey, of the 112th, you have the floor, madam.

REP. HOVEY (112th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise in support of this amendment. As my colleague before me speaks about her idea about coming here and what the process would be like, I can tell you that if she doesn't understand it, my constituency doesn't understand it either. They don't understand why we aren't all in the same room making hard decisions, setting about compromise, looking for transparency and accountability.

And each and every one of us when we go through any particular department's budget, we can find things that we are just astounded about. We talk about the voting boards. I recently went through a budget and found a water heater that cost the state taxpayers almost \$8,000, and we know that a water heater -- actually -- we actually looked up this water's heater's cost and it was 900, but the inflated price because it was a state job is obscene.

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Those are the kinds of things that our constituency just really doesn't get.

At this time when there are record foreclosures, where there are businesses downsizing, where each and every individual in our community is making decisions based on their priorities and what is necessary, I'm constantly asked, how can we even consider more tax burden on our people? Where is the commonsense? Let me just say right here, this amendment is commonsense and it makes total sense for the people of Connecticut. Thank you, sir.

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

Representative Srinivasan, you have the floor, sir, of the 31st District.

REP. SRINIVASAN (31st):

Thank you very much, Mr. Speaker.

When I moved to Connecticut about 31 years ago, I remember coming to Connecticut at the completion of my fellowship for all the right reasons. Few were on the top, Connecticut was a state all of us wanted to come to and raise our families.

Thirty-one years later, Connecticut is still on the top, but unfortunately for the wrong reasons and we all

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know the reasons why we are no longer a favorite state in this union. We can begin with the electricity, and go on and on.

In my primary job, I'm used to delivering difficult news. Unpalatable news is part of my daily routine. I have no choice, but to tell the patients that I see, this is what you have and this is what you need to do. So handing out difficult news, difficult medicine is not a strange thing for me. It's part of my life.

But in this new hat that I've been fortunate to wear since January of this year, I find it extremely difficult, almost impossible, to go back to my constituents who sent me here to do the job for them when we know we have a choice. We know we have an alternative to raising taxes, to spending and not cutting down the government.

Since January, I've been holding office hours in the town of Glastonbury where I come from, and the common theme that I hear from people that come to my office hours, Doc, do not raise taxes. We cannot afford them anymore. Please cut the spending and please, please reduce the size of your government. Whatever I'm saying is not new news. We have been hearing this since almost twelve o'clock this afternoon. When I came here, I realized that our budget -- this is that noon -- that our budget was in dire

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need of a resuscitation. That was the budget that we had earlier in the afternoon.

At this time of the evening close to 8 p.m., we have a budget that has been resuscitated. We have plan B. We have the alternate plan, a plan that does not raise taxes, a plan that makes sure that the safety net is maintained, and municipalities do not suffer. And we have cut down the cost. We have cut down savings and we have done the best that we can. We have an alternative choice and this choice is the right choice for all of us regardless of the fact whether we are a Democrat, or we are a Republican. This is the choice we could go back to our constituents, look them in the eye and say, I did this because it's the right thing to do. This is what is right for Connecticut.

I rise obviously in support of this amendment and I hope my esteemed colleagues on the other side of the aisle, who are with us always because the best interests of Connecticut is the most important thing for each and every one of us, will also rise to support this amendment. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Betts, of the 78th, you have the floor, sir.

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REP. BETTS (78th):

Thank you very much.

Speaking without my cell phone, I would just like to ask my colleagues on the other side to consider something which I think we both have in agreement. We are both very concerned and very committed to making sure we have a safety net for those people who are needy and who need medical care.

As you've heard from Representative Perillo and Representative Camillo and others here, we are deeply concerned, as I know many of you if not all of you are, about the community hospitals. There's clearly some very, very big confusion as to what's going to be the impact on our community hospitals in the proposed budget. The good news is in our budget here. There is no question whatsoever. There is absolutely no tax on any hospital whatsoever in the State of Connecticut. None. And that's the way I think all of us in this chamber feel.

So I throw that out for you to think about, to consider because I am absolutely convinced that this is an area that we are 100 percent committed to.

I really applaud and thank the staff and the colleagues here for the budget we put together. I think it reflects what we've heard, and again, as I had said

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earlier on in my comments, I would really hope we can find some middle ground between the no tax increases and the \$1.8 billion. I would think that no tax increases would be a much more preferable way to go in response to what we've heard from our many constituents.

So I ask -- I will be supporting this and I thank you very much, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

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

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

Mr. Speaker, after listening to the debate for so many hours, I'm, again, surprised and somewhat frustrated at how differently we all see things, like \$1.8 billion worth of new taxes. Earlier today, the chairs of the various committees brought out the budget proposal, the earlier budget proposal and there were a lot of congratulatory statements made. People were saying, you know, it's a job well done. And I heard -- and these are my colleagues on the other side of the aisle that I have tremendous respect for, that I look up to, that have gone to on occasions for advice. I don't say this in a -- in a derogatory way at

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all, I just feel like I don't understand and it's frustrating, where are you hearing things such as we, you know, we've done a good job and we should be proud of it. Because Mr. Speaker, in my district, nobody is proud of the work that we are doing up here when they hear we are about to pass a \$1.8 billion tax increase budget.

What I'm hearing from my constituents is they don't want a tax increase. What I'm hearing across the State of Connecticut, wherever I've been, is you have to cut the size of state government. That's what they want us to do. So Mr. Speaker, I feel proud that I can support an alternative budget, a budget that has no tax increases.

I think the average person gets lost in the big numbers that we toss around here in the General Assembly so let me just pull an example from our no tax increase budget that doesn't talk about billions of dollars, but talks about millions of dollars, and millions are still a heck of a lot of money. In Section 42, in the no tax increase budget, we consolidate several legislative commissions into one and we call it the Commission on the Status of Protected Citizens.

Mr. Speaker, I proposed a similar bill earlier in the session that wasn't raised in committee, but I did have members from both sides of the aisle say, yes, that is a

good idea. We've talked about it before and we really need to look at getting some efficiency and some cost savings by consolidating commissions, but it didn't happen. So when the General Law Committee, when the consolidation bill came forward, I, again, put in an amendment suggesting that we consider consolidating some of these legislative commissions.

And at that time, some of the respected members of that committee told me, that's a really good idea. You know, we're going to have to talk about that. Well, Mr. Speaker, the time is here and the time to talk about it is here, and the time to do something about it is tonight.

In the underlying budget, we take all of these commissions, we combine them together at a cost of \$1 million per year. That's still big bucks, my friends, a million dollars a year for advocacy. But the Governor's proposal, the proposal being put fourth by the majority party has 4 to 5 million dollars per year.

So we've got a million that we can use on this budget or we can spend \$5 million a year for the underlying budget. The people that I talked to cannot understand why we can't take all of these legislative commissions, such as what we're doing in the no tax increase budget, and

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combine them into one.

Mr. Speaker, I'm a woman. I'm aging. I live in a biracial household. I fall into a lot of categories that are being served by these commissions, so I wouldn't even know which one to go to if I needed to get some assistance. I think it's a perfect and logical idea to consolidate commissions that could serve -- all of us. I'm proud of the underlying budget and I urge all my colleagues to consider supporting it. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Bacchiochi.

Representative Walker, of the 93rd, you have the floor, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, I have a few questions about the budget -- excuse me -- the amendment that is presented to us at this time that I'd like to ask some questions to the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

Please phrase your question, ma'am.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

My good friend from Litchfield, I would like to first

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ask about the section in your budget that is in the back -- let's see, Section -- it says, T60 -- Department of Social Services.

Under the personnel line and under the Medicaid line, I see reductions in those budgets. Can you explain to me how you achieve those reductions?

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

If the gentle lady could tell -- me which section it's in please.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, T380 all the way through to T423.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

One second, Mr. Speaker.

Mr. Speaker, our proposal is to make -- to allow the agencies to make reductions within each of those programs, not specific. We don't believe that we should be

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dictating to the agencies which programs get cut by how much, which programs stay and which programs don't.

But I'm looking on page 12 of the document and -- was it T -- if I could please once again, have the gentle lady would give me the numbers.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Yes. On T390, the Medicaid line item, your -- you have a reduction of approximately 400 million in your -- in your allocations there.

I'm sorry, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Could you repeat that question please, Representative Walker?

REP. WALKER (93rd):

Okay. In line T390 on page 12 under Medicaid, you have about a \$400 million reduction. I just wanted to know how you were going to be achieving that?

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

What we proposed, T390, in the Medicaid line item,

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we allocate -- what did you do with my sheet -- in T390, we allocate 4 million -- 4,181,000,000, and in 2013, we allocate 4,289,000,000. And if the gentle lady is talking about each line below that we know that there are reductions within old age assistance, aid to the blind and disabled, if that's what she's referring to.

We expect that the agencies will make those determinations in terms of what programs may be duplicative, which programs are not duplicative. What would be more cost effective ways to provide the services to the citizens of the state.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Through you, I want to go down to T399, Connecticut Home Care Program. You have a reduction there in both of those line items. And I think you, along with all of us in the Appropriations Committee, received hundreds of e-mails from people -- and I won't read any of them -- about the reductions to the Connecticut Home Care Program. And we all struggled with that, because of the fact that it was going to impact seniors so greatly.

So I am curious on that line item, how are you going

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to address that item? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And I thank the lady for her question.

There's no doubt that this budget includes cuts. I made it very clear when we started this conversation that our budget proposes that these agencies research the way that they provide services, and try and find more cost effective ways to deliver the services to the people of Connecticut.

So I don't think we are saying that we need to direct them as to what to fund, and how to fund it. What we are saying is spending \$4.1 billion on behalf of the people of the State of Connecticut, or whatever the line item is, we can't afford to pay more. We have more people that want more services more often than we can afford. And so our proposal is that the people who are paid to run the agencies, commissioners, deputy commissioners and so on, achieve savings.

That's our proposal.

God bless you.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

I thank the gentleman for his answer and I apologize for the sneezing.

I guess the last question -- because I hear your -- your philosophical issue about the budget that is presented to -- the amendment that you've presented, but I want to bring one other item up, or one other page, page 20 of your budget.

T662 through T679. And if you go through, you have a great deal of reductions in jobs in the State of Connecticut. I know that they are state jobs, but they are jobs in the state of Connecticut. And I guess I'm trying to figure out how do you make those choices because I noticed that you have under T676, workforce reduction of 1120, and 260 managers, and then you have another one for -- going right below it, T677, 834, and then you have a variety of positions where you're freezing jobs, hard hiring freeze to be exact, and you have also a billion dollars in labor-management savings.

So I know and I understand that we are looking at hard times, but here is a very obvious direct hit at the employees of the state of Connecticut. And I'm wondering, how do we make a choice of which person we want to be

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unemployed? I think that that's part of the real question that I have.

And I understand your pain because we feel it all, but the one thing is, as many of you have said today, a job is a job is a job. And this budget that you have here, chooses one industry. And I feel that, you know, we could have chosen an airplane industry. We could have chosen the boat industry. We could have chosen the daycare industry. We could have chosen a lot of things, but I think we have to work together to try and figure out what's the best thing for the state of Connecticut because with the numbers that I think I have -- I see in front of me, I just don't understand how you get a billion dollars savings in the budget with all the freezes. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And I thank the gentle lady for her question and I understand that question. And I would explain it this way, Mr. Speaker, we all have constituents. We have some constituents that are unemployed. We have constituents who have had to pay more for their health

care, work more hours, maybe got their wages cut, maybe got their hours cut, maybe they lost holidays. They are in every one of our communities. Every one of those that had to give a concession knows full well the difference between a concession and a job loss.

It wasn't all that long ago I was at a factory up in -- I think it was in Canaan, and one of the people there in human resources had told me that over the last five years they had reduced staff. They didn't reduce staff because they like to reduce staff. They felt that was the only way they could survive. They lost orders. They had no work, and so they have to put people on unemployment.

So the question becomes -- given a situation where the business doesn't survive, or some people have to be eliminated in order for the business to survive in the hope that the economy comes back and you can refill positions. That's kind of what business goes through every day. When we first brought -- when I first brought the budget out, I made it clear that we were looking to reduce positions in the state of Connecticut. I think it's by almost 2700 people through attrition, through layoffs, through reductions because of consolidations in management. All of those things, none of them are easy, but we have commissioners -- the administration has put good people

in place to make very difficult decisions. If there was no plan in the Governor's budget to reduce staff to these consolidations, then why do it? What's the point? I said earlier that we will lose more people through voluntarily leaving -- voluntarily leaving through attrition because they want to retire. We will lose more than the underlying budget gets rid of. They are going to leave of their own volition. So if the Governor of the state of Connecticut didn't plan on making reductions in staff beyond that, then what is the point of the consolidations?

We believe there's some benefit. We believe that by making reductions you force decisions to be more effective, be more cost-effective. We recognize the Commission on Enhancing Agency Outcomes' recommendations, which were the imbalance between management as I said earlier -- same comments made by the SEIU. What is the point of trying to deliver services to a patient if you've got to go through five levels of management to get a sign-off? So we've had these conversations and I know you, and I both believe that a job loss is a job loss. I'm not hiding from it, but the bottom line is the state of Connecticut, I believe, lost almost a thousand jobs last month in the private sector. A thousand in the private

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sector. 6,000? Well, there you go. 6,000 jobs. So this is not an unusual situation. It's unusual that we would be talking about it here in the state of Connecticut. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker and I thank the gentleman for his answers. And we do have this discussion ad nauseam probably in our offices, because they are right next door, and we do have these discussions. And we sincerely don't believe that a job is a job no matter what.

I guess my real concern is the other part of the industry in this government is that we serve the people of the state of Connecticut and in this budget you consolidate all of the human service agencies together to serve the people better. And we all know that a larger agency, and a larger agency combining Department of Social Services, Department of Children and Families, Department of Mental Health and Addiction, Department of Developmental Services into one agency means that nobody is going to get any services.

I think that the idea of looking at how we man our agencies is important, but I also believe that we do have

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a responsibility for the people of the state of Connecticut in making sure that there is an ability for them to access services. So unfortunately, for that I cannot support this budget.

Thank you, sir.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Walker.

From the bedding plant capital of Connecticut, Representative Adinolfi, of the 103rd, you have the floor, sir.

REP. ADINOLFI (103rd):

Thank you, Mr. Speaker.

I rise in support of this amendment. Senior citizens have approached me within my district about the high cost of living in Connecticut. And I understand their needs along with the makers of this amendment. Seniors have not had an increase in Social Security in years. They live on a fixed income and we are forgetting that. Seniors are struggling to stay in Connecticut. Our cost of living in Connecticut continues to rise. The budget presented earlier just adds more fuel to the fire on that and that's why we are trying to amend it. It not only raises our income taxes, it also adds taxes to just about everything we purchase, aspirins, digestive medications, antacids,

virtually all nonprescription drugs, hobby materials, clothing, sanitary needs and even vacations within our state because of the increase in the hotel taxes.

Our amended budget that we, on this side of the aisle, are presenting does not raise taxes. It helps further to allow seniors to stay in Connecticut, their home that they have spent all their lives and they don't want to leave when they grow old.

Seniors also want their children to stay in Connecticut and work here. Our budget would allow this to happen. The big problem we have in Connecticut is that the cost of living is so high. And this budget presented earlier will continue to raise the cost of living. And what happens is the businesses and the corporations in Connecticut can't afford to pay us a living wage that we need to live in this state. And what they do? They move out or they close up.

So if you want to destroy Connecticut, vote no on this amendment that we've presented on the side of the aisle. If you want to start salvaging our state, vote yes. Thank you, Mr. Speaker, so strongly urge you to vote yes on this amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Adinolfi.

Further on House "A?"

Representative Shaban, of the 135th, you have the floor, sir.

REP. SHABAN (135th):

Thank you, Mr. Speaker. I wanted to expound on a comment from one of my fellow freshman legislators that really made me think. While a lot of us here are new to this Chamber, we are not new to this planet.

And so I was trying to think of what other situation have I been involved with, you know, in my professional life, in my personal life, where you have a group of people and one-third of that group says, hey, we've got a better idea. We have an idea we'd like you to consider. And the other two thirds say, no, we're good. We don't need any input from you, one-third. Just have a nice day and go off.

So I started thinking. Now, does that happen in business? No, it doesn't happen in my business. If a third of my business partners said, we have an idea we'd like to consider, the other two thirds sit down and listen, and work with the one-third. Does it happen on -- if you are on a coaching staff -- if a one-third coach, says, hey, coach, we've got an idea for a different game plan. You're going to get the other two thirds to listen.

You know, would it happen in your neighborhood? If a third of your neighbors say, we've got an idea for the way we want our neighborhood or our local environment to be, the other two-thirds are going to listen. Well, that is not what I'm seeing here and that frankly concerns me.

Because if we reject this amendment, which I'm speaking in favor of, if we just -- if the House rejects this amendment, essentially we are going to have a party-line vote where two-thirds of the people in this House are saying, you know what? We don't need your input. We are good, when more than two-thirds of all your constituents are saying, hey, we're not good and we need some help.

So the help is here. The amendment is here and I urge adoption of the amendment.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

From the rose city, Norwich, Representative Coutu, of the 47th, you have the floor, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker, I want to thank our leadership in both the House and the Senate. The amount of time that was put

into this document was amazing. It was really -- 20 members at any given time working to 3 a.m. in the morning on many nights, trying to try to design a budget that we thought was sustainable and accountable.

And I briefly want to cover -- there was some statements made about jobs and about equal jobs. And I'm from southeastern Connecticut. I might be the only member of the delegation to speak tonight. So far I am and we have lost more jobs than any other region as a percentage over the past year. Also last month the state of Connecticut lost 6,000 jobs, but the government gained 100 jobs. That's an interesting statistic. Our unemployment rate went up when most states across America, it went down so we have a major problem with jobs and companies leave our great state.

Over the past three years, I have conducted over 20 jobs and budget forums to many groups, Rotary Clubs, Lion's Clubs, colleges, kids in high school, random groups within Norwich, the different towns that I represent. I have three council of governments. I have three chambers. I talk to all these people. I've visited hundreds of businesses across my district and the region. And there's been one constant message from these thousands of people, please, think of us and don't raise taxes.

Sometimes I don't think they understand what exactly -- different ways that you can get a tax increase, but they are just generally concerned that it seems every year they get a property tax increase, even if the local municipality they live in has a zero percent increase in spending. Many times the reevaluations and other things, you still get a property tax increase. Then they see the gas tax. They see the income tax. They look at their paycheck, even the unemployment, they get taxed. It just seems like it's coming from more and more angles. The fees, that's a tax, and they all went up quite a bit a couple years ago.

So we decided to design a budget and I am extremely proud of our approach and some of the underlying principles that we focused on. And I think some of the principles could be summarized -- one of them is Connecticut families and small businesses know how to manage their money better than the State. And we should keep the projected the thousand-dollar tax increase per family in their pockets instead of in our pockets, the government's pockets.

We know the state year-over-year has had well over a \$3 billion deficit. That's not including things like securitization. That's not including the energy fund. That's not including the unemployment fund, which is 2.5

billion in the hole. But we truly believe that it's better to keep that money in the pockets of families and small businesses so they can spend that money in any way they want.

Another thing we agree with Governor Cuomo. We agree with Governor Christie. We agree with Governor Daniels, and 90 percent of the other governors across America, when they are coming out and saying no new spendings. And what they typically mean no new spendings is last year, if your budget was \$19 billion -- \$19 billion, this year it's \$19 billion. And there's a reason why they are not overly focused on federal aid. Because there's a major concern that the federal government has a \$1.6 trillion deficit, and they are going to cut aid to the states sooner than later. And that's why many of their budgets are not focusing on new bus projects, and other hundreds of millions -- hundreds of tens of billions of dollars from the federal government, because it's not going to be there.

We also agree with Rhode Island, Massachusetts, New Hampshire and New York, which are actually cutting taxes. I just read an article that for the most part three of our neighbors are cutting the cigarette tax. One could only assume there's a chance that they see -- last year, we raised the cigarette tax. The revenue dropped. We raise

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the tax on camping. The revenue dropped. Maybe the long run it will go up, but we had a dip in those areas and I share that concern with things such as liquor prices. There's 18,000 employees that work around the liquor industry. We are actually working on a brewery trail across the state of Connecticut and we are going to give them a big tax increase.

And the third part of what I said before is we have to be cautious of overly depending on the federal government. The writing is on the wall. There is a big delegation in DC that is saying, we are making government more efficient and sustainable, and it looks like the future in the Senate, the way to breakdown is going to be with the elections, it could go to another party, and the presidency, we don't know. So it's just something to think about.

And finally, I'm proud that we listened. We really did listen for the past few months, and drafted a no tax budget that's in line with many of our neighbors across New England. And we focused on the needs of our citizens not the needs of big government. Thank you, Mr. Speaker.  
DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Coutu.

Representative Hetherington, of the 125th, you have

the floor, sir.

REP. HETHERINGTON. (125th):

Thank you, Mr. Speaker. Thank you for continuing with patience with us this evening.

I rise to support the amendment. Connecticut has changed in many ways since even the first time I came to the Legislature here. The demographics of the state have shifted as the Hartford Courant and UConn studies have evidenced. We -- our population -- is becoming older, less-skilled; more people who are in need of government services.

On the other hand, we're losing younger workers, workers who are skilled or educated, both and who create the wealth that enables the government to carry on and to care for the people who are in need of government services.

So we have a demographic shift that has now defined the reality with which we are faced in 2011. Another reality is that we have not created jobs effectively in 20 years. We have lost several hundred thousand jobs in the last few years that we're not recovering, and there is little hope that will recover them.

We rely on wealth that we don't generate. If we look at the improvement in revenues, it's obvious that a major driver is capital gains, which have done very well, because

mysteriously the stock market has done extremely well this year. The point is that we are now taxing, relying on wealth that was not produced in Connecticut. We are relying on wealth that's generated elsewhere, while our own economy continues to be weak.

We have increased spending every year since at least 1987, and at the same time, government has generally increased. Government now employs more than two and half times as many people as the largest private sector employer. I think that that brings us to a point I think which is very well illustrated by -- in the remarks of the very capable Representative from New Haven. It shows a difference in perception.

We talk about -- in those comments, government was spoken of as an industry. You know, you cut jobs from one industry, or from another, from government or from the airplane industry. I would beg to differ. Government is not an industry. Government is not an industry because government doesn't create any wealth. Government is a necessary element of society. It is a sovereign. It doesn't create wealth. It depends upon the wealth that's generated by the society it governs.

We are faced with a situation where reflecting upon the fact that we have a growing number of people who require

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the assistance of government, Medicaid, if I'm not mistaken, is the largest growing -- the fastest growing element in our budget. If we make no effort to curb -- even for the things that a good case can be made in terms of compassion -- if we don't cut, the time will come when between social services and debt service and a few other things our whole budget will be effectively consumed. There will be no opportunity for any initiatives to go forward and move this state and it's people into the years to come with a positive promise.

We've got to cut. We've got to restrict spending. We cannot allow our state to be consumed in this way. We cannot allow government to grow to the point where someone could, instead of putting the Ocean State on the license plate as they do in Rhode Island, Connecticut could put the "Government State," because that would be our basic industry, except government isn't an industry.

So I support this amendment particularly, because I think it attempts to bring us into a position to deal with Connecticut in the 21st century.

I think there is no -- there is no more important vote that each -- that any of us will take the vote than we take tonight. Because what we do tonight will define the way we are prepared to go forward. It will define how we

create the opportunities for our citizens. It will define how we are able to meet the needs of those who need the services of government. This is the time to address it. We can do it. This is a moment when we can take the right course.

And I would mention that I have received more communications this year than I have in the time that I've been privileged to serve here. I -- perhaps, because I'm not on the Appropriations Committee, but I have to tell you in truth, I have not received one communication from outside the capitol urging the adoption of the Governor's budget, not one.

I mean here is a new Governor, an impressive man with an impressive background coming at presenting his first budget, and it's controversial. And I have not received one message encouraging me to support it, but I have received many messages -- many from people I have ever heard from before -- asking me to oppose it.

Now, I don't rely on that entirely, because it was mentioned before. We owe our constituents, not only our energy, but our judgment, and we can't just make up our minds by piling the communications in different piles and see which pile is bigger, but it is an indication of what the people of Connecticut are thinking beyond Capital

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Avenue.

I urge you -- I urge you, as perhaps the most significant vote you'll cast, to support this amendment and give Connecticut a new chance.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative.

Representative Perillo, of the 113th, you have the floor, sir.

REP. PERILLO (113th):

Mr. Speaker, thank you very much. Throughout the discussion tonight we often hear folks use the words, the Republican budget, the Democrats' budget, the Governor's budget, our budget, your budget. And I think that's reasonable. We take some ownership over the hard work that we've done, but I think at the end of the day, what I remember and what I think we all need to remember in some way, shape or form is that we don't own it. Published that we adopt at the end of the day must be the people's budget.

So what are people telling us? What's the message that we are hearing? I imagine the message that everybody else is hearing is the same as the message that I'm hearing. As Representative Hetherington said and has been said before, I don't hear a lot of people saying, please raise

my taxes. Nobody is saying, paying a little bit more on my sales tax isn't a bad thing. Nobody is saying, I don't mind paying a little bit extra or paying new taxes on clothing and shoes. You don't hear that. What you hear is, good God, please don't raise my taxes to go, I can't afford it. Please don't increase spending, I can't afford it.

So what I don't know, what I can't reconcile for myself -- and I'm sure there's some other folks in the room struggling with this as well -- how can I have gone the last few months hearing that message, hearing that plea over and over again, that plea to keep taxes steady, that plea to cut spending -- how do I hear that message and then turn around today and then vote to increase taxes. How do I go back to my district and say, I had the opportunity to do what you want. I had the opportunity to vote for a budget that would keep taxes steady and that would cut spending, but I didn't do that. I did, however, go for a budget that increased your taxes, the largest tax increase in the history of the state of Connecticut. I did that. I heard what you said, I just didn't care, because I'm smarter than you. I know what's best for you better than you do what's best for you.

How do we make that statement to constituents? How

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do we dodge that? We are going to get asked? How do you avoid it? This is the people's budget and the people have spoken over and over and over again, and a failure to listen to that is a failure to serve and a failure to represent.

I urge support for the amendment before us because I believe that we need to listen a lot more than we talk, and there's been a lot of talk tonight and we should have been listening in the months before. I urge adoption of a no tax increase budget and, not the Republican budget or the Democrats budget by the people's budget, the budget that's right for them. And again, I urge adoption of the amendment. Thank you, sir.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Perillo.

Further on House "A?"

Representative P.B. Miller, of the 145th, you have the floor, madam.

REP. P. B. MILLER (145th):

Thank you, Mr. Speaker.

Mr. Speaker, I have a question for the proponent of the amendment.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, madam.

REP. P. B. MILLER (145th):

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Through you, Mr. Speaker.

It appears that you got almost \$10 million from the development of grade 4, 6 and 8 mastery exams. Can you explain why the cut and what effect it would have on the Connecticut Mastery Exams?

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

It's our understanding that most of that money goes to contracts. And like many other parts of our budget, we expect that the state is going to consider renegotiation of a lot of our contracts in the hopes of trying to save money. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Miller.

REP. P. B. MILLER (145th):

So you said most of it goes to contracts. So do you have a plan in place to ensure that the tests match the new curriculum?

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

No. And I thought I made that fairly clear. And -- our intention is not to direct someone in the way to achieve these savings. We have agency staff that have been doing business one way, they keep coming to us and they ask for more money. We, not only through this budget but the Legislature through other budgets, has recommended that contracts get renegotiated, savings be accomplished through efficiencies and so on. This is no different than what many of us have asked for through different agencies in the past.

It may be in this case of things like mastery tests that is a little more specific, but we believe that they're achievable. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Miller.

REP. P. B. MILLER (145th):

Through you, Mr. Speaker.

Could you tell me how they are achievable?

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. It's on our understanding under two of these contracts they are done through UConn, so I would expect it would be an MOU between the State of

Connecticut and UConn and that perhaps they would provide the services for less than they have in the past. Through you.

REP. P. B. MILLER (145th):

Through you, Mr. Speaker.

I caution my colleagues in supporting this amendment for such a drastic cut. We have -- currently have the largest achievement gap in the country and I'm afraid that this widen it even further, that if we do not have a plan in place to make sure that the mastery test, that we develop new mastery tests for new curriculums. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. As I understood that, that was a statement. Am I correct?

REP. P. B. MILLER (145th):

Yes, it was. All right. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Representative Miller.

REP. L. MILLER (122nd):

Through you, Mr. Speaker.

I have another question. I reviewed -- in reviewing

your amendment I didn't see lineups for the teachers basic skills exams and teachers standards implementation programs. Are they included in the amendment?

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Excuse me one second, Mr. Speaker, please.

Thank you, Mr. Speaker. We did suspend funding for the program for two years. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Miller.

REP. P. B. MILLER (145th):

Through you, Mr. Speaker.

So what is your plan to determine if graduating teachers have mastered the skills they need to teach our children.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

I do that many of the teachers that have come to the state of Connecticut come here from other states. I think most of them, if not all of them, receive good quality educations in the field of education. I'm not convinced,

especially based on the fact that we have alternative courses to certification and other programs, that some test that we would provide or some oversight that we would provide necessarily ensures one teacher is better than another.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Miller.

REP. P. B. MILLER (145th):

Thank you for that. Through you, Mr. Speaker, thank you for that answer.

So since you've also eliminated the mentoring program as well -- so is there a plan in place to make sure that teachers are being mentored by the seasoned teachers? Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

It's my understanding that the mentoring program occurs at the municipal level. I don't -- I don't have a specific plan in place to replace state funds, if that's what you're asking about. Again, we're looking to the education department to find a way to do this better, to

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do it more cost effectively. So we don't have a specific plan in any of these plans. I think I made the point earlier that, you know, if we are going to continue to be bound by line items that direct us to do things, I'm not sure that is if you go through -- I think the SID book has 530 pages, and I don't know how many account numbers that we could ever make a determination whether all those are needed or appropriate.

So maybe in the years to come we could do that line by line by line, account number by account number, but in this case, Mr. Speaker, we have suspended funding. In the case of the mentoring program, that would be up to the municipalities to do. Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Miller.

REP. P. B. MILLER (145th):

Through you, Mr. Speaker.

I would like to thank Representative Miner for his answers to my questions.

And I just want to close with a statement. We talk about teacher effectiveness all the time in the capitol. And I'm concerned with eliminating these programs because teacher effectiveness directly relates to academic success and if we are not in ensuring or trying to at least

ensure that teachers have mastered the skills necessary before going into the classroom we're doing a disservice to our students.

Mentoring programs -- teachers need to be mentored. Teachers with one, two, three years of experience, they need to be mentored by seasoned teachers. I've been a substitute teacher and it's not easy to teach. And so learning -- and then we all know going to college -- you go to college and you learn -- you take the courses in your major, but when you go out into the real world it's a different story and the same holds true for teachers.

So I'm very concerned that we eliminate these programs especially since we have the largest achievement gap in this, in the country. Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you.

REP. P. B. MILLER (145th):

No, it's not a question. I'm sorry. I saw him get up. I'm new at this Mr. Speaker, so forgive me.

DEPUTY SPEAKER ALTOBELLO:

You're doing fine, madam.

Further, Representative Miller, on House "A?"

REP. L. MILLER (122nd):

No, that's it. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, ma'am.

Representative Miner, would you care to make comment?

REP. MINER (66th):

Thank you, Mr. Speaker.

I want to make it clear that I understand Representative Miller's concern about our teachers and our ability to prepare them and for them to teach our students.

I remember my first, my kindergarten teacher Ms. Tyler in Wallingford. I can assure you she had no mentor. She had no test. I don't know why it is that we all of a sudden feel that we have to have all this certification process. We know the good teachers. We know them for our children. Every single one of us can remember the teacher that made an impact on our child. I don't know whether they scored high on a test. I don't know whether they took a certification test. I can tell you some of the people I know who went through the alternative approach to education do a very good job. So I would hope that this doesn't all come down to the way we've always done things, which is some tests, some certification and so on. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Miner.

Representative Lavielle, of the 143rd, you have the floor, madam.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker. Lavielle, and it's good to see you this evening. Thank you.

Just a couple of very quick remarks in support, in very strong support, of the amendment.

I think we have -- as Representative Perillo pointed out a few minutes ago, a study in contrast here. On the one hand, we have a budget that is about shared sacrifice. This budget says to us, essentially, that we will tax more of your money so that we can spend more to maintain and to fund the status quo. And it puts the government forward. This is one philosophy and it's one I respect. It is a budget that is based on using shared sacrifice to fuel the need of government. When I look at our budget alternative that we've posted in this amendment -- you'll forgive me. I feel like I can breathe a little bit more freely -- because what this budget says to me is that instead of taking more money from the people who live in Connecticut and are served by the government, instead it gives people the means to fuel their aspirations and to aim high. It gives them the means to make an effort so the effort can pay off. It gets the heavy weight and

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burden and cost of government out of their way so that they can have the resources to work and to thrive and to recreate an environment where businesses can grow and families can prosper and everyone can achieve greater things.

So for that reason I support the amendment, Mr. Speaker. Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you, madam.

Representative Cafero of the 142nd, you have the floor, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker. Once, again, I'm sure to the chagrin of this Chamber, I am not speaking for wrapup with regard to this evening's activities. I am, however, speaking in wrapup and in support of the amendment that's before us.

Ladies and gentlemen, earlier this evening, certainly many of us on this side of the aisle, myself included, took some time to voice our serious concerns with the underlying budget, the Democratic budget, if you will. And some might say it's easy to sit on the sidelines and throw stones. You know, I've been in the minority now for 19 years, my entire career here in the House of Representatives has been a member of the minority party.

And there were times during that tenure, where I would feel uncomfortable because the majority party would offer a bill or an initiative that I might take issue with.

And certainly, as most of you know, I wasn't shy about voicing my concerns or my opinions, especially when I was opposed to something. But invariably and appropriately, the question would be turned back to me and said, well then what's your idea? If you don't like this, then what do you got? And if I couldn't answer that question, it made me very, very uncomfortable. And this caucus, as a policy, if you will, dating back to 2007 made it a point that whether we are in the minority or not, whether we are the loyal opposition or not, if we are going to take issue with bills and initiatives put forth by the Governor of either party, or our good friends on the other side of the aisle, well, we damn well better have an alternative or shut up.

Ladies and gentlemen, the amendment you have before you is our alternative. Is it subject to criticism? Sure, it is. What document isn't? Is it a perfect budget? By God, no. But it is an alternative, a very real alternative. An alternative that has been fully vetted by the Office of Fiscal Analysis, an alternative that is balanced, an alternative that does not raise a single

nickel in additional taxes.

But instead of talking about what it doesn't do, let me talk about what it does do. We get lost sometimes in these large numbers, but I think it's important, especially with a budget that raises no taxes, a budget that people said was impossible to produce. It's important to know what it does do, but before I get into what it does do, I have to tell you how we formulated it. And as I indicated before, we formulated our budget from the eyes and the perspective of the people we represent, not institutions. Not management perspective, or union's perspective or teacher's perspective, or state employees perspective, people's perspective. People's perspective. That's how we started our process.

And I'm very proud to say that myself, members of my caucus, my colleague in the Senate, Senator McKinney and members of his caucus and our incredible staff worked hundreds and hundreds of hours, because we took the responsibility to put forth an alternative very seriously. And we went through every single line item in this budget. I kid you not, every single line item in this budget line by line by line, not once, twice three or four time, but five times at least. Why? Because it wasn't easy.

You know, I poke my side of the aisle. It's really

easy to sit there and say, what we need to do is cut spending. We spend too much money. We've got to cut. And then when you see those line items before you: old-age assistance, aid for the needy, you gulp. I can't cut that. This is about kids. This is about our seniors. This is about veterans. It's not easy, not easy at all. And that's why I have so much respect for all of those people who worked on any budget because it's not an easy task.

But when we did that, we did that from the eyes of the people we represent and when we did make those difficult decisions of cutting a line item we said, does this line item directly affect people? Indirectly affect people? Sort of affect people? Is it an advocate for people? Those line items that directly give aid to people, we were loathed to cut a nickel. Those that were indirectly helping people, maybe we felt we couldn't afford the level that we had funded them in the past. And some that were maybe just supportive of certain causes, we felt we unfortunately cannot afford any longer.

That's the general methodology that we went through, but when it was all said and done, we wanted to be able to say that we put forth a budget that represents a state that takes pride in what it does for its citizenry. That takes care of those who can't take care of themselves, that

puts a premium on education, that was a premium on public health, that puts a premium on public safety. So the budget you have before you does the following:

In the human services area, for people who are vulnerable, for people who can't, in many cases, take care of themselves, we spent \$7.7 billion in year one and \$7.8 billion in year two.

In education, we spend \$4.1 billion in year one in \$4.2 billion in year two. Now, that might be less. That might be less than what the underlying budget spends, but that's nothing to sneeze at, folks. We take our commitment very seriously.

As a matter of fact, in our budget we spend \$18.253 billion in the first year, and \$18.988 billion in the second year. That's not slash-and-burn, folks. That's not slash-and-burn.

I want to address a concern raised by Representative Walker with regard to how we treat our state employees. And let me just say something again, it's been my privilege to work in the Legislature for 19 years. And in the course of doing that, like most of us, we encounter many state employees. I mean, they are good people. They work hard. They work hard. And the system of compensation or health care or pension, they didn't make that up. They didn't

make that up. They applied for a job. They were qualified and they got the job. It came with a salary and benefits. They had nothing to do with that. That was made by decisions made by executive branch and legislative branch. It's not their fault so no one -- so no one on the side of the aisle will ever vilify a state employee, because that is wrong and it's not fair, but we also recognize that government is a service organization, not an employment one.

The old cliché now that government doesn't create jobs -- people in private sector creates jobs. So with that philosophy, we believe that we should have all the government employees that we need, but only the government employees that we need.

Currently, according to the comptroller's we have 54,623 full-time employees. If our budget were to be enacted, the end of the biennium, we would have 52,203 employees. It's a 5 percent reduction. Is it easy to tell someone, you're out of a job? No.

I'm sure the Democrats indicate that their budget calls for some people to lose their jobs and I know how difficult a decision that is. But it's one, again, building this budget from the perspective of those that we represent -- a decision that we had to make.

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I personally am very, very proud of this budget that is before you, as our amendment, our alternative. Oh, I don't expect you to love it. I expect you in good faith to critique it, criticize it. But you've got to admit one thing, folks. There's a big difference, as I said before, a big difference between zero taxes and \$1.8 billion in taxes.

And I guess I wouldn't blame some of the folks watching at home or that hear the accounts of this evening. When they hear that there were two budgets put before us for consideration, with that wide a delta, to scratch their heads and shake their heads and say, isn't it a shame? Isn't it a shame they couldn't have come somewhere in the middle. They couldn't have compared notes and shared some ideas and given a little and taken a little? Isn't it a shame?

We bring forth this budget not with any expectation it's going to be law, and I don't say that because it shouldn't be. I say that because I'm a political realist. There are 99 of you and there are 52 of us, so I don't hold out any illusion that this budget will become law. But we had an obligation on this side of the aisle, an obligation to show there was another way, there is another way, a realistic way and a viable way.

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See, at the start of this session we were told, there's really only one way. It can't happen any other way and we didn't think that was right. And the people we represent and I would suspect many of the people you represent didn't think so either.

And in the spirit of being a minority party that will not criticize unless we have an alternative, we worked darn hard to come up with this one. So I ask you to take a look at it. I welcome your criticisms and your comments because I'm sure they'll be given in a constructive manner. But I ask you to take a look at it and think of what could have been.

What could have been if we truly worked on this project in the same spirit we started this session, with no Republican ideas, no Democratic ideas, but just good ideas? Think of what could have been.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Brendan Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

We've been on this amendment for the better part of an hour, an hour and a half. And I think -- I hope that

the Minority Leader knows what a fan I am of him and his skills and his method of communicating a point, even if I don't always agree with it.

And one of the things I did in preparation for our debate tonight was to back look at some of the comments and the criticisms and the questions and the commentary that's been made by all of our members in past years regarding our budgets. And particularly from the Minority Leader, I think he very eloquently professed his point of view on how we should be doing the State's business in the form of our budget.

And one of the things that I think was the theme last year's discussion led by the Minority Leader was that we really need to change the way we do business, that we need to take a look at the reality that we are faced with in this State, with a worldwide economic decline, with declining revenues and a government that we couldn't, simply couldn't afford anymore under those circumstances.

And I know that there was a lot of discussion last year when we adjusted our biennial budget about issues like gimmicks and one-shot revenues and short-term solutions to a long-term structural problem. And when I look at this amendment and the budget proposal that was offered, I think in good faith by the other side of the aisle, I wonder and

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I ask myself, is this really a change in the way we do business? Is this really a new step forward? Or is this really just a throwback to the way we always did business in the past?

And with that, I just had one quick question to the proponent of the amendment, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed, sir.

REP. SHARKEY (88th):

Mr. Speaker, in line T619 of the amendment under the state treasurer there is an indication of debt service for the state treasurer. And it appears that in year one, that amounts to -- that number amounts to 1.481 billion and change, year two, 1.867. That is roughly \$200 million less than the budget, the underlying budget that we put forward earlier this evening.

And I'm wondering if the ranking member of the Finance Committee can explain why the -- what accounts for that change. And I don't know if it's the ranking member of the -- the ranking member of the Appropriations Committee, excuse me.

What is the basis for that? I've talked to our folks at OFA and I'm not sure anyone really knows the answer to that question.

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Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Williams. I was -- I'm guessing it's a finance question so I'll call on Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker and thank you to the Majority Leader.

Through you to the Majority Leader, essentially what we have contemplated here is taking \$200 million of debt and prepay -- future debt and prepaying it now and then shifting some existing lower interest debt to the future. So we are not kicking debt out without adequately preparing future debt. We are using next year's surplus to do that.

Through you.

SPEAKER DONOVAN:

Representative Sharkey.

REP. SHARKEY (88th):

So just a quick follow up to that. Is the idea to take the debt that we've already incurred for deficit mitigation in the biennium that we're in right now and restructuring that debt but stringing it out further?

SPEAKER DONOVAN:

Representative Williams.

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REP. WILLIAMS (68th):

Through you to the Majority Leader.

The idea is that we are taking debt from year one, pushing it out and using surplus dollars to prepay higher interest debt in the future.

SPEAKER DONOVAN:

Representative Sharkey.

REP. SHARKEY (88th):

So if it's fair to say -- is it fair to say then that the idea here is not to pay off that debt, the current debt that we're -- that we have and paying it off, but rather restructuring it to save money but not paying it off? Is that a fair statement?

SPEAKER DONOVAN:

Representative Williams.

REP. WILLIAMS (68th):

No. That would not be correct.

Representative Cafero -- I would yield to Representative Cafero for further explanation, though.

SPEAKER DONOVAN:

Representative Cafero, would you like to answer that question?

REP. CAFERO (142nd):

I do. I do.

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SPEAKER DONOVAN:

Well, I'll have --

Representative Sharkey, direct your question to  
Representative Cafero.

REP. SHARKEY (88th):

Through you, Mr. Speaker, I'd be happy if the Minority  
Leader --

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you so much. And it's a very appropriate  
question the Majority Leader has asked. Let me explain  
it, if I may, and give you the idea of debt restructuring  
as we envision it in our budget.

Ladies and gentlemen, in any given year we as the  
State have a whole series -- picture a whole bunch of  
credit cards upon which we have to make a principal  
payment, a whole ton of them and they're all at varying  
interest rates ranging anywhere from 2 percent to  
8 percent.

What we are saying is in the first year of the biennium  
we're going to take a principal payment that is due at a  
lower interest rate, for example, let's say, 3 percent,  
and we are going to restructure it so it is pushed beyond

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the biennium, say, six to seven years. So we're taking that debt we should be paying 200 million at 3 percent interest and we're kicking it outside of the biennium.

Now, if I were to stop there the good Majority Leader, you should be all over me, but that's not our plan. Our plan is to reach outside the biennium for a principal payment equal to \$200 million and bring it into the biennium, a principal payment that has a higher interest rate, let's say, 5 percent, and pay it off.

So at the end of the biennium, we are not occurring not a nickel's worth of debt. We are not avoiding a principal payment. What we're doing is exchanging a lower interest rate on principal worth \$200 million to prepay a higher interest rate in the amount of \$200 million.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Sharkey.

REP. SHARKEY (88th):

I thank the good Majority Leader for his explanation because we're trying to figure this out on our side of the aisle and didn't have an answer. So that helps.

I think, Mr. Speaker, that one of the things that has been the hallmark of our Governor's proposal back in February and the package that we're presenting today is

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that our focus is on debt repayment, debt retirement, not necessarily restructuring. I can certainly appreciate the idea of restructuring to save money, but one of the critical things that we have to do as the State of Connecticut right now is start repaying the short term debt that we have occurred as in an effort to get through these last two years. That is a structural element of this budget and something that I think we have to, something which I believe the Republicans' amendment avoids.

I'd also point out that in Section 68 and 69 of the budget -- of the amendment, I should say, the Republican proposal suggests that we should take \$37 million from the community investment fund to put into the general fund.

Now if you're all familiar, the community investment fund is the fund that is paid into by everyone who makes a -- records a document in our town clerk's offices. It's now up to 30, I think, 30 or 40 dollars per pay -- or document for every filing that gets filed.

And that fund, the community investment act fund is designed to go to open-space acquisition in our cities and towns, farmland preservation in our cities and towns, housing initiatives in our cities and towns. And the proposal in front of us today in this amendment is to completely sweep that fund and dump it into the general

fund.

The section right after it in the amendment is for the tobacco fund, the tobacco settlement fund. Again, a complete sweep of that fund put into the general fund to make this budget balance.

Now I -- when these things were proposed in the last two years by this side of the aisle as part of the budget resolution, we were told that was a gimmick. Doing those kinds of sweeps, those one-time revenues that we all heard about, that that was a gimmick. It was avoiding the problem that we were facing. We should try to move away from those kinds of short-term gimmicks to get to a balanced budget.

I'm also distressed to hear that the other side of the aisle would continue the current tradition and payments that we make to cities and towns regarding the machinery, manufacturing and equipment pilot. There's no change from status quo in this amendment and the purpose of the Governor's proposal and the one that we are here to adopt today as a Legislature is that we wanted to tell the manufacturers of our State, you will no longer ever be taxed a property tax for your machinery and equipment.

And while that's a terrific mess -- I think that's the terrific message that we are trying to send to our

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manufacturing community, but it also has a ripple effect, obviously. Towns and cities who aren't able to tax on that property and therefore get a pilot to reimburse them for those costs, we need to make them whole. And our proposal, the underlying bill tonight makes -- keeps those cities and towns whole that rely on that source of revenue.

While I respect the idea that we may want to maintain the funding for cities in towns in a pilot, it's not good policy. The policy has to be that we tell our manufacturers, you no longer have to report this equipment to your assessors. You no longer are at risk of this State or your town taxing this equipment. We want to encourage you to acquire new equipment. We want to give you the incentive to do so, to build your businesses.

I think this is an antijobs proposal, to continue this pilot program because we're telling our manufacturers, we don't know. We don't know what we're going to do today. We don't know what we're going to do tomorrow.

Finally as we've heard, there's nothing in this budget as we know, from those who've presented the budget -- the amendment, that the Republican proposal does not raise taxes at all. It makes no increases at all.

Our proposal, the underlying bill calls for an increase in the sales tax, yes. It also calls for a

.1 percent increase in the sales tax to go specifically to our cities and towns. Now we are holding our cities and towns harmless under our underlying budget.

I think both budgets try to do that with regard to other state aid, but anyone who understands the property tax problem in this State understands that we have to structurally change our reliance on the property tax, and that's done in two ways, one, to provide new revenue, short-term relief; new revenue streams to cities and towns so that the property tax is not the only source of revenue for them to rely on.

Second is long-term reform, structural change to the way we do property taxes in a way that enables our cities and towns to become more efficient. If they become more efficient and their operations cost less through regionalism and other efficiencies, they will rely less on the property tax in the future.

We're not just -- we don't want to throw money directly to cities and towns and hope that they're going to apply that to property tax relief and it certainly is not going to go to long-term reform. Our proposal calls for that, but without the additional revenue that's included in our proposal we're not going to achieve that.

It's a difficult thing to do. We need to turn the

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tide. We need to turn the corner. And to do that without any tax increases, in my opinion and I think -- I hope my colleagues agree -- is unrealistic. It's unrealistic. We can not produce a budget to close a 3 and a half billion dollar deficit without some level of tax increase guided by sound, logical policy behind it.

And for that reason I think that, while I respect the effort that the other side of the aisle put into this proposal, I think it belies the reality that we're facing. There's been discussion about how other states, neighboring states are not increasing taxes. Well, there's a simple answer to how they're doing that. They're doing that by balancing the state budget off the backs of towns and cities.

Governor Cuomo, Governor Christie, who were cited earlier today in this debate are doing just that. They are turning their backs on their communities and forcing local cities and towns to raise property taxes. That's irresponsible.

And particularly in this State where we have already the highest property tax burden among most of our neighbors, that's irresponsible. We have to change this. That's the structural change that we need and with the depth of the problem that we have in terms of a deficit,

it's unrealistic.

It's unrealistic to think that we don't have to raise taxes to some degree, cut spending in a responsible way and obtain whatever savings we can, the savings that the Governor has proposed from our friends in labor. That is a package that the Governor has proposed that I think our proposal calls for.

The other side also calls for some of those same changes, but I think this particular proposal is not honest. It's not a change in the way we do business. It's resorting to the same kinds of gimmicks that we were criticized for in the past, rightly so perhaps. We have to change the way we do business and for that reason I would ask my colleagues to reject this amendment.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Staff and guests please come to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

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

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SPEAKER DONOVAN:

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

The Clerk, please announce the tally.

THE CLERK:

On House Amendment Schedule "A."

Total Number voting	149
Necessary for adoption	75
Those voting Yea	52
Those voting Nay	97
Those absent and not voting	2

SPEAKER DONOVAN:

The amendment fails.

Remark further on the bill as amended? Remark further on the bill as amended?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, I would just like to make a couple more comments regarding the underlying budget. In Section 12 of the budget it's been an issue that's been a lot of -- I

guess, controversy and discussion over how we're going to achieve this \$2 billion hole that we're building into our budget.

And as I read this provision, the Governor must submit a plan to the Legislature before May 31st and that plan is going to include either this union concession package that totals \$2 billion and/or it may include other budget adjustments if we don't achieve that number of \$2 billion. So maybe the Governor will come back with suggestions for more spending cuts in programs or possibly even, God forbid, more taxes.

What I am a little puzzled about is, as part of this requirement the Legislature is required to vote on this plan. And as I understand it, the unions currently have contracts that last through 2017. And my understanding is that part of the reason the unions were even coming to the table for a discussion is that the Governor had the ability of threatened layoffs in order to bring them to the table. Short of that, very clearly the unions have no reason to come to the table and I don't blame them. They have a binding contract. Why should they voluntarily just have to come to the table?

And my concern is, under Section 12, we're removing that piece of leverage away from the Governor so that

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there's no more threat of layoffs after we pass this budget, but rather the Governor will need to just come up with some sort of mechanism in order to balance the \$2 billion.

And I believe practically speaking if we take this leverage away, the threat of layoffs from the Governor, the unions are less inclined to come to the table. And I don't blame them because there is a dilemma in what they're faced with. \$2 billion is a lot of money for them to come up with.

So my concern is that come June 8th we're going to be faced with a decision of, do we grab the billion-dollar surplus that we've just created and not make any of the necessary cuts that we promised we'd be making and pile more taxes on? And you pull those concessions out of the equation and that percentage of the budget that becomes taxes is much greater. So I would be very concerned today about the step that we are taking here with Section 12.

And now Mr. Speaker, I'd like to talk just a little bit about the municipal tax relief and the effects that we've had on reducing the personal property tax credit by 40 percent and also sort of restructuring municipal tax revenues.

We heard some discussion about the fact that we're

replacing the MM&E pilot program, the program that we reimburse towns for having manufacturing in their communities with, with a sales tax revenue stream.

And the reason why this side of the aisle wants to continue to fight for that pilot program is that it's a critical program for manufacturing. Because the policy message that it sends to our towns is, if you bring in manufacturing you're going to get money from the State of Connecticut.

And ladies and gentlemen, what we are doing with this new revenue stream is we're stripping that program away and we are incentivizing no town to bring in manufacturing. And as the good Majority Leader pointed out, the manufacturing equipment continues to be tax exempt. So the towns don't see any revenue from that equipment. So why would they incentivize manufacturing in their communities?

And with the blink of an eye we're taking away that pilot program, we're replacing it with a new stream. We're right. They towns are left whole, but what's not left whole are manufacturers who are the wealth creators in this state, who are the drivers of this economy. We hear it all the time, that for every manufacturing job four more are created. What we're doing here today is we are

saying, municipalities, you're going to get money if you bring in services that are selling goods in your community. So we're going to begin to see the retail popping up.

And potentially we're now incentivizing our communities into an area of spot zoning potentially, or grabbing box stores and having these big developments outside of commercial corridors, the exact philosophies that we discussed against in our smart growth proposals.

And I am concerned, on top of all of this, while we attempt to make municipalities whole, we're protecting the institution but we're hurting the individuals, the very people that pay our personal property taxes. Because what they are going to see is an automatic increase in their tax bill with a reduction of the personal property tax increase..

So with that I think that there's a way that we could correct this today. And Mr. Speaker, the Clerk is in possession of House Amendment LCO Number 5764. And I ask that it be called and I be allowed to summarize.

(Deputy Speaker Altobello in the Chair.)

DEPUTY SPEAKER ALTOBELLO:

Will the Clerk please call LCO 5764, which shall be

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designated House Amendment Schedule "B."

THE CLERK:

LCO Number 5764 House "B," offered by Representatives  
Cafero, Candelora, Klarides.

DEPUTY SPEAKER ALTOBELLO:

The good Representative seeks leave of the Chamber  
to summarize. Is there in objection to summarization?

Seeing none, please proceed, Representative  
Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Simply put, this amendment strikes Section 111 of the  
underlying bill, which is the proposal to reduce the  
personal property tax credit from \$500 to \$300.

With the stricken language we would be returning to  
personal property tax credit back up to \$500. And I  
believe that given that we are faced with a billion-dollar  
surplus as a result of this tax package, that we clearly  
could achieve this without having to have any offsetting  
expenditure reductions.

And with that I move for adoption. And I ask that  
when the vote be taken, it be taken by roll.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is whether or not to

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have a roll call vote on House "B." Would all those in favor of having a roll call on House "B" please signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

The requisite number of members has been met. When the vote is taken, it shall be taken by roll.

Motion is on adoption of House "B." Further on House "B?"

Representative Widlitz of the 98th, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I will simply ask my colleagues to reject this amendment.

Thank you, sir.

DEPUTY SPEAKER ALTOBELLO:

Further on House "B?" If not, staff and guests please retire to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

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

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Amendment Schedule "B" by roll call. Members to the Chamber.

DEPUTY SPEAKER ALTOBELLO:

Have all members voted? Have all members voted?  
Please check the board to make sure your vote is properly cast. If all members have voted the machine will be locked. Will the Clerk please take a tally. Will the Clerk please announce the tally.

THE CLERK:

On House Amendment Schedule "B."

Total Number voting	149
Necessary for adoption	75
Those voting Yea	52
Those voting Nay	97
Those absent and not voting	2

DEPUTY SPEAKER ALTOBELLO:

House "B" is defeated.

Further on the bill as amended? Further on the bill as amended?

Representative Molgano of the 144th, you have the floor, sir.

REP. MOLGANO (144th):

Sorry, Mr. Speaker. I'm not speaking on the bill as amended. I'm going to speaking on the upcoming bill.

DEPUTY SPEAKER ALTOBELLO:

Representative Molgano declines at this time.

Representative Noujaim of the 74th, you have the floor.

Representative Noujaim, for the second time on the bill as amended, I believe.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. Trying to speak for the second time, but only speaking for the first time.

Through you, Mr. Speaker, if I may be --

I'm sorry, Mr. Speaker. Let me start, again.

Through you, Mr. Speaker, I would like to ask a question, to address a question to Representative Walker, if I may, who is the proponent of the bill?

Mr. Speaker, through you.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. NOUJAIM (74th):

Thank you.

Mr. Speaker, to my colleague and friend Representative Walker, I do have a question in reference to line -- to Section 12 of the bill. And if I may read, through you, Mr. Speaker, with your indulgence just the first four lines so that I can pose my question.

To my colleague Representative Walker, lines 45 through 49, it's says, any agreement reached through negotiations between the State and the state employees bargaining unit coalition concerning wages, hours and other conditions of employment to achieve the labor-management savings specified in this act shall be subject to approval of the General Assembly.

So through you, Mr. Speaker, to Representative Walker, does this mean that the bill must come back to us for approval of the concessions or lack of that are achieved between the Governor and the employee unions?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker, do you care to respond?

REP. WALKER (93rd):

There we go. Thank you. Good evening, sir. Good evening, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Good evening, madam.

REP. WALKER (93rd):

Through you, Mr. Speaker, to my good friend from Waterbury.

The section here that talks about the agreement with SEBAC, it refers -- the way it works is if they come to

a concession, it has to -- and they don't have the achievement -- they have come back to the General Assembly within 30 days as long as (inaudible.)

We end this session June 8th. If the concession comes back to us within 30 days -- if they come to an agreement it goes out to the -- all of the unions, then they have to come back to us than it has to be within 30 days, sir.

If it's less than 30 days -- excuse me. I dropped my papers.

If it's less than 30 days it requires the Legislature to enact on legislation by June 8th. It applies to the agreement to nonunion employees and it fills the gap if 2 million -- \$2 billion savings is not achieved. We will come back before July 1st if no agreement is made.

Through you, Mr. Speaker, I hope I answered that, sir.

DEPUTY SPEAKER ALTOBELLO:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker and through you, Mr. Speaker, just a follow-up question.

And that's still is confusing to me a little bit. Because lines 45 to 50 specifically say that any concessions or negotiations must come back to us. It does

not say when or where or how or what type of concessions are reached or not reached. That's what I'm reading on those lines.

I just would like to have those four lines clarified, if I may, through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

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

If you continue through it says in Section B, on or before May 31, 2011, the Governor shall submit the plan described in this subsection in writing to the General Assembly. If an agreement, described in Section A of this section, has been reached, such plan shall, A, include recommendations for legislation to apply terms comparable to those contained in such an agreement to non-represented employees for the fiscal year ending June 30, 2012 and June 30, 2013.

And B, if such agreement achieves less than \$2 billion in savings over the biennium ending June 30, 2013, recommendations for budget adjustments to achieve the difference between that amount and \$2 billion. If no agreement described in this statement, A, of this section

has been reached such plan shall include recommendations for budget adjustments not to exceed \$2 billion over the biennium ending June 30th. So you have to continue the paragraph a little further down into the next subsection in order to understand, though, the beginning.

Through you, Mr. Speaker. Sorry.

DEPUTY SPEAKER ALTOBELLO:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker.

I appreciate Representative Walker's answer and actually I was leading to that. I had already read it and I'm just taking it one section at a time. Which leads me to the next question, through you, Mr. Speaker, if I may, lines 57 through 61.

And again, I would like to read them, if such agreement achieves less than \$2 billion in savings over the biennium ending June 30, 2013, recommendations for budget adjustments to achieve the difference between that amount and \$2 billion, meaning it will come back to us.

So I am reading this, Mr. Speaker, that probably we will have, if that agreement is not reached or if the Governor reaches an agreement that is less than \$2 billion for the biennium, then there is a possibility for us to

come back and reconsider this budget and vote on a different type of budget which may -- is that correct so far?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I want to thank the gentleman for his question because I really truly mean so many people have been trying to understand this section. And we've been working on this section for a while, I have to say. In fact, it was the good gentleman from Litchfield who pointed out some of the gray matters in this section. And it was through his help and Senator Kane that we were able to actually start to move in another direction. So that we made sure that the General Assembly was going to be the one that makes the final decision.

But going back to your question as you asked, it requires the Governor to submit a plan by May 31st that it agrees to -- that applies agreement to the nonunion employees. It recommends how to fill the gap if the agreement is not fulfilled for the \$2 billion. It recommends how to achieve -- the recommendation has to

come from the Governor on how to achieve it if no agreement is made.

It requires the Legislature then to act by June 8th, so we then work with the Governor's office to try and come up with that agreement. If that agreement is not fulfilled then -- and the gap is still the \$2 billion and it hasn't been reached, we still work on that, but we must finish this by June 30th of 2011.

If we don't finish it by June 30th of 2011 and we've gone back and forth and we can't have an agreement then we end up going after July 1st. We go into 4-85, which is the Governor's 3 percent recision of the budget and 5 percent of a line by line.

Through you, Mr. Speaker, I hope I made that a little clearer.

DEPUTY SPEAKER ALTOBELLO:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker.

Yes. Representative Walker did make it clearer and that's scaring me to death, quite honestly. And allow me to explain.

To my colleague and my friend Representative -- see, we came together at the same time. So we have this

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relationship. Which means to me -- and I would ask, through you, Mr. Speaker, to my colleague Representative Walker, and the reason for which that scares the daylights out of me, it seems to me that if no agreement is reached between the Governor and the unions we will be coming in here -- and this may be an unfair question, but I would like to pose it anyway -- would we be coming in here to look for more tax increases to be able to close the gap?

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

My good friend from Waterbury, I thank you for that question. That is not something that has been put on the table. Through you, Mr. Speaker.

We will have to work through this ourselves, but we don't know what the end result is. That is something that's going to have to be worked out through the General Assembly, so I cannot speculate on how we are going to do that, sir. I really think that's really going to be our decision together.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker. And I truly appreciate Representative Walker's answer.

And another thing that Representative Walker said that, through you, Mr. Speaker, that scared the daylights out of me again, it seems to me that we are already calling for a special session to come back after June 8.

Through you, Mr. Speaker, am I correct, Representative Walker?

DEPUTY SPEAKER ALTOBELLO:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker.

I thank the gentleman again for the question. And since he and I did come in at the same time we are used to coming back for special session. So this is not a big deal, so I just thought that I'd point that out.

But no. At this point, I'm going to be extremely optimistic. I'm going to believe that we are going to have those concessions and we are going to have a plan from our Governor by June 8th because I believe that all of us have a lot invested in this. And as we all know, we have to get on to the business of the people. So I have all faith

in all peoples' abilities to make these negotiations and things.

So through you, Mr. Speaker, I'm going to be very optimistic and say, I think June 8th is going to be an end date for all of us this year because we all need to have that happen.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker.

And allow me, Mr. Speaker, to extend my sincere gratitude to Representative Walker for all her hard work and clear answers. I am truly, truly appreciative for her friendship and the clear answer that she has given me.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

You're very welcome, sir. We want none our members to be scared, except maybe of the haircut tax or something like that, yes.

Representative Molgano of the 144th, do you wish to comment regarding the bill as amended?

REP. MOLGANO (144th):

Yes, sir, Mr. Speaker. Thank you.

I want to thank the Speaker and the House for permitting me to speak from my seat, but I can assure you I am rising in spirit.

Mr. Speaker, I had the privilege of meeting with many people while campaigning, many of them senior citizens. The overwhelming plea they all made then and are continually contacting me now has been and still is, no new taxes. However Mr. Speaker, the budget we will vote on does just the opposite.

Under the bill before us our fixed income residents of Connecticut will be taxed or pay more taxes on common expenses such as non prescription drugs, clothing and footwear under \$50, manicures electricity and even entertainment admission ticket sales, to name a few.

Mr. Speaker, this is -- there is an alternative that presents a well-developed balanced budget for the biennium, one containing no new taxes. I ask my fellow members of the House to please keep this in mind, when the vote is called on Bill 1239, not only for our seniors, but all the hard-working taxpaying citizens of our great state, all these people who are earnestly asking us to not impose additional hardships on them.

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

DEPUTY SPEAKER ALTOBELLO:

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Thank you, Representative Molgano.

Representative Rigby of the 63rd, you have the floor,  
sir.

REP. RIGBY (63rd):

Good evening. Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

You're welcome.

REP. RIGBY (63rd):

Mr. Speaker, through you a question to the  
distinguished chair of the Finance Committee, if I may.

DEPUTY SPEAKER ALTOBELLO:

You may. Please proceed, sir.

REP. RIGBY (63rd):

Mr. Speaker, Senate Bill 1239, Section 93, talks  
taxes, sales tax on the sale of a motor vehicle that costs  
over \$50,000. And Mr. Speaker, through you, that tax of  
7 percent that's outlined within the bill being debated  
tonight, it says that tax will be applied towards the full  
sale price of the vehicle.

And through you, will there be the ability to take  
the trade-in value of a vehicle and wash it against the  
sale price to determine the burden of sales tax on the  
buyer? Through you.

DEPUTY SPEAKER ALTOBELLO:

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Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

In response to that question, there we have maintained the exemption on the sales tax on the trade-in value of a vehicle toward the purchase of another vehicle, whether it's luxury or not.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rigby.

REP. RIGBY (63rd):

Thank you. Thank you, Mr. Speaker. Through you, just to clarify.

The only change would be the amount of the tax that a person would pay, an increase in the percentage of sales tax on the price of that vehicle costing over \$50,000.

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

I'm not sure I understand the question, but I will just state that the 7 percent sales tax on a luxury vehicle starts from dollar one, minus of course the exemption, the trade-in exemption, sales tax exemption.

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Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rigby.

REP. RIGBY (63rd):

Thank you.

An additional question, Section 102, through you, Mr. Speaker, concerns real estate conveyance tax. And we had a change two years to the current statute that says that if there's a real estate short sale, that property will be exempted from the conveyance tax. The seller of it won't have to actually have to pay that tax when they're walking away from the closing with nothing.

Would section of the bill protect that policy change?

Through you.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

There is no change to the current law regarding that issue.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Rigby.

REP. RIGBY (63rd):

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Thank you.

I appreciate the Representative's answers and I appreciate the chance to ask my questions.

Thank you.

DEPUTY SPEAKER ALTOBELLO:

Thank you very much, Representative Rigby.

Back to the Rose City. Representative Coutu of the 47th, you have the floor, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker, I have a question through you to Representative Widlitz.

DEPUTY SPEAKER ALTOBELLO:

Please proceed, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

In the proposed budget there's an area that focuses on cigarette tax and it has, dealers and distributors will be fined, and potentially up to a year or five years prison sentence.

And I just want to verify, is there the potential that the local store, the gentleman who works there, small-business owner who works 120 hour a week forgets to send in his quarterly inventory report and they could

potentially be thrown in jail for a year?

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Could the good Representative direct me to the  
Section of the bill --

Oh, we have it right here. Thank you.

Would he please repeat the question, now that I have  
the Section in front of me?

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker, my question is, in this portion of the  
bill it stated that there's the potential if somebody  
doesn't file their quarterly report of how many cigarettes  
they have in inventory, they could be basically prosecuted  
and put in jail for up to a year. And I'm just trying to  
verify.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu, was there a question there?

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REP. COUTU (47th):

The question is just to verify that if somebody, if they accidentally forget to file the quarterly report, would they be potentially prosecuted and put in jail for up to one year? And then if it's willfully, they just don't do it, it could be five years? I'm just verifying that.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

If they forget to file, it's a ten percent penalty.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

And then below that it states, willful failure to file subjects a dealer or distributor to the -- of the fine up to 1,000 or when year in prison or both. If they file a false report, 5,000 and potentially sentenced to five years in prison.

I guess all I bringing this up for is just I'm concerned that you could have -- I understand it's willful failure, but it could be prosecuted. It could be

aggressively pursued that a small-business owner mistakenly files the report and they could potentially face a year or five years in prison.

And that's not really a question anymore. It just was a statement that I had concerns the way that's addressed.

REP. WIDLITZ (98th):

Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Coutu.

Representative Widlitz, care to comment further?

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Just to clarify, that is existing law. This is not new language. So there's only the 10 percent penalty for a failure to -- an accidental failure to report. Willful is the other penalty which is current law. This is not new language.

Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, Representative Widlitz.

REP. COUTU (47th):

Thank you. I appreciate that answer.

Another question, through you, Mr. Speaker.

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DEPUTY SPEAKER ALTOBELLO:

Please proceed.

REP. COUTU (47th):

Mr. Speaker, I'm curious if there's a summary of the total amount of new federal revenue that we'll obtain by new spending, new programs in this budget.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Could you please repeat that question? I don't know if you're referring to a specific source of that revenue or if it's a general question.

Through you, Mr. Speaker.

REP. COUTU (47th):

Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Yes, sir. What I'm trying to figure out is the total number of new federal revenue we're expecting to have come in from changes in programs, sort of the total number. I assume it's potentially hundreds of millions of dollars, but I'm just trying to get more clarification.

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Through you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Sounds good.

DEPUTY SPEAKER ALTOBELLO:

Representative Coutu.

REP. COUTU (47th):

Okay. I think it's very important we know that number if it's 150 million, if it's 400 million, because a lot of the assumptions based on this budget, that we are spending \$1.5 billion more over the biannual, are based on the fact that we're getting hundreds of millions of new dollars and new revenue from the federal government.

And as I stated before, I have a concern with that, one, if we don't know the exact number, that's a big concern. But, two, the federal government may have challenges paying their bills and funding a lot of these programs in the future.

Mr. Speaker, when I looked at this budget I started looking back a little bit in the history of how we got here. And I recently found an article, front cover of Fortune Magazine. And it stated, a great frontier for business:

Connecticut.

And I thought that was telling, 1994, this was really a great state and we had a great business environment. And then when I started thinking more about it and talking to more people in my district many people told me, things were really good before we had the casino revenue, before we had the lottery revenue, before we had the income tax.

And then I started thinking closer to today. We have a \$1.5 billion tax increase in the last budget, 18 months ago. And today, potentially we're looking at a \$4 billion two-year tax increase. Over the course of the last 20 years our budget grew from 6 to 20 billion dollars. We doubled the number of state employees. Our debt has grown from \$240 million annually in the general fund to \$1.8 billion annually, 800 percent increase in debt.

You don't typically get an increase in debt like your credit card unless you're overspending. And that's sort of the fundamental question for the State of Connecticut. Are we overspending? Or do we need more revenue? And this budget is making it loud and clear that we're going to do the same thing we've done for the last 20 years. We're going to raise a lot more revenue to the record number of \$2 billion each year.

Mr. Speaker, when I think of Southeastern

Connecticut -- we've all been reading the papers quite a bit lately and we've all recognized that you really do need employees -- employers to have employees. That was a great quote by the Governor of Maine. And we've seen what happens when employers leave the state. You loose 6,000 jobs in a month, like last month.

And briefly I just wanted to state some of the companies that have been leaving our area. We lost the mushroom factory, Yardi. Pratt & Whitney is leaving jobs. Mohegan Sun, Foxwoods; Mohegan Sun had the first layoff in the history of the company.

Cascades in Sprague. Precision Camera, Pfizer, Rogers Corp, Cargill. Literally, there's been thousands of businesses, small businesses who have shut their doors, stopped paying taxes, laid off employees.

When you start thinking more about the small level business -- my family is in trucking, fishing machine tool and die, so I have some experience working in those three sectors. When you look at the taxes and the legislation that's going to hurt these small businesses in this bill, it's devastating to most small businesses and many large businesses.

The first, the diesel tax: fishing boats, hundreds of gallons every time they go offshore; trucks, hundreds

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of gallons every couple of days. Many will not buy their diesel fuel in Connecticut because we already are 30 cents higher than most other states. The highest in America.

Then you have the energy generation tax. I recently just went to Computer Science Corporation and they told me their costs, the largest taxpayer in the city of Norwich for energy is going up tens of thousands of dollars monthly.

Every business in the State, machine tool and die -- our family's business, we spend literally a hundred thousand dollars a year on energy and it's going to go up considerably. And this is going to be part of the reason why, the energy generation tax.

You also have the 20 percent business tax. We all know that was one of at least five, that I know of, temporary taxes that's now being extended and we're doubling down. We're going from 10 percent to 20 percent.

Computer Science Corporation, the largest taxpayer in the city of Norwich is going to get hit hard with that tax. Pfizer, Pratt, GE, all the major employers across our state are going to be hit very hard with that tax.

We have the small business entity tax. That tax affects every small business, some of which don't even make

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a profit, are mandated to pay a \$250 penalty to be in business in the great state of Connecticut.

We also have the income tax. Some people file through their personal C corporations. Other corporations file their individual taxes, and they also will be hit with this income tax increase.

Many of us always complained about the brain drain. Why are so many young professionals, students leaving the state? The cost of living here is going out of control. These taxes will not make it easier and they will be another reason why we will have the highest percentage of our youth for the past 25 years compared to any other state -- has left because of taxes, the cost of living in the state.

And finally, I must speak up being a new father, I now realize the cost associated with fatherhood. Each year you look at 10 to 12 thousand dollars off the top. This is going to be another thousand-dollar tax on most families across the state. It makes it tough for those young professionals who have a young family to just continue to pay more taxes.

I know recently the president said, don't let a good crisis go to waste, and I think this budget is not letting a crisis go to waste. It's generating \$2 billion in new taxes and I want everyone in here to think about what that

means. \$2 billion in 2012, maybe 2.2 billion, maybe 2.4 billion in 2014.

To the day we die we will pay many billions in new taxes because of the legislation we're going to pass today. The next decade, \$20 billion. Two decades, \$40 billion plus. This will have the unintended consequences of living on for the rest of our State's history as a massive tax increase that every year we will see again and again and again.

So it sounds like we're not going to let a good crisis go to waste. The Senate passed this bill. I assume this bill will not be presented today if the votes weren't there, but I really believe this belief, that raising \$2 billion is the right way to go -- is limited to just this building.

And tonight I'm going to vote for those seniors who have fixed incomes, those seniors who can't sell their homes. Many times we talk about those who leave the state. Those are the ones who can flee new taxes. The ones that are left here -- and I'm proud to live in this State, but many people are looking for a way out. And they can't get out because their housing prices are dropping, the taxes are going up and they can't sell their homes.

I'm also going to think about those families whose

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children, whose grandchildren are leaving with the brain drain, tens of thousands of students every year leaving Connecticut to find jobs because in our state we have become the least business friendly State in America with the highest taxes on our businesses.

And finally, I'm going to be thinking about the small businesses, the large businesses that are closing their doors after 40 years, after 60 years. We hear these stories every day in our neighborhoods and our communities and I'm going to vote no. And when I go back to my district I can tell these small business, these seniors, these family members that I listened and I'm not going to leave a legacy of tens of billions of dollars in new tax increases over the next decade.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ALTOBELLO:

Thank you, good Representative Coutu from Taftville, I'm told.

Further on the bill as amended? Further on the bill as amended? Any other activity regarding this bill?

Representative Candelora, you have the floor, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, the Clerk is in possession of House

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Amendment LCO 5777. And I ask that it be called and I be allowed to summarize.

DEPUTY SPEAKER ALTOBELLO:

Would the Clerk please call LCO 5777, which shall be designated House Amendment Schedule "C."

THE CLERK:

LCO Number 5777, House "C," offered by Representatives Cafero, Candelora and Klarides.

DEPUTY SPEAKER ALTOBELLO:

The good Representative seeks leave of the Chamber for summarization. Without objection, please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, this amendment strikes Section 110 in its entirety and renumbers the remaining part of the bill. What it does is removes the section that is creating an earned income tax credit. And I move adoption.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is adoption of House "C?" Further on House "C?"

Representative Candelora, do you care to remark further on House "C?" Please proceed then.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, we heard debate in the Finance Committee regarding the earned income tax credit. What this actually proposes to do is to create a pot of money that is distributed out to individuals in the state of Connecticut based on income. And it is utilized on the federal level and some other states utilize it.

Two concerns about this policy is that, number-one, it is piggybacked on the federal law and there is some concern that the federal law is wrought with fraud. There are concerns of its ability to distribute the money under that program, but more importantly the State of Connecticut doesn't tax dollar one on personal income.

And so what this earned income tax is in fact doing is by just it's very name is counter to it. The individuals you would think would be employed, earning income and paying taxes, but in fact, this earned income tax credit is a refund that is given out to individuals that have no tax liability at all.

And so what we're doing is individuals in the state of Connecticut who don't necessarily pay taxes, would be receiving income anywhere from a hundred dollars up to \$1700. And while certainly we could argue that there are people within the state of Connecticut that are entitled

to more money who need help, we need to recognize that the underlying budget protects our safety nets. We've heard it over and over and over again.

But what we've clearly done here tonight, what's demonstrated is that we've strapped our middle class with a disproportionate amount of taxes, whether it be through the sales-tax or the personal income tax. And we are strapping them even more by asking them to pay taxes that we are going to redistribute out to a population that don't pay taxes at all.

And so at a time when we have very limited resources, while this program and may be worthy, we don't believe that we should be invoking down this path in the State of Connecticut. And so I would urge my colleagues to support this amendment.

And Mr. Speaker, I ask that when the vote is taken, it be taken by roll.

DEPUTY SPEAKER ALTOBELLO:

The question before the Chamber is whether or not when the vote is taken, will it be taken by roll call? All those in favor of having a roll call when the vote is taken, please signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ALTOBELLO:

A sufficient number has been indicated. When the vote is taken it shall be taken by roll.

Further on the House "C?"

Representative Widlitz, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Mr. Speaker, I urge rejection of this amendment. 24 states currently have the EITC, including all of our neighbors. It is one of the most successful antipoverty programs in the country. And I urge rejection of the amendment.

Thank you, sir.

(Deputy Speaker Aresimowicz in the Chair.)

REP. ARESIMOWICZ (30th):

Representative Coutu of the 147th, you have the floor, sir.

REP. COUTU (47th):

Thank you, Mr. Speaker.

Mr. Speaker this is an area that I've actually helped hundreds of people get the earned income tax credit. The federal program makes a lot of sense. What it does, it

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provides people an incentive to work and it rewards them for working. With that being said, the idea that the State should impose it is a very bad idea.

The structural way earned income tax credit is set up, it's an incentive not to get married. And I think that is an interesting fact if an individual and their girlfriend each make \$27,000, their girlfriend can claim the earned income tax credit. If they get married, they get nothing.

Another thing is if an individual has a job and they work really hard and they get a promotion and they make \$34,000, they now have a third tier in earned income tax credit because of President Obama -- which it could be repealed in the future, too. It used to have a cap somewhere around \$5,000. Now they brought it up closer to \$6,000.

If you make \$34,000 and you're not married -- because if you're married it basically messes everything up -- you end up getting another raise or you get another week's pay and it pushes you over that thirty-five five threshold, and you plummet. That's really close.

But if you have 34,000 and then you make 40,000, you go from maybe \$8,000 cash to nothing. So I've always had a problem with the idea of those families, which many of

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you may know -- the people that make 40 thousand, 42 thousand, 45, 50 thousand dollars, this is not a good idea.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you, sir.

Representative Davis of the 57th, you have the floor.

REP. DAVIS (117th):

Thank you, Mr. Speaker.

And as many of you will probably remember earlier this morning, I spoke about this when we were talking about the revenue estimates and that the -- it's actually, in many cases, a refund rather than a tax expenditure as it was explained to us.

But I just want to remind the Chamber that it's difficult, at least for me, to comprehend that this is something that is positive for the working people of Connecticut. If you make even minimum wage, work full time year round, you do not qualify for the earned income tax credit if you have no children.

Now if you make more than the minimum wage and you have no children you still get no earned income tax credit. And if you have one child and you're married and you make \$45,000, you only get \$1 in earned income tax credit.

So Mr. Speaker, you know, it's a little bit

troublesome to vote for something on the premise that it's helping out working families in the state of Connecticut when in fact the very people that are working and struggling are not even receiving the credit, but the people that aren't working that have only a minimal amount of earned income, not paying any income tax to the State of Connecticut, is in fact getting a tax refund from the State in upwards of \$1,700.

And we have to keep in mind that the State of Michigan, one of the hardest hit states during this recession is in fact talking about removing the earned income tax credit on the state side.

So Mr. Speaker, I stand in support of this amendment. I think it's a positive move for the State of Connecticut because we simply cannot afford to pay \$110 million per year for the next two years to create a new program here in the State of Connecticut.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Representative LeGeyst of the 17th, you have the floor.

REP. LeGEYT (17th):

Thank you, Mr. Speaker.

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I rise in support of this amendment quite simply because I find it absurd that in a budget document that seeks to raise taxes by \$1.8 billion, that we would then use some of those assets to provide a handout to those members of our -- those citizens of our State who don't pay any taxes. That's -- to me, that's absurd and so I am in complete support of this amendment.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, sir.

Will you remark further on House Amendment "C?"

Representative Miner of the 66th, you have the floor, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

If I could direct a question through you to the chairman of the Finance Committee, please?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz, please prepare yourself.

Please continue, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, I'm looking at Section 110 and I'm

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trying to understand whether -- where in this language it says that someone would have to have a job in order to qualify for an earned income tax credit.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

We do not set the requirements for this. This is a federal program and we are piggybacking on this federal program. So we are just proposing a 30 percent piggyback on whatever the federal program allows.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

So would it be fair to say that under the federal program, if there was no requirement for employment, we then would not have a requirement for employment?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

That would be true, but this is for people who are working.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And if the gentle lady could point out to me on what line it says that they have to be working.

Through you, please.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

In the OLR report, under federal law, in this bill people who work and earn incomes below certain levels qualify for credits.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And I see the section in the OLR report to which the gentle lady refers. And so it says, so if he or she has

at least \$1 dollar of earned income then that's sufficient to qualify. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

If you meet the other requirements of the federal.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

And thank you, Mr. Speaker.

And if the gentle lady could tell me, in terms of qualifying for the federal program, there is some language in here about residency and I'm not sure what the federal law is with regard to that requirement. In the state of Connecticut clearly we're saying that you have to be a resident of the state of Connecticut in order to qualify.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, line 2432, any resident of

this state, specifically stated.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

If the gentle lady could just repeat her answer.  
Someone was speaking in my ear. I apologize.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz, if you could please repeat  
the answer.

REP. WIDLITZ (98th):

Happy to do that. Through you, Mr. Speaker.

Line 2432 specifies any resident of this state in that  
section.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, madam.

Representative Miner.

REP. MINER (66th):

And I too thank her for her answer.

And so, just so I can be clear here, if the income  
was earned prior to the passage of this bill and then there  
was no other income beyond this point, through you, would

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an individual qualify for the certain income tax credit if they did not work beyond, let's say, today and this bill were to pass two weeks from now?

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, line 2431 states, this is effective from passage and applicable to taxable years commencing on or after January 1, 2011.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

Right. Thank you, Mr. Speaker.

So just in terms of legislative intent, would those be for earnings that would accrue after the passage of this bill? Or would they be for earning prior to the passage of this bill?

If I could, through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

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I would assume that (inaudible) said, it commencing on or after January 1, 2011, that that is when it becomes effective.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

So the gentle lady's response then, as I understood it, is if an individual earned income back during the months of January and February and qualified and did not work beyond that point, but were residents at the time that they earned that income they would be eligible.

Through you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

I have just been informed that it is the federal -- the federal qualification is based on your tax return. I don't know if that makes it any clearer.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Miner.

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REP. MINER (66th):

Clear as mud, Mr. Speaker.

I think the gentle lady is actually trying to answer my question and I certainly don't mean to be smug about it.

I think as I look at the language it could be interpreted to be any number of things. And the way I read I think is exactly the way she does, which is that if you earned the income during the taxable income year starting January 1st, and you qualified under any of these scenarios and didn't work beyond when the bill was passed, I think you're still qualified.

Now I don't know whether you have to be a resident at the time this bill passes, but for a whole bunch of reasons -- and I know there was a statement made earlier that these types of legislation, this type of legislation brings people out of poverty. I would submit to you that \$137, or \$68 -- is on one of the schedule -- is hardly going to bring somebody out of poverty.

I do know that there are some individuals that benefit greatly from the federal program. And I would say that to piggyback on top of that federal program at a time when we're raising taxes to the tune of \$1.8 billion, it might not be the year in which to do this. In fact, we've had

other years, Mr. Speaker, here where we've had very similar legislation at lower percentages when we've been flush with cash and those bills have not been signed into law. So I think this is probably not the time.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further on House Amendment "C?" Will you remark further on House Amendment "C?" If not, will staff and guests please come to the well of the House. The members please 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 "C" by roll call. Members to the Chamber.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? Please check the board to make sure your vote has been properly cast. If so the Clerk will take a tally.

Clerk, please announce the tally.

THE CLERK:

On House "C."

Total Number voting 150

Necessary for adoption 76

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Those voting Yea	52
Those voting Nay	98
Those absent and not voting	1

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Will you remark further on the bill as amended?

Representative O'Neill of the 69th, you have the floor,  
sir.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. I'm going to have a few  
questions for the Chair of the Finance Committee. So if  
she could prepare herself.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz, please prepare yourself.

Please continue, sir.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

During her opening remarks the cochair of the  
Appropriations Committee indicated that the spending plan  
that we were considering tonight was basically Governor  
Malloy's plan with a few relatively minor revisions -- I  
think is the gist of what she was saying.

Whereas your comments in bringing out the tax package  
indicated that there had been a fairly substantial amount

of change from what was originally proposed by Governor Malloy.

Am I correct in sort of capturing the difference or at least the essence of a what the Finance Committee chair was saying?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

We did negotiate on several proposals that the Governor had in his initially proposed budget. Just as a few examples, there was a proposed property tax on aircraft and on repair and storage of the aircraft. There was a proposed property tax on boats and storage and repair of boats which would have damaged an industry, just as a couple of examples. So yes, we did.

There was a complete elimination proposed of the property tax credit. We restored a significant portion of that. So there were several items that we negotiated on and came to agreement on.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

So I think -- would it then be that fair to say that the tax package that we're voting on tonight is at least basically a legislative package? It's a product of the Finance Committee? Would that be fair?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Any budget that the Legislature votes on and approves is the Legislature's budget. The Governor proposes a budget, but I would say that the framework is basically within Governor Malloy's proposal.

The -- we certainly -- if you take for example, the recommendations on sales tax and the top number on the income tax, we're basically within his framework. We worked within that and did make a few modifications.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

Well, it seemed to me that there are more than just a few modifications. They are fairly substantial changes to the tax package that was originally proposed by Governor Malloy. And I believe that the cochair is correct when she says that the Governor proposes and the Legislature basically disposes of the budget in this process that we have.

Now I think one of the comments that was made by the cochair was that the changes on the income tax side that were made by the Finance Committee and approved by the Senate, and now are before us, were intended to make the income tax more progressive. Am I correct in capturing that?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

I had difficulty hearing that question. If you wouldn't mind repeating it, please?

DEPUTY SPEAKER ARESIMOWICZ;

Would the Chamber please take it easy on the noise. As the hour gets later it gets harder to hear. We need to pay attention to the questions that are being asked.

Representative O'Neill, would you please repeat the question?

REP. O'NEILL (69th):

Thank you, Mr. Speaker. I'll be happy to.

It was my impression from the comments that were made by the cochair of the Finance Committee that the changes that the Finance Committee made were intended to make the income tax, as those changes to the income tax structure were intended to make it more progressive. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Yes. That is correct.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Okay. And thank you, Mr. Speaker.

And as I understand it, making an income tax more progressive means having it based on the notion that the more income people have the higher the rate of taxation should be. Is that the same understanding that the

Finance Committee chair has?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

What it means that there are marginal rates that increase very gradually up to the higher rate.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

But the essence of it is that if somebody's making a hundred dollars, a progressive tax would tax them at a lower rate than someone who is making a thousand dollars. Is that sort of the essence of the notion of progressivity? When we say, making a tax more progressive, it's higher the income, the higher the tax rate on that income.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

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Yes. That is correct.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

Now, the change -- one of the changes that was proposed and that's in the package that's before us now is to eliminate the 3 percent rate of taxation on -- phase out the 3 percent rate of taxation on people's incomes that was imposed back in 1995 as a tax reform effort at that time.

And this is something that the members of the Finance Committee agreed to and went forward with. And what is before us now is to eliminate that or phase out that tax rate. Is that correct?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

Yes. That is correct.

REP. O'NEILL (69th):

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Now in looking at the synopsis that the Governor gave us with his budget, the person who is making \$150,000 pays, by this phaseout, \$200 more in taxes. And a single-rate filer who's making \$500,000 pays \$200 more in taxes. And a single-rate filer who's paying a million dollars pays \$200 more in taxes. And in fact somebody who's making \$2 million and is a single-rate filer pays \$200.

So based on what we just had as a conversation about what it takes to make something more progressive, the elimination of the 3 percent rate doesn't seem to be progressive in the sense that there's no increase in the rate of taxation even if you're going up by a factor of as much as 10 or 12 in terms of the total amount of income, from 150,000 to 2 million.

So it seems to me that if the mission here was to increase the progressivity of the income tax with this particular change, that it does not accomplish that mission. And so there may be other things here that are making the income tax more progressive, but eliminating the 3 percent rate does not do that.

And in fact, if you look at the Governor's synopsis that was attached to his budget explaining the 3 percent

rate change, it shows that a couple, a joint couple, married couple making \$120,000 actually paid more as a result of the 3 percent rate elimination than does the overall tax rate increase, the increase in rates that are designed to try to basically shift the taxes to higher income people.

And when you think about it, looking at a couple of -- with an income of \$120,000, are they the filthy rich? Are they the supposed target of a higher rate of taxation of a more progressive tax rate? Or are they the working families, two income earners in a family, living in towns like the towns that I represent, Southbury and Roxbury and Bridgewater, and for that matter, the kind of town that the chair of the Finance Committee represents or many other members around here represent, whether it's Simsbury or Newtown or Salisbury or Westport or Guilford or Milford or Stonington, or almost anywhere.

According to the United States Census, half of the married couples in the state of Connecticut have incomes at or above a hundred thousand dollars.

If I may, one more question for the chair of the Finance Committee. The 3 percent rate phaseout shows that, according to the fiscal note I believe, that there is a \$159.4 million revenue gain. But in 2012 -- but in

2013 there's only a \$112 million revenue gain.

And I was wondering, first of all, am I correct in my examination of the fiscal note? Through you, Mr. Speaker, is that what the cochair of the Finance Committee sees there as well?

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

That is what is indicated in the fiscal note.

REP. O'NEILL (69th):

And if I could ask the cochair of the Finance Committee, could she explain why from one year to the next, 2012 to 2013, there is a decline of something on the order of, it looks like over \$40 million representing 29 percent of this revenue item?

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

I would have to check that with OFA to get an explanation for that. I do not have the answer to your question, sir.

DEPUTY SPEAKER ARESIMOWICZ:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

Now in looking at this I noticed that this 29 percent decline applied with equal force to the rate increase, the marginal rate increases as well as some sort of thing that's described in the fiscal note in Section 107 as being a benefit recapture.

That all of the income tax changes that are designed to make the income tax more progressive and that are designed to gather more revenue for us actually show a 29 percent decline from the first year that they are imposed, 2012, to the second year of the biennium. Now that amounts to something in the nature of a hundred million dollars that's going to -- we're going to see a drop off of income tax revenues.

And I'm not sure why it is myself, although I suspect that this may be the impact of people reacting to changes in the tax law. I can't otherwise understand it since in looking at the sales tax numbers there's no decline in the sales taxes. And looking at several other numbers here in the fiscal note, there's nothing that suggests that OFA is anticipating a 29 percent decline in incomes or overall

economic activity. All the other taxes go up slightly.

So it seems like this is a tax change which is not only bad for half the families in the state of Connecticut that are -- especially the two-income families, half of the people in the state of Connecticut that make \$120,000 or so per year.

But it also is ultimately bad for the long-term stability of the income tax structure because obviously people are changing the way they're behaving and they're going to be paying -- they're going to be doing things to avoid paying this tax apparently. I'm not sure what those things are, but something is happening to cause people to pay less taxes in the second year of the biennium than they do in the first year of the biennium.

So it seems to me that this is a particularly pernicious change to the tax laws of the State of Connecticut, to eliminate that 3 percent. And so therefore, Mr. Speaker, the Clerk has LCO 5785 and I would ask that he call it and I be given leave to summarize.

Through you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 5785, which will be designated House Amendment Schedule "D."

THE CLERK:

LCO Number 5785 House "D," offered by  
Representatives Cafero, Candelora and Klarides.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to  
summarize the amendment. Is there objection to  
summarization? Is there objection? Hearing none,  
Representative O'Neill, please continue.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

It is probably not the least bit obvious on the face  
of it, but what this amendment does is it eliminates that  
portion of Section 107 that phases out the 3 percent tax  
bracket and thereby avoids the increase in revenues and  
the impact on the working families of the state of  
Connecticut.

And I would move adoption.

DEPUTY SPEAKER ARESIMOWICZ:

The question --

REP. O'NEILL (69th):

And -- sorry. Go ahead.

DEPUTY SPEAKER ARESIMOWICZ:

Please proceed, Representative O'Neill.

REP. O'NEILL (69th):

I think you're -- are we finished with the adoption

part?

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "D." Will you remark on the amendment, sir?

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

First I would request that when the vote be taken, it be taken by roll.

DEPUTY SPEAKER ARESIMOWICZ:

A roll call has been requested. It requires 20 percent. All those in favor of a roll call, please signify by saying, aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER ARESIMOWICZ:

The percentage has been met. And when the vote is taken it will be taken by roll.

Will you remark further on the amendment?

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

As I indicated with my questions and answers with the chair of the Finance, and what I believe are the reasonable inferences from that conversation, it seems to me that this

is a particularly bad tax law change. It is something that's going to be declining rather than increasing our revenues in the future in the State of Connecticut.

It has a disparate and very unfair impact on the working families of the state of Connecticut. Half the people, according to the Census Bureau -- half the people in the state of Connecticut are making an amount of money that's going to cause them to start getting hit with this tax and it is not the least bit progressive after the first bit of it starts to hit people.

So this is not a change that makes the tax code of Connecticut more progressive and it is not something that makes it more stable. And I would urge everyone in the Chamber to remember half the people in the state of Connecticut are going to get hit with this tax increase.

Thank you, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ: .

Thank you very much, sir.

Representative Widlitz of the 98th, you have the floor, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

First of all, I would like to clarify my previous answer. Because that was made effective at the beginning

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of the calendar year, the first number, the first revenue number was actually over a period of 18 months, where going forward, it would be based on a fiscal year, so it would only be 12 months. So that accounted for the change in the revenue.

But the reason I rise, Mr. Speaker, is in opposition to the amendment. Thank you very much.

DEPUTY SPEAKER ARESIMOWICZ:

Thank you very much, madam.

Would you remark further on House amendment "D?"  
Would you remark further on House amendment "D?" If not, will all staff and guests please come to the well of the House. Will the members take your seat and 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 "D" by roll call. Members to the Chamber, please.

DEPUTY SPEAKER ARESIMOWICZ:

Have all the members voted? Have all the members voted? If all the members have voted please check the board to make sure your vote has been properly cast. If all the members have voted the machine will be locked and

the Clerk will take a tally.

The Clerk will announce the tally.

THE CLERK:

On House Amendment Schedule "D."

Total Number voting 149

Necessary for adoption 75

Those voting Yea 52

Those voting Nay 97

Those absent and not voting 2

DEPUTY SPEAKER ARESIMOWICZ:

The amendment is rejected.

Would you remark further on the bill as amended?

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

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

We've put forth, I believe, four good amendments and I feel the tide might be starting to turn.

So the Clerk has in his possession LCO 5767. May the Clerk please call and I be allowed to summarize?

DEPUTY SPEAKER ARESIMOWICZ:

Will the Clerk please call LCO Number 5767, which will be designated House Amendment Schedule "E."

THE CLERK:

LCO Number 5767 House "E," offered by  
Representatives Cafero, Candelora and Klarides.

DEPUTY SPEAKER ARESIMOWICZ:

The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection? Hearing none, Representative Bacchiochi, you have the floor.

REP. BACCHIOCHI (52nd):

The purpose of this amendment is to reduce the proposed sales tax increase from the proposed 6.35 percent back to the current 6 percent. This would also reduce the proposed hotel tax increase from the proposed 15 percent back to the current 12 percent. And the same story for what's being called the luxury taxes on certain items and the tax on rental cars of 9.35 percent.

And I move adoption, Mr. Speaker.

DEPUTY SPEAKER ARESIMOWICZ:

The question before the Chamber is on adoption of House Amendment Schedule "E."

Will you remark on the amendment?

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

I believe this is a very serious and important amendment because we're talking hundreds of millions of

dollars. The increase in the sales tax alone will bring in next year \$138.4 million. The elimination of sales-tax exemptions will bring in another \$128.1 million of tax payer's money.

Quickly, Mr. Speaker, I want to point out how I could see this amendment impacting the average family here in Connecticut. Let's just take a family who has a daughter that's getting married. It's springtime. The flowers are out. There's a lot of weddings taking place. The parents pitch in and they buy their daughter a wedding dress. Bang. They pay the higher seven percent sales tax.

The family has out-of-state relatives that join them. They come. They stay in a hotel. They rent a car. Here we go. We've got another tax on them.

The family has to pick out some new clothing and some shoes for the kids. Okay. Higher taxes on that family. The hosting family might want to go out to dinner the night before the wedding to an establishment that has entertainment. Here we go again. We have that tax that Representative D'Amelio was talking about, the cabaret tax.

Perhaps the host family wants to take the out-of-state relatives to an event, like Stafford Motor

Speedway in my district. They are now going to have an admissions tax.

Gifts for the bride and groom; we have increased higher tax rates.

Now this one, Mr. Speaker, is what I think is going to win over the General Assembly. We have a new tax -- and you're going to find this hard to believe -- it's called the yarn tax. I'm not saying, that darn tax. I'm saying, that yarn tax.

If this isn't a desperate plea that we have gone out there and decided to eliminate the exemption on yarn, so when the grandparents attend the wedding and they're knitting the Afghan or the baby blanket or the scarf, for the first time in Connecticut history we have a yarn tax. Mr. Speaker, that is just desperation in my opinion.

And finally, many people here represent districts like mine that aren't necessarily affluent. And this increase in the sales tax hits these people especially hard because people on a low income have to pay the increased sales tax at the same rate as people at a much higher income.

With all of these points, Mr. Speaker, I urge passage of the amendment.

DEPUTY SPEAKER ARESIMOWICZ:

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Will you remark further?

REP. BACCHIOCHI (52nd):

Mr. Speaker. I would also like --

DEPUTY SPEAKER ARESIMOWICZ:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

I would also like to 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 and when the  
vote is taken it will be taken by roll.

Will you remark further on the amendment?

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I rise to urge rejection of the amendment  
respectfully.

Thank you.

DEPUTY SPEAKER ARESIMOWICZ:

Will you remark further? Will you remark further on House amendment "E?" If not, will staff and guests please come to the well of the House. Will the members take your seat and 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 to the Chamber.

(Speaker Donovan in the Chair.)

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 members have voted the machine will be locked. The Clerk will please take a tally. The Clerk please announce the tally.

THE CLERK:

On House Amendment Schedule "E."

Total Number voting 148

Necessary for adoption 75

Those voting Yea	52
Those voting Nay	96
Those absent and not voting	3

SPEAKER DONOVAN:

The amendment fails.

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

I have several questions as it pertains to the various taxes that we assess petroleum users in the state of Connecticut. The questions may be best answered by the chair of the Finance Committee, Mr. Speaker.

SPEAKER DONOVAN:

Please proceed, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

Am I to understand that presently in our State we assess two taxes on petroleum products, one an excise tax of 25 cents per gallon and the second tax being a petroleum gross receipts tax?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

That is correct.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

As I understand it, right now the budget that we will -- it looks like we will eventually be voting on the budget or billed as amended that's before us -- incorporates estimated wholesale prices of \$3.16 per gallon for gasoline for the first year of the biennium and \$3.27 of a wholesale price per gallon of gas for the second year of the biennium. Is that not correct?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

I do not have that information.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

Our calculations have that when the budget numbers

that when you're looking at, the budget that we're looking at in front of us is considered, there's a value, a wholesale value of \$3.16 per gallon for the first year of the biennium. And then again for the second year a slightly elevated wholesale price of 327. And it's off of those numbers by our calculations that we meet the budget numbers.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

If you could give me a minute, I will try to get you that confirmation.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker. Sorry for the delay.

To the best of my information that is correct.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

And if the wholesale price of gasoline were to somehow

pass those figures, what would be the net impact in terms of revenues to the State of Connecticut?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

I would say that the revenue would go up from that.

SPEAKER DONOVAN:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

And I thank the gentle lady for her answers. It's my concern, Mr. Speaker, that at present the price of gasoline, as most people here have experienced it has risen dramatically, and with it the cost of the taxes that we're paying on that gasoline product.

The best estimates that I've seen are that at present Connecticut residents are paying 50 cents per gallon for state taxes. That's the combination of the excise tax and also the petroleum gross receipts tax. That 50 cents per gallon tax compares with 33 cents per gallon in Rhode Island and approximately 23 and a half cents in Massachusetts. It's for that reason, Mr. Speaker, that

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I believe we need to address this issue because there is the very real potential that gasoline prices are going to continue to increase.

Mr. Speaker, the Clerk has an amendment, it is LCO 5774. I would ask that the Clerk please call it and I be permitted leave to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5774, which is designated House Amendment Schedule "E" -- "F" as in Frank.

THE CLERK:

LCO Number 5774 House "F," offered by  
Representatives Cafero, Candelora and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave of the chamber to summarize. Any objection? Hearing none, Representative Alberts, you may proceed.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

Essentially the amendment that is before us caps the amount of -- or the price of the gasoline product that is subject to the petroleum gross receipts tax at the figures that were used in conjunction with creating the budget that is before us.

So for the first year of the biennium it would be \$3.16

per gallon and for the second year of the biennium it would be \$3.27. Essentially the net effect would be that no increased revenue would be generated if the cost of the wholesale price of gasoline increases past these levels.

Mr. Speaker, I move adoption of the amendment and I ask that when the vote is taken, it be taken by roll.

SPEAKER DONOVAN:

The question before the Chamber is on adoption. And as a separate question, the vote will be taken by roll. Representative, will you remark further on the amendment? Remark further?

REP. ALBERTS (50th):

Yes, Mr. Speaker. Thank you very much.

There's a giant sucking sound, folks, right now for anyone that lives on any of the corners of the state of Connecticut. And that sucking sound I contend is the sound of vehicles leaving the state on empty, and basically running on fumes to take advantage of gasoline products that are available in Massachusetts and Rhode Island at far lower prices. The net effect of this is that, not only is the State losing valuable revenue, we're also losing the courtesy or the opportunity to have small-business owners succeed in their businesses.

For example, in the town of Woodstock which is the

second-largest town in the state of Connecticut with 8300 people, I might add, there are no gasoline stations.

So there is a lot of pain that is being felt by petroleum products users and for that reason, Mr. Speaker, I believe that we should support this amendment. Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further on the amendment?  
Care to remark further?

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I urge rejection of the amendment.

Thank you.

SPEAKER DONOVAN:

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House Amendment Schedule "F" by roll call. Members to the Chamber, please.

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

Clerk, please announce the tally.

THE CLERK:

On House Amendment Schedule "F."

Total Number voting	150
Necessary for adoption	76
Those voting Yea	52
Those voting Nay	98
Those absent and not voting	1

SPEAKER DONOVAN:

The amendment fails.

Care to remark further?

Representative Perillo.

REP. PERILLO (113th):

Mr. Speaker, thank you very much.

The number of different taxes that are either added or increased in the budget is staggering and when included in one single bill it can be difficult for folks to pick one or the other they like or don't like. Thus, I wanted

to try and address one. With that, Mr. Speaker, the Clerk is in possession of an amendment, LCO Number 5788. I ask that he please call the amendment and that I be given leave of the Chamber to summarize.

SPEAKER DONOVAN:

The Clerk please call LCO 5788, which will be designated House Amendment Schedule "G."

THE CLERK:

LCO Number 5788 House "G," offered by  
Representatives Cafero, Candelora and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Any objection?

Representative Perillo, you may proceed.

REP. PERILLO (113th):

Mr. Speaker, thank you.

Stated very simply the amendment would rescind the new taxes on footwear and clothing under \$50 as well as new taxes on goods purchased under consignment.

I move the amendment and I would ask that when the vote is taken it be taken by roll.

SPEAKER DONOVAN:

Move adoption of the amendment, Representative.

Move adoption of the amendment -- I ask for a roll call

when it is -- vote will be taken, it will be taken by roll call.

Will you remark further on the amendment?

REP. PERILLO (113th):

Mr. Speaker, thank you.

Just very, very briefly. If we look at any of the taxes in the bill before us, if there is one that is so difficult on the middle class it is this new tax on clothing and footwear under \$50. This is something that is multigenerational. It affects children, it affects parents, it affects grandparents. It's particularly difficult on senior citizens.

And I think this amendment is an opportunity for certain of us to say, no. We're not going to increase taxes on seniors. We're not going to increase taxes on parents. And I would urge the amendment's adoption.

I thank you, sir, for the time.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Widlitz.

REP. WIDLITZ (98th):

Not to be monotonous, Mr. Speaker, but I urge rejection of the amendment.

SPEAKER DONOVAN:

Thank you, Representative.

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House  
Amendment Schedule "G" 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 you  
vote has been properly cast. If all the members have voted  
the machine will be locked and the clerk will please take  
a tally. Will the Clerk please take a tally.

Representative Wright.

REP. WRIGHT (77th):

Mr. Speaker, I wish to have my vote cast in the  
negative.

SPEAKER DONOVAN:

Representative Christopher Wright in the  
affirmative -- sorry, in the negative. Sorry about that.  
In the negative.

Will the Clerk please announce the tally.

THE CLERK:

On House Amendment Schedule "G."

Total Number voting 150

Necessary for adoption 76

Those voting Yea 152

Those voting Nay 98

Those absent and not voting 1

SPEAKER DONOVAN:

The amendment fails.

Representative Klarides.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Mr. Speaker, one day a few weeks ago after this budget came out I was in a yoga class. And this is not about the sales tax on yoga whatsoever. But before class, anybody who does yoga knows that you kind of just lie there in silence and nobody talks. And it's kind of the only peaceful time of the day you have.

And all of the sudden I felt a tap on my shoulder and somebody said to me, excuse me, you're a State Representative. Right? And I said, yes. She said, I read that in the paper about this budget that's coming out.

So you know, as we all do when we're anywhere that's

not here, whether in the supermarket or the post office and somebody wants to talk to you, you're happy to do it but you're still on your own time, so you kind of move it along a little bit.

She said, you know, I've been a lifelong Democrat. My parents were Democrats. I'm a Democrat. I've always voted Democrat, but if you can explain to me one thing, if you can explain to me how it is with the health care situation we have in this country that there's an elimination of a sales tax exemption on nonprescription drugs.

So, you know, I explained to her what the motivation was. I told her I didn't support it and then I told her, well, hopefully you're not going to take one of your weekend days to get up in the morning and maybe after a long week of work go get a massage and then maybe take your little dog to the groomer, maybe go to another yoga class, maybe buy some clothes under \$50.

Because at that point, you're going to pay 6.35 percent sales tax on all of those items that you didn't before. And if at that point you now have a headache and you have to take some aspirin, you will then be charged an additional sales tax.

Mr. Speaker, the Clerk is in possession of LCO 5791.

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I ask that he please call and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5791, which will be designated House Amendment "G" -- "H."

THE CLERK:

LCO Number 5791 House "H," offered by  
Representatives Cafero, Candelora and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Any objection? Representative, you may proceed.

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

This amendment is simple. In line 4501 of the underlying bill it strikes paren 48. What this does is it restores the sales tax exemption for nonprescription drugs. I move adoption.

SPEAKER DONOVAN:

The question is on adoption. Will you remark further?

REP. KLARIDES (114th):

Thank you, Mr. Speaker.

Just briefly, we hear day in day out in this building and we talk about and we promote and we advocate for

preventive medicine. We talk about smoking cessation. We talk about healthy eating in schools, in nursery schools, inside and outside of this building -- I have been one of those people who have supported that in addition to many of us in this building.

Doctors recommend for many years now taking aspirin to possibly stave off a heart attack. Taking away sales tax exemption on nonprescription drugs which are drugs that each and every one of us and the average person avails themselves on a regular basis, is hurting the core of the people we represent, each and every person, poor, rich and in between.

Mr. Speaker, we have choices as we've talked about all day today. This is one of our choices. Taking away and raising a tax on something as basic and necessary as this is something that we should not allow.

Mr. Speaker, I ask when the vote be taken, it will be taken by roll.

SPEAKER DONOVAN:

The vote will be taken by roll.

Remark further on the amendment? Remark further on the amendment?

Representative Rojas.

REP. ROJAS (9th):

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Thank you, Mr. Speaker.

I urge rejection.

SPEAKER DONOVAN:

Thank you, Representative.

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House  
Amendment Schedule "H" by roll call. Members to the  
Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? All the members voted.  
Please check the roll call board to make sure you 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, please announce the tally.

THE CLERK:

On House Amendment Schedule "H."

Total Number voting	150
Necessary for adoption	76
Those voting Yea	52

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Those voting Nay 98

Those absent and not voting 1

SPEAKER DONOVAN:

The amendment fails.

Representative Hoydick of the 120th.

REP. HOYDICK (120th):

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

SPEAKER DONOVAN:

Good evening, madam.

REP. HOYDICK (120th):

A question for the chair of the Finance Committee.

SPEAKER DONOVAN:

Please proceed.

REP. HOYDICK (120th):

Regarding Section 104, is the legislative intent for the tax to apply to trash to energy facilities?

SPEAKER DONOVAN:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

That is a form of alternative energy, therefore it would not be applicable to this section.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

Through you, I don't believe that this qualifies as alternative energy per the statutes 12-213.

That is a question to you, Mr. Speaker, for the proponent of the bill.

SPEAKER DONOVAN:

Okay. Representative, I think it's a statement, but it could be construed as a question.

But if you care to respond.

REP. WIDLITZ (98th):

Through you, Mr. Speaker.

As I mentioned earlier on another issue, we have the implementor bills. I think we will certainly try to clarify as we go forward. That was not the intention to -- for this to be included subject to the tax.

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Hoydick.

REP. HOYDICK (120th):

Thank you, Representative Widlitz. And thank you, Mr. Speaker.

I would hope that this would be corrected because this

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would be an additional tax, not only on the Bridgeport region through Wheelabrator, but also the Hartford region through mid Connecticut.

I'd also ask, Mr. Speaker, that the Clerk is in possession of LCO 5763, amendment, and if you would ask him to summarize -- and I would ask him to call it and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 5763, which will be designated House Amendment Schedule "I."

THE CLERK:

LCO Number 5763, House "I," offered by  
Representatives Cafero, Candelora and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Any objection? Representative Hoydick, you may proceed with summarization.

REP. HOYDICK (120th):

Thank you, Mr. Speaker.

This amendment would eliminate the establishment of the tax on generation for electricity from natural gas, coal, oil and nuclear facilities.

SPEAKER DONOVAN:

And Representative, you were going to move adoption

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on that.

REP. HOYDICK (120th):

I am moving adoption and also ask for a roll call,  
Mr. Speaker.

SPEAKER DONOVAN:

All right. Thank you, Representative. Let's move  
adoption. And when the vote will be taken, it will be  
taken by roll.

Would you care to remark further?

REP. HOYDICK (120th):

I would, Mr. Speaker, briefly.

As this proposal strikes Section 104, the electric  
generation tax, this is a bad tax for Connecticut. It  
is -- we would be the only state with this kind of tax.  
And instead of just taxing nuclear and coal, as proposed  
in other bills that are before us this session, this would  
tax also nuclear, coal, natural gas and oil.

This past -- this tax would be directly passed to the  
state -- the ratepayers. It would not only affect persons  
owning homes, it would affect commercial businesses and  
it would increase the products that are produced in our  
state.

It's been my pleasure to serve on the Energy and  
Technology Committee and with Representative Nardello and

Senator Fonfara. And Senator Fonfara, as much as said yesterday in the Finance Committee that this tax would be passed along to ratepayers. So I'm asking my colleagues to adopt this amendment.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further? Would you care to remark further?

Representative Widlitz.

REP. WIDLITZ (98th):

Yes, sir, Mr. Speaker.

I rise in opposition to the amendment.

Thank you, sir.

SPEAKER DONOVAN:

Thank you, Representative.

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House Amendment Schedule "I" 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:

On House Amendment Schedule "I."

Total Number voting	150
Necessary for adoption	76
Those voting Yea	52
Those voting Nay	98
Those absent and not voting	1

SPEAKER DONOVAN:

The amendment fails.

Representative Sampson of the 80th District, you have the floor, sir.

REP. SAMPSON (80th):

Good evening, Mr. Speaker.

SPEAKER DONOVAN:

Good evening, sir.

REP. SAMPSON (80th):

Mr. Speaker, the Clerk has an amendment. It is LCO Number 5766. Would you please ask the Clerk to call it

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and I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 5766, which will be designated House amendment "J."

THE CLERK:

LCO Number 5766 House J, offered by Representatives Klarides, Candelora and Cafero.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Any objection? Hearing none, Representative, you may proceed.

REP. SAMPSON (80th):

Mr. Speaker, thank you.

This amendment would simply eliminate the business entity tax by removing the appropriate statute.

And I -- thank you, everyone. And I move adoption and I would also request, Mr. Speaker, if I could have the vote taken by roll call.

SPEAKER DONOVAN:

The question before the Chamber is on adoption of House Amendment Schedule "J." When the vote will be taken, it will be taken by roll.

Would you care to remark further?

REP. SAMPSON (80th):

Yes, Mr. Speaker, just briefly.

I believe the amendment speaks for itself. The Governor has stated repeatedly that our state is open for business. I think passing this amendment is a chance to take a definitive and committed step in that direction and also to send a clear message that this General Assembly does indeed want Connecticut to be open for business.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further?

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I urge rejection of the amendment.

SPEAKER DONOVAN:.

Thank you, Representative.

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House

Amendment Schedule "J" by roll call. Members to the Chamber.

SPEAKER DONOVAN:

Have all the members voted. Have all -- oh.

You can move pretty quick, can't you.

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

The Clerk, please announce the tally.

THE CLERK:

House Amendment Schedule "J."

Total Number voting 149

Necessary for adoption 75

Those voting Yea 52

Those voting Nay 97

Those absent and not voting 2

SPEAKER DONOVAN:

Representative Kirkley-Bey.

Representative Kirkley-Bey.

REP. KIRKLEY-BEY (5th):

In the negative, please.

SPEAKER DONOVAN:

The journal will so note. The transcript will so

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note. Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker.

It's on?

Thank you, Mr. Speaker, very much.

Connecticut has lost a hundred thousand jobs in the last couple of years and actually the state hasn't created one net new job since 1989. We also come in at near the bottom or at the bottom of every business friendly/job friendly ranking of states.

Mr. Speaker, the Clerk has an amendment, it's LCO Number 5769. Would you please ask the Clerk to call it and that I be allowed to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5769, which will be designated House "K."

THE CLERK:

LCO Number 5769 House "K," offered by  
Representatives Cafero, Candelora and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to summarize. Any objection?

Representative, you may proceed with summarization.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker.

This amendment strikes Section 76 and 79 of the underlying bill in their entirety, thus maintaining the current law in the corporate surcharge. What that means is that currently the 10 percent corporate tax surcharge is scheduled to expire at the end of this fiscal year. If we did not have this amendment the underlying bill would actually double that surcharge to 20 percent. So the amendment eliminates the surcharge altogether and allows it to expire.

Mr. Speaker, I move adoption of the amendment.

SPEAKER DONOVAN:

The question is on adoption. Will you remark further?

REP. LAVIELLE (143rd):

Yes. Thank you, Mr. Speaker. I will.

First, with your permission, I'd like to ask that the vote be taken by roll call.

SPEAKER DONOVAN:

The vote will be taken by roll.

REP. LAVIELLE (143rd):

Again and again this evening we've heard two things, jobs are the number one priority for this budget, and Connecticut is open for business. Rejecting this

amendment and imposing the brand-new 20 percent corporate surcharge on businesses would fly in the face of both of those statements.

Businesses have told us that while our government makes its strategies and plans on a two-year time cycle, businesses actually have to do their planning over five or ten year time frames. Businesses are asking Connecticut for predictability, consistency and "competitivity" not only with our neighboring states, but with states all over the country, like North Carolina, Texas, Florida.

And this amendment would actually allow us to bring further consistency to businesses that we're trying to attract. Connecticut has to be a State with a government that speaks the language of business as fluently as they do. And this amendment, if we want jobs to flourish here, would actually allow us to move closer to giving businesses a Connecticut they can count on. I urge support of the amendment.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

I respectfully request that people reject the amendment.

SPEAKER DONOVAN:

Thank you, Representative.

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House Amendment Schedule "K" by roll call. Members to the Chamber, please.

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 members have voted the machine will be locked. The Clerk will please take a tally. Clerk, please announce the tally.

THE CLERK:

House Amendment Schedule "K."

Total Number voting	150
Necessary for adoption	76

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Those voting Yea	52
Those voting Nay	98
Those absent and not voting	1

SPEAKER DONOVAN:

The amendment fails.

Representative Miner.

REP. MINER (66th):

Good evening, Mr. Speaker.

SPEAKER DONOVAN:

Good evening, sir.

REP. MINER (66th):

Mr. Speaker, I have an amendment. I'm sure that doesn't surprise anyone. It's LCO 5863. And if the Clerk would call it and I be allowed to summarize, please.

SPEAKER DONOVAN:

Will the Clerk please call LCO 5863, which will be designated House "L."

THE CLERK:

LCO Number 5863 House "L," offered by  
Representatives Cafero, Candelora and Klarides.

SPEAKER DONOVAN:

The Representative seeks leave for summarization.  
Any objection? Representative, you may proceed.

REP. MINER (66th):

Thank you, Mr. Speaker.

It's occurred to me that these three introducers might not be lucky. So I'm hoping that this is a different case this time.

Mr. Speaker, the intent of this amendment is embedded in lines 9, 10 and 11 and that would require a General Assembly vote on the SEBAC agreement once reached between the State of Connecticut, presumably through the Governor and the labor-management team.

And I move adoption.

SPEAKER DONOVAN:

The question is on adoption. Will you remark further?

REP. MINER (66th):

Thank you, Mr. Speaker.

As I said, the intent of this is just to make it crystal clear that we, as a Legislature, believe that it is our responsibility to make sure that that agreement fits within the framework of our budget.

We understand completely -- I've had conversations with the other side of the aisle and I think we all agree that the negotiation process is understood to be between the Governor and the SEBAC team. And this would just ensure that we would have a role in making sure that, as

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that dovetails into whatever budget plan that gets adopted, that it's with the understanding of the Legislature.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

REP. MINER (66th):

And I would ask that when the roll be taken, that it be taken by roll.

SPEAKER DONOVAN:

When the vote will be taken it will be taken by roll.

Would you care to remark further? Would you care to mark further on the amendment?

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, I appreciate the efforts by my friend from Litchfield, but I urge my colleagues to reject the amendment.

Thank you.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to remark further? Care to remark further? If not, staff and guests please come to the well

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

THE CLERK:

The House of Representatives is voting by roll call.

Members to the Chamber. The House is voting House Amendment Schedule "L" 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 members have voted the machine will be locked. The Clerk will please take a tally. The Clerk will please announce the tally.

THE CLERK:

On House Amendment Schedule "L."

Total Number voting	150
Necessary for adoption	76
Those voting Yea	52
Those voting Nay	98
Those absent and not voting	1

SPEAKER DONOVAN:

The amendment fails.

Representative Pam Sawyer of the 55th District, you have the floor, madam.

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REP. SAWYER (55th):

Mr. Speaker, good evening.

SPEAKER DONOVAN:

Good evening, madam.

REP. SAWYER (55th):

The last couple of hours we've been talking about tax increases, the largest tax increase in Connecticut's history, but what I'd like to do right now is just shift back and do a little housekeeping and talk a little bit about the spending, a little bit of the spending for legislative management.

Ladies and gentlemen, we've been voting this evening on those boards. And in the budget that you have before you tonight -- and it's maybe one of those -- oh, I didn't know. In the budget before you there's a proposal that you'll be voting on very shortly to replace the boards, not only in the House, but in the Senate.

And the first proposal that they looked at was about \$600,000 to replace those scoreboards. But that's not the one they're going to use. The one they're talking about using in this particular budget that you have before you is a million dollars. A million dollars of spending in one of the toughest economies, in one of the toughest budgets that the State can remember.

But that's okay. We're going to do it because we're legislative management, we, everybody in this room.

And oh, by the way, in legislative management's budget they increase a staff member. Now we've already heard from the press when they did the math that what? There are four staff people to every one of us, but they're going to increase the staff in legislative management so that they can serve on a health commission, because we told them that we needed to have someone from them, from that area.

We couldn't find anybody. We could streamline and organize somebody to be able to serve? No. In this particular budget we're going to -- in our own budget, ladies and gentlemen, in the worst economy -- we've heard it so many times this evening -- we're going to increase legislative management's staff.

Representative Bacchiochi talked about the yarn tax and the cloth tax. You know, it's a cloth tax as well. Those of you that in your district happen to have Jo-Ann Fabrics or Mitchell's, you know about that, but that's okay. The cloth and yarn tax will raise a million dollars, that increase on all those people that knit the hats and the mittens for the mitten tree at Christmastime for the poor, that make the fleece blankets to send to our soldiers

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in Afghanistan. It's okay.

We're going to increase the tax -- we're going to put a tax on that, as a matter of fact, that we don't have. We're going to put a tax on the cloth and the yarn. It will raise a million dollars. It will pay for our scoreboards.

Ladies and gentlemen, I know the hour is late and I'm pretty sure you know that I'm not going to be voting for this budget for so many reasons, but we should be looking at each and every one of the increases that we have in here as well as the taxes.

It's the wrong way, the wrong direction for a State that used to be one of the pinnacles in this country, that now is being looked at as one of the most pitiful.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Would you care to further on the bill as amended?

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen, this time I am doing the wrap up.

It has been a long day and for those who are here,

experienced budget -- experiencing budget day for the first time, I'm sure it is one you will not soon forget.

Several hours ago I reminded all of us of our dear departed colleague Richard Tulisano and that quote he was so fond of by Edmund Burke, your representative owes you, not his industry, but only his judgment.

Ladies and gentlemen, tonight each of us heard and presented to the public two visions, two visions of a State of Connecticut, two visions of the future of the state we live in and love so much. Both visions I think presented with honesty, with earnest, with a lot of hard work and a lot of sincerity. But two visions that are very different from each other.

I would submit to you that the bill that is before us, the one that we are about to exercise our judgment on, is one that takes the State of Connecticut on a path we've been before and that most people I know don't want to return to, a path of increased spending and taxation.

Many of the people we represent can't articulate why they don't want to go down that path in fancy terms. They just say, we can't afford it any longer. You can't keep doing this to us. We're working real hard and we like government a lot, but please, you just can't do this to us any longer. Many of us are holding on by our

fingernails and holding on by a string and we're trying to hold onto our job and take care of our families or keep a business going and keep a few people employed. You just can't do this to us anymore.

Please, I know that you do important things up there, they say to us, and I know you want to take care of us all, but you've got to take into consideration how much all of this is going to cost, because you just can't do this to us anymore.

And the bill that's before us that we're about to vote on, to cast our judgment on, continues on a path that is all too familiar to us, a road that has been taken for many, many years, a road of higher taxes to the point of \$1.8 billion. Upon passage in this House and signature by the Governor, there's a lot of lives in this state that will change forever. Forever.

Because so many of those faces and those names I asked you to think of several hours ago, that you all know, for some of them, some of the taxes and burdens we're placing upon them, for them this might be the last straw. So when we exercise our judgment in a few moments, keep that in mind, please. Keep that in mind.

I'm proud to serve with each and every one of you. You are very good and decent people and we make some tough

decisions in this place. And tonight might be one of the toughest we make in our entire legislative careers so think about it. Think about it when you press that button one way or the other.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Representative Brendan Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

We -- as the Majority Leader pointed out, we've been at this for quite a while now and -- the Minority Leader, excuse me. We've been at this for quite a while now, as you can tell.

And I know that in the course of this discussion that we've been having we've been talking about the difficult situation that we are in and that the people of the state of Connecticut are in. And I think it's easy to -- and understandable, out of concern for all those people who are facing this difficult time right now, to focus and dwell on that, but I see something different. I feel that there's change in the air. Let me ask you all.

Don't you feel that there's some change in the air? Can you sense it? We are getting to a new at -- in about

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15 minutes, at the witching hour.

Spring is finally coming. We've had a long winter this year. Spring is finally on its way and we're seeing the warm weather arriving and the leaves on the trees.

We just got good news a couple of days ago for our entire country, when someone who inflicted a lot of pain on the people of this state and our entire country, somewhere halfway across the world was finally caught and found and brought to justice, lifting that pain that we have experienced for last ten years since 911.

And here in Connecticut we're turning a corner. Here in state government, we're turning a corner. We have a new attitude here in Hartford and in state government in general. We have a Governor who is engaged, engaged in the lives of our people in this state, who gets it, who understands it, who understands the depth of the problems that we have been dealing with and faced with and who has proposed resolutions to those problems.

Thanks to the terrific work of everyone involved, our committee chairs on the Appropriations and Finance Committees, Representative Widlitz and Representative Walker, the ranking members, the Senate members, the staff. We have a sound, meaningful budget document that represents a consensus, at least for most of us here in

state government, about how we should be moving forward.

We have it earlier than we've ever had before. We are reaching a vote and a decision tonight on a state budget that is earlier than we have ever had in recent memory. We have cooperation and communication between the executive and legislative branches, which is leading to us being poised to actually take this vote tonight.

So we could get onto the business of righting our economy and the State of Connecticut, restoring jobs and restoring our state's economy. But before we can turn that corner we have some hard work to do.

Representative Cafero earlier in the evening I think very poignantly talked about his constituents and our constituents asking the question, how did we get here? How did we get to the place that we're at right now? And I think to a large degree, it's simple. We had a worldwide economic crisis that hit us just three years ago that completely changed our nation's economy, our world's economy. And we, like every other State in this country, have had to face huge, unimaginable deficits as a result because all of those lost jobs -- all of those lost jobs created lost income. Lost income led to lost revenue for the State of Connecticut overnight, literally overnight. And we have been struggling to deal with that problem ever

since.

And where to put us? Well, we've all recited the litany. We've depleted our rainy day fund. We've borrowed to cover our debts and our deficits due to that lost revenue. We've depleted our pension fund and here we are standing today as of -- actually November of last year facing a 3 and a half billion dollar projected deficit in FY 12 alone.

So how do we respond? How are we going to respond to that crisis? Well, certainly we have to get our fiscal house in order. We have to trim our state budget. We have to make government as efficient as possible. We have to ask our state employees to be part of the solution. We have to ask our taxpayers in the state of Connecticut to also be part of that solution. But we must set the stage for recovery from the worst economic crisis that ever hit the State of Connecticut.

Now fortunately we have a Governor that has already led the way, has shown us the way. In February he presented a fair, balanced budget. It wasn't perfect, but it addressed the key elements that we had to address in order for us to get our arms around this problem and move on. It involved in tax increases, yes. It involves sessions from our friends in labor and it involved cuts.

He challenged us to meet those three criteria, and we've done that here tonight.

Our Governor attended, by my count, I think it was 17 town meetings where he had the courage to go in front of the public night after night presenting this difficult choice, this difficult budget, hearing what people had to say, listening to what they had to suggest. He had displayed an openness to better ideas, a willingness to listen and the result is that tonight we have a budget that's better by his own admission than what he had given us just a few months ago. We made it a better budget.

But more than anything, our Governor had the courage to take a brave stand that has become a national model. He acknowledged the fact that revenues have to be part of the solution, that balancing budgets off the backs of our cities and towns by increasing property taxes is not a solution at all, as some of our neighbors in other states have done. Because it's not solving the revenue problem, it's just passing the buck.

The Governor has also displayed a commitment to paying off our debt, to getting the short term debt that we use to borrow to cover this biennium's -- this current biennium's deficit. He is committed to paying that off and he is also committed to taking future revenue increases

beyond what we are already projecting and using that to pay off debt, to replenish the rainy day fund and to retire debt.

This is the kind of budget that he asked for and that gets that job done. There are no gimmicks in this budget. It fully funds our pension obligations. There's no borrowing. There's no one-time revenues. It moves us toward GAAP accounting for the first time in our State's history and we're not balancing our state budget off the backs of our friends in local government. In fact, we shrink government in this budget.

We consolidate our agencies from 81 to 56, which happens to be one more than the Governor even recommended. We've made cuts in our budget to the tune of \$1.54 billion in 2012 and \$1.12 billion in 2013 when you account both the cuts to state budget and the concessions we expect to receive from labor.

It invests in -- this budget invests in job creation. It continues the work that we've already done. It invests in new initiatives. And that, that reality brought the support from the business community from throughout the state in support of this budget. It's real, it's significant and it's going to address the problem.

We are maintaining the safety net for those of us who

are most vulnerable. And as I've mentioned, we are not only protecting our cities and towns, but we're making an investment in the longer term to make our cities and towns more efficient, less reliant on the property tax than we've ever done before.

Now in my opinion, this budget, obviously as the Minority Leader has said, is not perfect. We know that, but many of the alternatives -- I would argue most of the alternatives to what we're doing tonight are not helping us move beyond. They are bringing us backward. We can drag this out for a couple more weeks, couple more months. We can fight. We can bring back gridlock to state government. We can choose to argue and criticize what we are trying to do tonight.

But the reality is that that's not what the public expects us to do. We have a choice tonight. We have a choice to turn that corner, to do the hard work so we can now move on, move on to what we all want to achieve over the next couple of years.

That's what our citizens want us to do. They sense that change in the air. They can sense that there's optimism. They can see the committed -- a committed Governor of our State working in cooperation with a committed Legislature. They see an efficient, competent

government working as it should. They want us to get the job done right now -- right now because they want to move forward.

So again I ask, do you feel that? Do you feel that sense that we are turning a corner? That we have hard work to do, but once we do this and get it behind us better days are, in fact, ahead. There's a positive sense of change in the air and we want our State to turn that corner.

I'd ask my colleagues to do that hard work that needs to be done right now, tonight. Support this budget and enable all of us to turn that corner.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative.

Will 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, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board to make sure your

vote has been properly cast. If all the members have voted the machine will be locked and the Clerk will please take a tally. The Clerk will please announce the tally.

THE CLERK:

Senate Bill Number 1239 as amended by Senate "A" in concurrence with the Senate.

Total Number voting	150
Necessary for adoption	76
Those voting Yea	83
Those voting Nay	67
Those absent and not voting	1

SPEAKER DONOVAN:

The bill as amended is passed.

Representative Sharkey.

REP. SHARKEY (88th):

Mr. Speaker, I move that we suspend -- that we immediately transmit the budget to the Governor.

SPEAKER DONOVAN:

The motion is to immediately transmit to the Governor.

REP. CAFERO (142nd):

Mr. Speaker.

SPEAKER DONOVAN:

Representative.

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REP. CAFERO (142nd):

Can the gentleman clarify his motion? Was it to suspend the rules to send to the Governor?

SPEAKER DONOVAN:

Representative, I believe it was not. It was just to immediately transmit, which is under our rules.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you.

The bill will be immediately transmitted to the Governor.

Is there any business on the Clerk's desk.

THE CLERK:

Mr. Speaker, we have House Bill Number 6381, (inaudible.) Yeah. That's it.

SPEAKER DONOVAN:

Table for the calendar and printing.

Are there any announcements or introductions?

Representative Bruce Morris.

Representative Selim Noujaim.

REP. NOUJAIM (74th):

Thank you, Mr. Speaker.

Mr. Speaker, for an announcement.

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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2011**

**VOL. 54  
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1040 - 1389**

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Mr. Clerk.

THE CLERK:

Madam President -- excuse me. The Clerk is in possession of Emergency Certified Bill, Senate Bill Number 1239, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30th, 2013, introduced by Senator Williams of the 29th district and Representative Donovan of the 84th district.

THE CHAIR:

Senator -- I'm sorry. Acting on approval of the bill, will you remark? Senator Harp.

SENATOR HARP:

Thank you, Madam President. I move acceptance and passage of the Emergency Certified Bill.

THE CHAIR:

Acting -- sorry. The motion is on acceptance and approval of the bill. Will you remark further?

SENATOR HARP:

Thank you, Madam President.

SENATOR LOONEY:

Madam President.

THE CHAIR:

Senator Looney.

SENATOR LOONEY:

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Yes, Madam President, if we might stand at ease for just a moment because Senator Harp will be yielding for purposes of an amendment.

THE CHAIR:

Thank you very much. Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Chamber will come back to order now. Senator Harp.

SENATOR HARP:

Thank you, Madam President. I would like to yield to Senator Daily if I might.

THE CHAIR:

Senator Daily, will you accept the yield?

SENATOR DAILY:

Thank you, Madam, I certainly will.

And I would ask that the Clerk call LCO 5751.

THE CHAIR:

Mr. Clerk.

THE CLERK:

The Clerk is in possession of LCO 5751, introduced by Senator Daily, copies of which have been distributed.

THE CHAIR:

Senator Daily.

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SENATOR DAILY:

Thank you very much, Madam President. I move the amendment and seek leave to summarize.

THE CHAIR:

Please go ahead.

SENATOR DAILY:

Thank you.

These are the fiscal estimates that were adopted earlier today by the Finance, Revenue and Bonding Committee. I urge you all to vote in favor.

THE CHAIR:

Thank you, Senator Daily. Will you remark?  
Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. I would urge my colleagues not to accept these revenue projections.

Madam President, we had a lengthy and thorough debate of this in the Finance Committee this morning. Many of the issues which give us pause are grounded in these revenue estimates.

Madam President, there is great concern that this budget is being constructed on assumptions which may or may not prove to be true. As the debate unfolds here this afternoon the citizens of Connecticut and

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the members of the Circle will learn more about the many flaws that we think are embedded in this budget.

But at this juncture, I would certainly encourage people not to support these revenue estimates because they are not sound. Thank you, Madam President.

THE CHAIR:

Thank you, Senator Roraback.

Will you remark further? Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. I also would urge rejection of this amendment and ask for a roll call vote when the vote is taken. And I -- I was not and am not a member of the Finance Committee. But I think, one thing about this revenue estimates is most illustrative. We obviously have a policy which is part of the budget before us today that is known in this building as the Amazon tax. How do you go after a sales tax that happens through the Internet? That is a policy that we can debate.

But with respect to the revenues, as I understand it, these revenue estimates use an OFA figure of in excess of nine million dollars that we will get from that tax. Contrast that revenue estimate with the fact that our own commissioner of Revenue Services and

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the former Senate President, Lieutenant Governor, Kevin Sullivan, has said, "I'm not debating the policy, but I'm telling you we will not get that money."

So we have our own Department of Revenue Services is saying we won't get that money. Yet we're assuming that revenue in these revenue projections. Again, it's not about the policy. Quite frankly, I happen to think that if you're going to pay a sales tax on shoes you buy at a store, you should pay a sales tax on shoes you buy over the Internet. And we should probably lower the sales tax and help out the guy who's actually putting jobs in our small towns.

But that's the policy. The question is what's the revenue that we're going to assume from it. And when we have our Office of Fiscal Analysis, who do an excellent job. It doesn't mean you have to agree with them all the time to acknowledge the fact that they do an excellent job. And they try to do everything as best they can. But when you have the Office of Fiscal Analysis saying, "Here's how much money we project from this tax" and you have our own Commissioner of Revenue Services saying, "We will not get that money from that tax" I don't know, given those two very

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different opinions, on how we can rely on that money.  
And I think that's illustrative of why we on our side  
of the aisle oppose these revenue estimates.

Thank you.

THE CHAIR:

Thank you, Senator. Will you remark further?

Senator Boucher -- sorry.

SENATOR BOUCHER:

Yes, Madam President. I also stand in support of  
the rejection of these estimates. And I'm just going  
to very briefly cite one example. A small little tax  
that many people aren't focused on and that's the  
cosmetics tax that's in there. That we have gotten  
and received information from the state of New Jersey,  
their majority leader who actually put this in place.  
Later on, finding that since it had a 69 percent  
shortfall of what they expected, really advised other  
states not to do it. That's just one example of  
concerns about some of these revenue projects. Thank  
you, Madam President.

THE CHAIR:

Thank you, Senator.

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Will you remark further? Will you remark further?  
If not, at this point, I know that they've called for  
a roll call so -- oops, sorry. Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. That would be my  
oversight. If we could please vote on this by roll,  
please.

THE CHAIR:

I do believe that the Senate -- Senator McKinney  
did, so at this time, Mr. Clerk, I'd ask to call for a  
roll call and the machine will be open.

THE CLERK:

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

THE CHAIR:

Have all Senators voted? Have all Senators voted?  
The Clerk will give us a tally. Oh, hold on a moment,  
sorry. Senators coming in.

The machine will be closed. Mr. Clerk.

THE CLERK:

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Madam President, the vote on LCO 5751, Senate A -

-

THE CHAIR:

Wait. I'm sorry. I have to call it and I guess -  
- and then we can reopen it? Is that -- because I  
closed it. I have to call it first, Senator and then  
we will reopen the machine.

Mr. Clerk. You want to just call it and then I  
will reopen it. Call the tally and then I'll just  
reopen the vote.

THE CLERK:

Total number voting: 35  
Those voting aye: 20  
Those voting nay: 15  
Absent and not voting: 1

THE CHAIR:

I'm going to ask to stand at ease for a moment,  
please.

(Chamber at ease.)

THE CHAIR:

Please come back to order. Senator Looney.

SENATOR LOONEY:

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Thank you, Madam President. Madam President, having been on the prevailing side, would move to reconsider that item, the vote on Amendment A.

THE CHAIR:

The question is on reconsidering. Seeing no objection, so ordered.

SENATOR LOONEY:

Yes, thank you, Madam President. The clerk, if you might call for a vote once again on that amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Madam President.

THE CHAIR:

Yes, sir.

THE CLERK:

There will be an immediate roll call vote on Senate Amendment A. Will all Senators please return to the Chamber. There will be an immediate roll call vote on Senate Amendment A. Will all Senators please return to the Chamber.

THE CHAIR:

The machine will be open.

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Have all Senators voted? Have all Senators voted?  
All Senators voted, I will close the machine, and Mr.  
Clerk, will you give us the tally, please.

THE CLERK:

Madam President, total number voting on LCO 5751,  
Senate A.

Total number voting: 35  
Those voting aye: 21  
Those voting nay: 14  
Absent and not voting: 1

THE CHAIR:

The amendment is adopted.

Senator Harp.

SENATOR HARP:

Thank you, Madam President. As you know, the bill  
before us is the state budget and revenue package.  
Before we begin, I have many people to thank for  
helping our committee of 56 legislators put together  
this spending package before you.

First, I'd like to thank the House Chair of  
Appropriations, Representative Toni Walker. She is a  
new chair of Appropriations and has done an  
outstanding job. She's a great partner to work with.

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I would like to thank our ranking members, Senator Rob Kane and Representative Craig Miner. I also thank our subcommittee Susan Keene and her staff, Bree Johnson, our clerk, Liz Gillette, Vanessa Burns, Hilda Kilpatrick and Zach Sanders, our assistant clerks, and my aide, Phyllis Silverman. I am also grateful to our LCO staff, Joe Roberts and Amy Lechance.

Of course, we could do nothing without the aid and support of the Office of Fiscal Analysis. I want to thank Alan Calandro, the director. Christine Ashburn, Michael Murphy, Chris Perillo, Rob Wysock, the section chiefs, as well as all of the analysts in the Office of Fiscal Analysis.

This is the earliest we have ever presented a bill to the Senate in my history with the Appropriations Committee. And it didn't happen by accident. I would also like to extend my thanks to Senator Don Williams for setting a high goal for budget delivery and for believing that we could actually achieve it. As well, I thank Ellen Scalitar and her staff for their help and assistance in negotiations with the House and with the Administration.

This session was different, as the Governor, after he presented the budget to the General Assembly called

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both Chairs and offered his support and the support of his staff.

I want to thank Ben Barnes, the Secretary of the Office of Policy and Management. His staff, Mark Ojakian, Gian-Carl Casa and Anne Foley for working so closely with us.

The Governor, in February, proposed a budget that asked all in the state to share sacrifice to get Connecticut's spending on the right track and to help Connecticut rebound from its stagnant economy. The Appropriations Committee held eight public hearings on this budget proposal and heard from over a thousand people from -- throughout the state regarding this budget.

This budget takes into consideration the information provided through this process. The bill cuts 1.54 billion in Fiscal Year 12 and 1.8 billion in Fiscal Year 13 from the current services spending level, which is necessary to maintain services at today's level.

The bill reflects appropriations totaling 19.8 billion dollars in Fiscal Year 12 and 20.3 billion dollars in Fiscal Year 13. The budget is under the spending cap by 320.9 million dollars in Fiscal Year

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12 and 68.2 million dollars in Fiscal Year 13. The growth rate for all appropriated funds is 2.14 percent over Fiscal Year 11. Estimated expenditures and 3. -- sorry -- 2.3 percent in Fiscal Year 13.

The budget reduces the state work force by 280 positions in Fiscal Year 12 and 135 positions in Fiscal Year 13. In an effort to reduce government and to make government more accessible to the people of this state, this budget reduces the number of agencies by 31 percent, from 81 to 56.

With that brief overview, I want to thank again the committee co-chairs, subcommittee co-chairs for their hard work, and yield to them for subcommittee reports and specifics.

Madam President, I yield to Senator Gomes to present the General Government A Budget.

THE CHAIR:

Thank you, Senator. Senator Gomes, will you accept the referral?

SENATOR GOMES:

Thank you, Madam President. I want to start by thanking all of the people on my subcommittee and the sub chairs. Co-chairperson, Representative Patricia

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Miller from the House, ranking members, Senator Rob Kane and ranking member, Arthur O'Neill.

I will start by just in general telling what has been figured for each year.

Under the recommended for the Governor -- for the Governor's Office in Fiscal Year 12 was 2,800 -- 2,836 -- 2,836,816. and for year -- Fiscal Year 13 it was 2,769,502 dollars. And the leader's recommendation for that year was 2,586,816 dollars. And for the Fiscal year 13, it was 2 million -- it was 2,769,502 dollars. And the legislative change for both years was zero.

And the Governor's miscellaneous appropriations to the Governor's office, there was a recommendation for both years of one. And the recommendation for the legislative change was zero.

For the Secretary of State's Office, it was \$8,954,613 for year 12. For year 13, there was \$8,880,000, \$652,000. And for Fiscal Year -- on the Leader's side, it was 9,104,613. And for the Leader's side for Fiscal Year 13, it was nine thousand -- I keep saying nine thousand -- nine million and thirty dollars -- \$9,030,652. And the Legislative change for that year was a hundred and fifty -- \$150,000.

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For the Lieutenant Governor's Office -- I'm sorry. For the Secretary of State's Office, \$8,954,613 for Fiscal Year 12. For the -- for the government's recommendation for FY 13 was eight thousand -- \$8,880,652. And the Leader's recommendation was \$9,104,613 and for Year 13, it was \$9,030,652. And the change for that year was \$150,000.

I'm sorry. I read off the wrong figures for the miscellaneous. Those were the years for the Secretary of State's office. I'm sorry. I'll try to do better on this line.

Legislative -- Lieutenant Governor's Office, the Governor's recommendation was \$509,656 and for year 13, it was \$497,552. And the Leader's recommendation for 12 was \$759,656 and the Leader's recommendation for year 13 was \$747,552. And the legislative change for both years was \$250,000.

And then we go to the Office of Government Accountability. The Governor's recommendation in Year 12 was \$8,510,531. For Year 13 it was \$8,299,321. For the year -- for the Leader's -- for Year 12, \$9,470,279. And for the Leader's for Year 13 it was \$9,195,516. And the legislative change for Year 12

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was \$959,748. And for the legislative change for year 13 was \$896,195.

Now we go to the Election Enforcement Commission. The Governor's recommendation in Year 12 was \$5,136,337, and for 13 it was \$5,139,197. The Leader's recommendation for that year was zero and for 13 it was zero, culminating in a deficit of \$5,136,337 for Year 12 and \$5,139,197.

And now we'll go to the Office of State Ethics. The Governor's recommendation in Year 12 was \$1,821,080 and for 13 it was \$1,787,123. The Leader's recommendation was zero for 13 and 12. Leading in a culmination of a minus of \$1,821,080 for 12. And for Year 13, it was \$1,787,123.

Uh, Freedom of Information Commission, the Governor's recommendation that year was \$2,465,801, for Year 12 and for Year 13, it was \$2,418,189. The Leadership's recommendation was zero for both years. Leading in the minus of for Year 12, \$2,465,801, and for Year 13, it was \$2,418,189.

Contract Standards Board. The government's recommendation for that year was zero and for -- 12 and 13. The recommendation from the Leaders for both

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years was zero. Leading in the culmination of 12 and 13 being zero.

The Board of Accountancy. The Governor's recommendation for that year was zero and also for 13, it was zero. And the Leader's recommendation for 12 and 13 was zero, leading in the culmination of zero on both years there.

Then we have the child -- the child -- Office of the Child Advocate. The government's recommendation that year was zero for 12 and 13. And for the Leader's recommendation it was also -- no, I'm sorry. Let me go back again.

Office of the Child Advocate. For the Year 12, the Governor's recommendation was \$257,649. And for the Year 13, it was \$249,288. Leader's recommendation that year was zero for both years. Leading in a minus of \$257,649 for the first year and two million -- I mean, \$257,649 for the first year, \$249,238 for the second year.

Getting down to the totals of the General Fund for the first year, the Governor's recommendation was \$30,492,484, for the second year it was \$30,040,825. The Leader's recommendation was \$22,171,365 and for the Year 13, it was \$21,743,223. Leading to a minus

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of for Year 12, \$8,321,119, and for the second year,  
\$8,297,602.

And the total for all appropriated funds, starting  
from Year 12 under the Governor's recommendation was  
\$30,492,484. And for the second year, Year 13, it was  
\$30,040,825. The Leader's recommendation was  
\$22,171,365, and for Year 13, it was \$21,743,223.  
Leading into a minus of \$8,321,119. And for the last  
-- for the Year 13 and the end of the report was  
\$8,297,602.

That is the financial part of the report. If  
there's any more that needs to be done, I guess I can  
entertain some questions.

THE CHAIR:

Thank you, Senator Gomes. Senator Harp.

SENATOR HARP:

Thank you very much. Madam President, I yield to  
Senator Hartley.

THE CHAIR:

Senator Hartley, will you accept the yield?

SENATOR HARTLEY:

Yes. Good afternoon, Madam President, and thank  
you, Madam Chair.

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I will be reporting to you on General Government B and I would like to, first of all, recognize my co-chair from the House, Representative Henry Genga, ranking members on General Government B, Senator Rob Kane and Representative Tony Wang, and all of the incredible staff people who were on call 24-7 for us, headed up by Carrie Kelly. We are ever in your debt for your patience in working with us.

I will summarize for the Circle the changes as we see them from the Appropriations Committee and as proposed by the Governor's bill.

Initially, we have a reduction of 25 million dollars in the General Fund Debt Service Requirement in both years and this is based upon savings from bond refundings, which have typically bore out over the past years. Also, a change in the Comptroller's line to provide support funding for the Sustinet program, for the implementation of that program.

In addition, in the Comptroller's line, you will find a change for the Non-state Public Employee Pooling Bill, which is for -- also the implementation of that program.

And moving on to the Comptroller's line in both Miscellaneous Accounts, you see transfers for purposes

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of organization and efficiencies from grants to towns, from the Comptroller's Office to the Office of Policy and Management.

There are then efficiencies that are realized by virtue of the mergers and consolidations, and those are also reflected in the Comptroller's line for fringe benefits.

Moving on in the GGB budget, you will find there is adjustments for the Regional Planning agencies. And initially, there was a proposal from the Governor's office to provide \$600,000 in funding to try to accomplish efficiencies in working together. The subcommittee changed that and reduced it by half so as to just provide for the piece of that which was called incentivized pooling or trying to get them to work together more closely.

Moving on to -- there are further adjustments you'll see, also, in the Office of Policy and management line item for -- funding for government reorganizations. Basically, the movement of divisions and positions.

Also, in the Office of Policy Management we have a transfer of the pilot -- the Manshantucket and Pequot grants from the Comptroller's Office, where they

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simply resided by virtue of numbers and accounts to the office that actually oversees those grants and that would be the Office of Policy and Management.

There was also changes with regard to transfer positions from the Department of Administrative Services and the Department of Public Works to the new department, which is the Department of Construction Services. And in being consistent with that, also regarding the Department of Construction Services, there was movement in accounts to accommodate the Schools Facility Bureau in the state Department of Education into the new Construction services department.

And with that, if I might, I will move on to the Transportation subcommittee report, which will encompass the Department of Transportation as well as the Department of Motor Vehicles. And there I would be remiss if I did not recognize my co-chair, Representative Kim Fawcett in the House and the ranking members, Senator Suzio and Representative Sawyer. Also, I am very indebted and grateful to have the opportunity to work with OFA staff, Felix Planas, who is a very patient and indulgent person and always helping us on this most important part of the budget.

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And likewise I will summarize the changes that came as a result of the Appropriations Committee work from the original budget proposal.

In the Department of Motor Vehicles, we had been talking about for some years eliminating the 1-800 numbers in view of the fact that no one actually uses them anymore. And there are other more direct access points to those regional offices being those regional numbers. So we moved that up to July, 2011, to realize savings immediately.

Additionally, in the Department of Motor Vehicles, there is a bill, which is threading through the General Assembly, which will eliminate the notices for driver's license renewals and identification cards. However, the subcommittee, after laboring long and hard, recognized the fact that no one really knows that this is going to happen. And so, in addition to them not getting noticed for their driver's license renewal we were also then going to assess a \$25 fee.

Thinking of what kind of response that would generate, we thought we ought to give notice on this. It is a good idea and we will be doing it, but we're going to just allow for one more cycle on the driver renewals and the IDs and so we will -- we will now be

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receiving a note to that effect, that this is the last time you're going to get this renewal in the mail.

And from this point forward, your license expiration date is really the indicator that you then have to go and get your license renewed. But we will then realize some significant savings as we have on the registration tickets, which we've also already started to realize. So we said, "One more cycle." And you see that reflected in the DMV budget there.

Also, there was a line item for the municipal personal property tax system of \$50,000 to try to help municipalities. That really was relative to this conversation about the boat tax. We eliminated that.

Moving on to the Department of Transportation, there were adjustments there to reflect -- apparently, it was called a technical adjustment which came in from OPM. Essentially, what happened was that they had double counted the federal reimbursements which DOT is so -- so steeped in -- as you know, it's an 80-20 ratio, 20 percent being state, 80 as being federal. And in calculating what the federal reimbursements were, the numbers had been miscalculated and double counted. So that is reflected as a correction in the DOT budget.

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We also ended a program called non-ADA Dial-a-Ride Program in view of these austere times, recognizing that there are, in fact, other services, particularly the municipal transit service programs which a town could apply for.

In addition to that, we reduced a grant which was Tweed Airport and that's reflected. And we also had this very protracted conversation about rest areas in the state of Connecticut. And we concluded that we would be closing two this -- immediately in July of 2011. and these are two -- they are actually in the Willington area, one east, one west on I84. The urgency of those was particularly necessary because there is a septic problem there which is seeping into a natural reserve, a wild trout management area and without significant dollars to rebuild the septic system, and quite frankly, that entire rest system, rest area, we would be incurring significant dollars. So that will be mothballed.

There will be a crew to secure it, clean the septic system so there is no further environmental damage. And then we will move forward in the subsequent years with the mothballing of the remaining rest areas in the state of Connecticut, recognizing

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that along these corridors there are service centers that have very ample rest areas, food and the like for the traveling public.

With that, Madam Chair, I will yield to Senator Bye.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Thank you, Senator Hartley and Senator Harp. I am going to report out on the Reg and Protection part of the budget.

I want to start by thanking my co-chair, Representative Reynolds and also, than the analyst, Evelyn Arnold, who was very helpful to us.

As I was getting ready today -- and there were all the comments made about 9-11 and the capturing of Osama bin Laden, and I look at what I'm doing here with Emergency Services. And we're reminded how important those emergency services are and the bravery of our first responders, and the idea that we get this right. And I think that this budget will better coordinate our services. And I thank the leadership for their work on this.

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So I'm going to summarize some of the changes that have happened in Appropriations and since appropriation based on input from the public and input from many of our first responders.

The first thing I should mention is that several agencies have been consolidated into the Department of Emergency Services and Public Protection. They are the Department of Public Safety, the Department of Emergency Management and Homeland Security, Fire Prevention and Control, and Police Officer Training. Those have been merged into this new department. So that is the first major change in this budget.

The second change is that the fire and building service functions of fire marshal and state building inspectors will be moved to the new Department of Construction services.

The next change is that there's been a shift in responsibilities for the weigh station, where the Department of Motor Vehicles will take over that function. There will be one state trooper stationed there, but the Department of Motor Vehicles will oversee that process for a savings of about a half a million dollars. Other troopers who work there will

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be redeployed and that will save in overtime. So that's a shift.

The Office of the Health Care Advocate has been several places as we've gone through the budget process, and in the final budget, they remain in the Insurance Department for administrative purposes only to maintain their independence.

Additionally, there were many people in the Circle who were concerned about the Horse Guard. The Horse Guard funding has been restored.

Another item which many people had an interest in was in the Department of Consumer Protection and the Charitable Games Unit, two positions have been added back there. And they will be overseeing the sealed tickets.

Another move, the Office of Consumer Council has been moved to the Department of Energy and Environmental Protection, along with the DPUC.

The Board of Accountancy has moved to the Secretary of State's Office.

The Affirmative Action will be staying in CHRO. The Office of The Worker's Comp part of our budget will be restoring the dollars for Rehab Services, but those services will be moved to the Bureau of Rehab

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Services. And the Middletown Office for Workmen's Comp, which had been slated to close will remain open and two positions will be cut.

Additionally, our committee has encouraged and we've been told there will be a trooper class added, which will save a million dollars a year in an ongoing way. Because we -- it not only affects our budget now with so much overtime but it affects our long term obligations. And so we believe that was a -- an important move as well.

We do have a new -- I can get a copy for members who'd like -- a new, sort of, graphic of the Department of Emergency Management and Public Safety. And overall, on our budget here in terms of -- and I can answer specific questions. I wanted to talk through some of the broader changes and I'm happy to answer more specific questions. But overall, through this process, between the Governor's recommended and through the Legislative changes, based on the Leader's final agreement, in the first year, there's an additional -- additional cuts and savings worth 1.26 million and in Fiscal Year 13, there's a \$925,000 savings.

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So, Madam Chair, that ends my summary of the Regulation and Protection budget. I yield to Senator Prague, who is not in the Chamber.

THE CHAIR:

Senator Prague is now making her way --

SENATOR BYE:

Oh, Senator Prague.

THE CHAIR:

And I'm sure she'll accept your yield.

SENATOR PRAGUE:

Madam President, I'll accept the yield. Just a last minute conference, you know how that is.

THE CHAIR:

Yes, ma'am.

SENATOR PRAGUE:

First of all, the Human Services budget was really a huge issue for us to deal with and I certainly want to commend my co-chairs. I had two, Representative Gail Hamm and Representative Peter Villano.

Our subcommittee worked many hours to try and accommodate the Governor's requests. And in the end, it was -- we made some changes, but it was a wash and I'm proud to say that. We didn't spend a lot more money. We did make some very good changes that makes

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a good budget better. And I'd like to explain to the Chamber what some of the changes were. And I'm sure that members of the Chamber will be pleased.

We eliminated the proposed Medicaid copays for pharmacy and doctors, you know, the poorest of the poor were going to be required to pay copays. We eliminated those.

We expanded the smoking cessation services to all Medicaid clients. And that's paid through the Tobacco and Health Trust Fund.

We implemented the Hospital User Fee of 4.6 percent and this creates a net annual gain for the state of \$150,000,000. This is the provider tax. There were several runs done on this tax so that hospitals would be treated fairly.

We increased the nursing homes a very small percentage. They got a percentage increase from the feds and we gave them a one percent increase through an updated bed fee.

The Money Follows the Person Program. The Governor is planning to -- and I think this is wonderful -- take 2,250 people out of nursing homes and by the end of this biennium and place them in community based services. And on that issue, we

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differed from the Governor in the home care program. We felt that if he's going to take all these folks out of nursing homes, we have to provide the home care, community based services. And we did that.

The home care copay, instead of being increased 15 percent, which was the Governor's recommendation, we moved it back down in our budget and we increased it one percent. It was originally six percent, we increased it one percent up, to seven percent so that people in the community will pay seven percent of their services.

The Adult Daycare Centers. I don't know if any of you are familiar with Adult Daycare Centers, but I can tell you they are life savers. Many of them supply medical care and medical supplies. They pick up people who need to come there. They offer one meal and sometimes two. We increased their rate from \$66 a day to \$70. So many of the Adult Daycare Centers had closed. We had one left in southeastern Connecticut. That was really a good thing for us to do.

Then we developed this ASO for savings of 44 million dollars in Fiscal Year 12 and 87 million dollars in Fiscal Year 13. And the ASO, the Administrative Services Organization, is going to take

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care of the HUSKY, the LEER folks, the aged, blind and disabled who are on fee-for-service Medicaid. And by combining these populations and putting them under the ASO, there is really tremendous opportunity for savings.

The pharmacy -- I don't know if you heard from your pharmacists, but there was a huge uproar from these independent pharmacies because they would have been long gone under this budget. With the help of the two chairs of the Appropriations Committee, these independent pharmacies will now be able to stay in business. They're the only ones who deliver. They do consulting with their customers, making sure they know what they're taking in combination with the other drugs they're taking. And they're going to get an increase in their dispensing fee.

We reinstated the Nurturing Families programs that are in the community in Hartford and New Haven. This was a critical issue for all of us on the subcommittee. And the Nurturing Families programs, which provides care and understanding from -- for young mothers who have had no experience in parenting. It goes -- this organization goes into the homes and helps parents, particularly the mothers with how to

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bring up their children, what to do, when to do it. And it follows these children through, I think, the first or second grade. There also is federal dollars for that.

And we put a million dollars into staffing our Domestic Violence centers, for 24 hour staffing. I know that all of you know this domestic violence issue has been a tremendously frightening issue. And we felt that having 24-7 staffing was critically important.

So the DSS budget was pretty much a wash. We took from here and put it there. And I feel that we came out with an excellent budget. Our OFA staff was wonderful. And the subcommittee members, I think Senator Markley is on our subcommittee. We all worked very well together to put our best effort into making our budget as fair as it could possibly be.

The rest of the Human Services budget dealt with the BESB. There was an attempt to split BESB and move half of BESB services into the Department of Education and half into the Bureau of Rehab Services. Well, that didn't happen. We had -- I can't tell you how many people come in and testify opposing that. Because of the coordination in the services that BESB

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offers, keeping it whole was critically important. So they're going to be in this Bureau of Rehab Services, they're going to be whole. BESB will not be split, but they'll be joined by the Commission on the Hearing Impaired and the Bureau of Rehab Services will be in there. And they'll all be in this one agency. They'll be, for administrative purposes only, combined under DSS.

The Soldiers, Sailors and Marines Fund. They're a very interesting group to say the least. We didn't do anything with them. They work off of the interest of their money and dispense to needy veterans the -- some of their money so that these needy veterans can have -- if they're in trouble, have their rent paid or have some medical problems taken care of, whatever their needs are, the Soldiers, Sailors and Marines Fund takes care of that.

The other agency that is under our subcommittee is DCF. And I can tell you that that new commissioner is absolutely the best thing that could have happened to that department. The people who work for her in the department have come up to me and said how wonderful it is to be able to work in that agency now. That there was -- it -- whatever -- this leadership is

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strong. They know where they're going. They know what their role is.

We didn't do much in changing their budget. There was a change in shifting some money over to the CSSG, the court support services. And some of the foster care money and the board and room. We shifted some money around. But that agency is one of the most expensive agencies, costing like 907 million dollars in one year and 892 in another year, but this commissioner will make every dollar count and every position in that agency worthwhile.

So having said that, I'm proud to report to you that the subcommittee did a great job. Our staff from OFA did a great job. And we came out with a budget that we can be proud of. Thank you.

THE CHAIR:

Thank you, Senator.

Senator Harp.

SENATOR HARP:

Thank you, Madam President. I would like to yield to Senator Maynard.

THE CHAIR:

Senator Maynard, will you accept the yield?

SENATOR MAYNARD:

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With pleasure.

THE CHAIR:

Thank you.

SENATOR MAYNARD:

Madam Chair, I'm delighted to report out both the elementary and secondary education budget and the higher education budget.

First, I'd like to start with the elementary and secondary education subcommittee and just thank very hard working and diligent co-chair, Representative Andy Fleischmann, ranking member Senator Markley and Giuliano, and also, just to give kudos to two people who worked so diligently, Sarah Bourne and Alan Shepard. In both instances, two people who I cannot believe can keep all of this straight in their minds and have the entire education budget from elementary right through higher education, both of them, such an extraordinary pair of talented people, with whom -- without whom we couldn't possibly function.

I'll just hit some quick highlights here on the elementary and secondary education budget. Very modest changes in a nearly -- let's see -- three billion dollar, 2.8 billion dollar recommended budget. We had just over two million dollars in adjustments.

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Some of the highlights, a number of relatively modest but important increases in a few areas. Some additions to the per-pupil charter school grant, additional funding for the school breakfast account, providing some additional funding for vocational-technical schools that are always so in need for school supplies. Some adult education pilot funding - I'll just round out the more significant items here. Provide funding for the vocational agricultural school grant. All of those in the -- from \$75,000 to perhaps as much as \$500,000 state wide, but for fairly significant programs that cover the entire state.

We had some adjustments to reflect consolidation of some of the school facilities bureau, the Department of Construction Services, I think, were referenced earlier. School readiness and enhancement grant for the Department of Social Services and then in the state library, which is also included under elementary and secondary education subcommittee, I just want to congratulate and thank our state librarian, Ken Wiggins, for really digging deep and preserving the ConnectiCard program, which is so important to our local libraries, but within his own

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state library budget. So we thank him very much. He was a model of how our department should function.

And finally the Teacher's Retirement Board, under which -- which also falls under the elementary and secondary subcommittee, had no recommended changes by the subcommittee. We agreed with the original budget figures there.

On higher education, obviously the big item was the establishment of the board of regents, which will go forward this year. There was significant discussion within the subcommittee and certainly within the higher Education Committee itself about how that would go forward. But we were able to reach an accommodation on that and that is probably the single biggest area where we look forward to hopefully streamlining some of the administration while protecting the very different missions of each of the constituent parts of that, particularly our community colleges throughout the state.

Just touch on a few high notes here if I could. We were -- there was a reduction in the capital scholarship program into the KICKS grant. There was restoration of some of the KICKS funding for Connecticut students who stay in Connecticut for their

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higher educations. We recognize that as an important thing to retain although at somewhat reduced levels, given our fiscal constraints.

Let's see. Transfers of -- additional transfers of positions and funding relative to the community colleges and (inaudible) colleges. And I don't know if there is anything else that is of particular note here. Happy to entertain questions afterwards. But I think all in all, given a biennial budget here of 700 and -- almost eighteen hundred million (sic) dollars in the Fiscal Year 12 and 694 million in Fiscal Year 13, the adjustments were relatively modest, putting back some necessary funding of five million dollars for the first year and 1.8 million dollars in the second.

So I think our subcommittee is to be commended for maintaining a pretty tight bottom line while insuring the quality of education both at the elementary and secondary level and at the -- certainly at the college level. And I will happily yield the floor to my colleague, Senator Duff.

THE CHAIR:

Senator Duff, will you accept the yield?

SENATOR DUFF:

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Thank you, Madam President, I do accept the yield.  
Good evening.

THE CHAIR:

Good evening.

SENATOR DUFF:

I want to speak about the Conservations and Development subcommittee of the Appropriations budget. What I would -- what I think is the smallest subcommittee in the budget, but the most exciting subcommittee in the budget.

This year we -- as we know that the Governor has asked for consolidations and changes to the budget. And I believe that we have worked with him on those consolidations.

In the final product as people go through the subcommittee report, they will see that many of the consolidations have been met as proposed by the Governor. Some have been moved around in various departments that may not have been originally proposed, but have been agreed on by the committee and the Governor's office and legislative leaders.

For example, we have some funding or positions from the Labor Department that has been moved back into Labor and also, some other positions that have

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been moved outside of that department as well, which creates basically a wash. But from an organizational standpoint has created some changes that I think in general will bring some more accountability and more of a streamlined operation to our state's government.

We do have some other important funding initiatives to report. One of which is to help our seniors and those who are less fortunate with Operation Fuel. Especially, as we know, it's been a very, very cold and harsh winter. We have many seniors and others who have run out of funding for that. And rather than have them make very, very difficult choices, we are helping them with that, especially as we receive less funding from our colleagues in Washington.

One of the areas that I think is really the most exciting -- what we've done this year, through the actions of the leadership of the Governor has been to finally fund our Culture and Arts and Tourism Department.

Now he has -- he had proposed originally to move that into DECD, which the committee and legislative leaders have accepted. And to put money in for statewide marketing, which is very exciting after, you

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know, many years of cuts and seeing ourselves cut down to a dollar for statewide marketing when we know very well that money that we put out for marketing creates jobs and this session has been about how can we create a job -- how can we create jobs in this very difficult economy.

So we're funding that. We're going to be funding statewide marketing. We're going to be funding competitive grants with our new Director of Culture and Tourism. And those, I think, are some very exciting areas where I'd want to note some positive results in the budget that will be in front of us in a few minutes.

Lastly, the last part that I wanted to just highlight is the -- we have two positions -- we're funding two positions for the Connecticut Fair Housing Center. That is not coming out of General Fund money, but is coming out of the Banking Fund.

And I want to note that because, as we know, in the chairs of the Banks Committee, we have spent a lot of time in this Circle talking about how we can help our colleagues -- I'm sorry. How we can help our constituents and the residents of the state of Connecticut avoid foreclosure and losing their homes.

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One of the best ways we do that is -- one is through the Foreclosure Mitigation Program, through -- also through some of our programs through CHAFA. But also through the Fair Housing Center. They have worked very, very well in a number of areas, helping people who would not have an avenue or a voice in what is probably one of the most detrimental processes that they can face.

So we are going to be funding that again through the Banking Fund. But I do think that that will speak well of some of the priorities that we have in our state budget, and how we as a state want to keep people in their homes.

But again, I'd just like to mention that there have been some consolidations. There have been some shifts. Again, the Culture and Tourism is now under DECD. Office of Workforce Competitiveness is with Labor. We have some other changes that I think are exciting. We've consolidated. We have brought -- put funds into the places that we think are important, that will bring us jobs and brings us additional revenue into the state, bring us visitors into the state, areas that have been sorely lacking over the last few years.

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So I want to take this opportunity to thank my co-chair, Representative Hurlburt, the ranking members, Senator Markley and Representative Miner. Of course, our chairs of the committee and the leadership and the Governor's office for their help as well in putting together a subcommittee budget that has set good parameters and has set good priorities for us here. Thank you very much and I yield back to Senator Harp.

THE CHAIR:

Thank you. Will you accept the yield, Senator?

SENATOR HARP:

Yes, I do, Madam President. I just want to finish with our subcommittees. We have the Legislative subcommittee, the co chair was Pat Dillon. And I'm going to be very brief.

The Legislative area of the budget is reduced by 4.8 million dollars in Fiscal Year 12 and 3.25 million dollars in Fiscal Year 13.

On the Health and Hospitals subcommittee, the co-chair is Representative Candelaria, and the coordinator is Emily Shepard and just a brief overview. The budget came in 2.7 million dollars in Fiscal Year 12 and 2.6 million dollars in Fiscal Year 13 under the Governor's recommendation.

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In spite of the reduction, the bill restores funding for local health departments, community health care centers and the traumatic Brain Injury Association.

The last and final -- I know you guys are ready -- we should have a drum roll -- subcommittee is the Judicial and Corrections subcommittee. The co-chair is Representative McCrory and our coordinator is Steve Hunt. Generally, the Corrections -- well, the Judicial and subcommittee -- the Judicial and Corrections subcommittee did the following things. It added a training position for the Division of Criminal Justice. It consolidated the Office of Victim Advocate into the Office of Governmental Accountability. It closed one prison. It established an offender management incentive plan and implemented the intensive probation supervision program, which we basically enacted last year. And it consolidated the Child Protection Commission under the public defenders services Commission.

And with that, Madam President, I just want to commend again all of the people in Appropriations for the work that they do. And I know that it took a long time to hear the work, but the reality is that the

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subcommittees worked hours on these issues. They worked hours, not just on the budget but as well on the various consolidations that are out there and there are others in the General Assembly that assisted with that.

And I think that they should be commended for their work. It isn't easy, especially when there was a goal overall to try to keep to the Governor's bottom line. And successfully, not only did the overall committee keep to the Governor's bottom line, but it ultimately came in under the Governor's bottom line.

And so with that, I'm really proud of the work that they do and I want to commend them for the hard work that they provide to the people of this state through this appropriations process.

And with that, Madam President, may I yield to the chairperson of Finance, Revenue and Bonding, Senator Eileen Daily?

THE CHAIR:

Senator Daily, will you accept the yield, please?

SENATOR DAILY:

Thank you, Madam President. As we go on in this budget, we see the changes in revenue that enable all of the fine work that Senator Harp and the co-chairs

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just described. There is a change in income tax. It did not go above the 6.7 percent bracket. There's a change in sales tax to 6.35. Part of that will go to municipalities. Excuse me.

There are other changes that stick out less than that, I guess. But they all add up to make this wonderful budget work.

THE CHAIR:

Thank you, Senator Daily.

Acting on approval, will you remark further?

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. Wow. We just spent better than an hour learning all about the spending side of the budget, and Madam President, I wouldn't want the citizens of Connecticut to be deprived of the opportunity to spend at least an equal amount of time better understanding the 3.7 billion dollars in new taxes which this budget imposes over the next two years.

Madam President, I've been looking at the bill and wondering where do I start. There are 81 new sections increasing taxes on a beleaguered Connecticut public.

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For the middle class, I guess the message would be, "Hold onto your hat, we're going to tax you from head to toe and everything in between."

Madam President, your pedicure is going to be taxable. And if you wear a baseball cap on the way to the pedicure, that too, will be taxable. And when you get that spa, the whole body spa treatment that is so enjoyed, that too, will be taxed. Nothing is sacred.

Madam President, it's the middle class that is taking it the hardest with this budget. A middle class which for the past two or three years has found it increasingly difficult to sustain themselves in the state of Connecticut. And I do think that we as a legislature have turned a deaf ear to the reality on the streets in Connecticut in believing that the middle class can absorb 1.7 billion dollars in new income taxes over the next two years, 283 million dollars in new sales taxes.

And kind of the ultimate insult, it's always been the case in this state that clothing and footwear under \$50, not fancy stuff, the stuff that is clothing kids and adults who are not living extravagantly is now going to be subjected to sales tax and that will bring in another 260 million dollars into our coffers.

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Madam President, for those that might enjoy a beer at the end of the day, that too, will be taxed an additional 20 million dollars over the next two years. And for people who rely on electricity -- and I don't think there's many people in Connecticut who don't rely on electricity, we're seeing fit to raise electric rates by 144 million dollars over the next two years.

Madam President, all of this at a time when virtually every other state around the nation is recognizing the necessity to do the very difficult work required to rein in the size, scope and cost of government. Because many states recognize that we are on a glide path to bankruptcy. And absent the imposition of discipline on ourselves, which will come with pain -- I would never hold out to you that we can discipline ourselves without enduring pain. But the pain of not disciplining ourselves is likely to be even greater.

Madam President, Connecticut is supposed to be open for business. But it's hard for me to go back to my district and say, "We're open for business" when this budget is going to be imposing a 20 percent surcharge on the corporate income tax for each of the

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next two years. It's hard for me to go back to my district and say, "We're open for business" when my corner jeweler is going to see an impact on its business because of the imposition of a so called luxury tax, as is my local car dealer.

Madam President, our local businesses are also going to have to pay the increased sales tax. They're going to have to pay the increased electric charges. All of that at a time when Connecticut is struggling to keep its nostrils above the water line.

Madam President, I have a couple of questions, through you, if I may, to the distinguished chair of the Finance Committee.

THE CHAIR:

Prepare yourself, Senator Daily.

SENATOR RORABACK:

Thank you, Madam President. Through you, is it my -- well, -- is it the case that the budget before us will result or is projected to result in General Fund surpluses in each of the next two years? Through you, Madam President to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

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Thank you very much, Madam President. Yes, sir, you're correct. And that surplus is already designated to go to pay down debt.

SENATOR RORABACK:

Thank you, Madam President. So through you to Senator Daily, does she know how much of a surplus is expected to be realized in the Fiscal year 12 budget?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I think that was in the neighborhood of 300 million and then in the neighborhood of 600, bringing us close to a billion in total.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President, and I'm not trying to put Senator Daily on the spot. I guess a fairer way to do this would be to ask Senator Daily if she would disagree with me if I told her that I understand the surplus will be 369 million dollars in Fiscal Year 12 and 635 million in Fiscal Year 13. Through you, Madam President.

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Senator Daily.

SENATOR DAILY:

Thank you, Madam President. And through you, no, I wouldn't disagree and that brings us to the billion dollar neighborhood referred to.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President, and through you to Senator Daily, can Senator Daily understand why it is that the taxpayers of Connecticut might call into question our raising taxes on them to the tune of 3.7 billion dollars over the next two years and a billion dollars of that representing a surplus that we're going to feed back to the state of Connecticut? Through you, Madam President, to Senator Daily.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Madam President. And through you, I can well understand how anybody would ask that question. And I think we should be prepared to answer it. And we have borrowed more than we should in years past. And that surplus will be used to pay down debt.

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THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President. And I -- Senator Daily will get no quarrel from me that we have borrowed excessively over the past several years and I would suggest that the better way to deal with that phenomenon is to reduce our borrowing going forward, rather than to pile on a public which is struggling to make ends meet and taxing them to a degree that they are ill positioned to absorb at this moment in time.

But I can appreciate Senator Daily's answer, but I think we've fallen far short of the mark in terms of looking for ways to offer relief to the tax payers of the state of Connecticut.

A couple other questions, through you, Madam President, to Senator Daily. On the Hospital tax, through you, Madam President, to Senator Daily, does she have an understanding of the consequences of that tax today? Through you, Madam President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

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Thank you very much, Madam President. And through you to Senator Roraback, I don't yet have a copy of runs that were being done today. None has been delivered to me. But the consequence overall is that it raises taxes on some hospitals and returns money to hospitals. And my understanding is that there are some winners and losers in that scheme.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you. I have a common understanding and Madam President, it's been very confusing for any of us who have tried to track the consequences of the hospital tax because we have been given at least five different versions of what it's going to mean to our friendly local hospital.

And as we sit here today, about to vote on a budget which imposes, I think it's in the neighborhood of 500 million dollars a year in each of the next two years on Connecticut hospitals and we don't know who the winners will be, who the losers will be, and what the magnitude of the wins or the losses will be. And I think -- I don't have any difficulty if this institution in its wisdom thinks that this is wise

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policy, but I do have a difficulty with us jumping off a cliff without knowing when we're going to hit the ground. And I think that us taking this action on the basis of incomplete information is not the most responsible thing to do.

Madam President, I don't want to go through each of the 81 sections in this bill that increase taxes on Connecticut citizens, the middle class businesses. And I won't do that, but suffice it to say that I think it deserves more discussion or at least as much discussion as the spending side of the budget because, quite frankly, most of the problem that we face is being solved through the imposition of additional taxes, not through any modifications in our spending and because of that, Madam President, I think we have fallen short of doing the best that we could by the citizens of Connecticut. And I will be opposing this amendment. I'd like to yield, if I may, to Senator Kane.

THE CHAIR:

Senator Kane, will you accept the yield?

SENATOR KANE:

Thank you, Madam President, I do accept the yield.

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And you know I do echo the remarks of my colleague, Senator Roraback. I think he hit the nail on the head when he said that the state of Connecticut and its citizenry cannot accept this huge tax burden that we are about to place on them.

And I would also argue that what we do on the Appropriations side -- and I heard all the co-chairs speak about what was done in committee, but I would argue that the work we did on the Appropriations Committee is what leads the Finance Committee into their tax package. So if we were able to reduce spending on the Appropriations side, I would believe that we'd be able to reduce taxes on the Finance side.

I really believe that there are great opportunities to save money in spending and the growth of state government. And I don't think that we've done that this year in the Appropriations Committee. This is a very complicated budget indeed. But what happens is we need to really sharpen our pencils. Because you and I are doing this at home. We are reducing our expenditures in our own lives. We're doing it in business. We're doing it throughout our neighboring states are doing it as well. Yet in Connecticut, we're increasing spending.

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So I have some very pointed and specific questions, if I might, through you, Madam President, to Senator Harp in regards to the Appropriations side of the budget.

THE CHAIR:

Senator Harp, prepare yourself.

Please go, Senator Kane.

SENATOR KANE:

Thank you, Madam President. Senator Harp, can you explain -- tell me yet again what the expenditure levels are in Fiscal Year 2012 and 2013? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Madam President, if you look at all funds -- the -- in Fiscal Year 12, the amount is 20.9 billion dollars. And if you take away the lapse, the amount is 19.8 billion dollars. So for Fiscal Year 12, the net appropriation is 19.8 billion dollars.

And for Fiscal Year 13, I believe it is 20.3 billion dollars.

THE CHAIR:

Senator Kane.

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SENATOR KANE:

Thank you, Madam President. And that was the net expenditure level in Fiscal Year 13 as well, through you?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Yes, through you, Madam President, that's right.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President, and through you, what was the expenditure level in Fiscal Year 11?

THE CHAIR:

Senator Harp.

SENATOR HARP:

If we could stand at ease, it's going to take me a moment to --

SENATOR KANE:

Well, Madam President, actually would you agree that it is 17.9 billion dollars in Fiscal Year 11? Is that an appropriate figure that I'm using, through you?

SENATOR HARP:

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It may be appropriate. I think that one of the things, through you, Madam President, that you have to take into consideration is the 27th payroll which is what actually increases it. So that we couldn't go back to that level without taking into consideration the 27th payroll and some of the other GAAP steps that we took to implement GAAP.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Actually, that leads me to my next question because my next question was about how much does this budget increase spending over Fiscal Year 11? So what is the 27th payroll and the GAAP funding you speak of?

And then in regards to that, how much have we since increased spending since Fiscal Year 11?

Through you.

THE CHAIR:

Senator Harp.

Senator Kane.

SENATOR KANE:

Madam President, look, I don't want to put Senator Harp on the spot. I guess we could agree that

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spending has increased in 2012 and 2013 as opposed to 2011. Would that not be the case, through you?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. It has, although this budget does not keep up with current services. It is below current services. So if you took into consideration all of the current services cost, we would be below by about 1.5 billion dollars in Fiscal Year 12 and 1.8 billion dollars in Fiscal Year 13.

So that we are -- through you, Madam President, we are actually spending below current services.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. So then, through you, the greater spending, could it be attributed to new programs that the administration is implementing? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Thank you very much, there -- through you, Madam President, there are some new programs. That accounts for about 20 million dollars.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. In the Governor's budget address he spoke about not using -- not borrowing for capital expenditures. And I just have a few questions in regards to that issue.

Specifically in the line item for Legislative Management for capital improvement appropriations, I believe it's 4.2 million in Fiscal Year 2012 and actually you're reducing spending in Fiscal Year 2012 by 4.2 million, and 2.6 in Fiscal Year 13. Why is that, that reduction in expenditures? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. Through you, Madam President. I believe that the Governor indicated that we should not borrow money for non capital expenses. And yet in our legislative management budget particularly, the

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legislative portion of the legislative management budget, we had actually been paying for capital expenses out of the General Fund, and normal practices are that if you -- if you have an item, an equipment item that lasts beyond five to seven years, that you really bought it. That's a typical business practice.

And so, in the legislative management budget, rather than pay for things that should have been bonded all along because there was difficulty getting the capital expenses for the Legislature on the bonding in previous administrations, we moved to move those items more appropriately into the capital side of the budget, after having gotten agreement from this administration that they would be put on a bond agenda and actually bonded.

So that we were inappropriately, throughout the years, paying out of the General Fund for items that should have been bonded. And I believe that if you think about what the Governor said, that he basically said that you shouldn't pay for General Fund expenses through borrowing. And he also said to us, which is why the lapse was so great, that we should also not pay for items that should be bonded through the General Fund.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank -- I thank Senator Harp for that answer, but is it capital expenditures or operational expenditures? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. I think that it is capital expenditures that should not be paid for out of the Operations budget. If I understand what he said correctly.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Can you give me an example of one of those expenditures, please? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, through you, Madam President. One of the examples is our voting board. It's an item, it's

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a piece of equipment that -- this one has lasted I believe 20 years. The expectation is that it would last between five and seven years and should be appropriately bonded. In the budget that was presented to the Governor through the Legislative Branch, it was actually paid for out of the General Fund budget.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. The voting board looks actually pretty good. Are we going to HD or something, you know, to keep up with the times? How much -- speaking of -- since you brought up the voting board, how much is that? What are we spending on new voting boards in the Senate and in the House Chamber? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, through you, Madam President, I believe that it is in the minor capital improvements line item and is in the 1.3 million dollar line item.

THE CHAIR:

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Senator Kane.

SENATOR KANE:

So it's part of a 1.2 million dollar expenditure,  
okay.

Sticking with Legislative Management if I might, I  
think that there's a new position in Legislative  
Management. Is that true? Through you, Madam  
President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, yes, there is a new position in  
Legislative Management. It is a clerk to the  
Behavioral Health Oversight Committee. Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And how much is that appropriation? Through you,  
Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

It's approximately -- through you, Madam  
President, it's approximately \$35,000.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Could that have not been done by individuals we already have in Legislative Management? Did we need to add a new position? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam Chair. There was a belief that the -- I believe that there are seven subcommittees on that count -- that council operates. And that it would be very difficult to find existing staff who would be able to take up not only the council's operation, but its various subcommittees. So a decision was made to add that to the budget.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Moving right along to a lot of these accounts, it's very complicated. I noticed in the budget we have for inflationary expenditures and then we have reductions for those

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same inflationary expenses. Yet in the Auditor of Public Accounts, it is not in there. Can you explain that, through you, Madam President?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, if you could direct me to the area you're speaking of in the budget.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. In Auditors of Public Accounts -- is I believe, on pages five and six of our booklets, it talks about applying an inflationary factors to current year expenditures. That's a standard procedure and obviously in every budget and then you'll see in Policy Adjustments, it is reduced. Yet in this one it is not and I was wondering why that is.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President. I'll have to get back to you on that. I really don't remember.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Okay. Thank you, because it -- it was consistently out of all the other agencies, yet not in this one, so I was curious why that might be.

In speaking about that Behavioral Health Partnership Council you mentioned, I just wanted to talk about all the Legislative commissions that we have here at the Capitol and throughout the state. How many legislative commissions do we have? Through you, Madam President. Sorry to get you (inaudible).

THE CHAIR:

Senator Harp.

SENATOR KANE:

Well, that's not important -- okay.

SENATOR HARP:

Through you, Madam President, there are six.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President, and what is the total expenditure for those six commissions? Through you.

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Senator Harp.

SENATOR HARP:

I'd say about 1.3 million dollars -

THE CHAIR:

Senator Kane.

SENATOR HARP: -- in Fiscal Year 13.

SENATOR KANE:

Thank you, Madam President. I thought it was a bit higher than that, but I can always look that up.

Going back to my earlier question about operating expenses, capital expenses and not borrowing or financing for those type of items as the Governor has stated in his budget address. Can you explain to me the Concord system in the Secretary of State's Office? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. Through you. I believe that the Concord system is a system that is used to register businesses in our state. And it is, again, a system that has a life of over five to seven years and for that reason was bonded.

THE CHAIR:

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Senator Kane.

SENATOR KANE:

Thank you, Madam President. But that system, isn't it software, basically, the program that allows the Secretary of State's office to run this -- the web program that you talk about? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. It is software, but it's my understanding that software, if equipment that lasts beyond a certain amount of time, can be bonded and is typically bonded in the private sector.

THE CHAIR:

Senator Kane.

SENATOR KANE:

I just find that interesting since we're almost onto the iPhone 5 and yet we're talking about software that we're going to bond. It strikes me as strange, but I'll continue.

I want to talk about consolidation of agencies that the Governor's recommended in his budget. And I know there is a Office of Governmental Accountability.

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How much does this proposed consolidation save,  
through you, Madam Chair?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. I'm going to have to check.  
I don't believe that there's a great savings. But if  
you want the exact number I will try to get it for  
you.

THE CHAIR:

Let's stand at ease.

(Chamber at ease.)

SENATOR HARP:

Madam President, can we come back? I'm going to  
see if I can get the answer from our Office of Fiscal  
Analysis.

SENATOR KANE:

You know, through you, Madam President, I guess  
the dollar amount -- you've already stated that it's  
not a big dollar amount. So my question is more  
policy, I guess. If it's not a big dollar amount, if  
we're not reducing positions, if we're not truly  
consolidating agencies like the Governor claims and  
then you know, why are we doing it kind of thing, I

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guess, is the question. So admittedly, it's not a big savings, we're not reducing any positions. I'm just trying to understand the concept of this consolidation when it's really not a consolidation. But I'll move on.

THE CHAIR:

Thank you, Senator.

SENATOR KANE:

Thank you, Madam President. I have a question in regards to this same consolidation. There -- in the line item of OPM, there is a \$250,000 expenditure for consulting for us to figure out how to save. So -- you know, we just said that this Office of Governmental Accountability really doesn't save any money. We're not eliminating any positions, but we're going to hire a consultant for \$250,000 to teach us how to save money. Maybe we need that consultant because obviously we're not saving anything with the consolidations that are offered. But through you, Madam President, if you can -- if Senator Harp could speak to that 250,000 -- I'd be curious to know the thinking behind that.

THE CHAIR:

Senator Harp.

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SENATOR HARP:

Thank you. Through you, Madam President, it's my understanding that one of the things that the consultant will do is to look at the current leases, determine which of those leases can be broken. When co-locations can occur and recommend as well, a chain of command.

THE CHAIR:

Senator Kane.

SENATOR KANE:

See, that's interesting because in the Governor's budget address he said, you know, the buck stops with me, I'm the guy who's going to decide where savings can be made. I'm the final stop in that chain of command, I'm the guy who's going to figure out -- you know, I think he made a joke about all the -- all the different agencies that we have.

And yet, we're going to hire a consultant for \$250,000 to tell us where we can find leases, find savings. You know, I think we have -- certainly, we have an Appropriations Committee, we have a full Legislature, we have Administration. We have brand new department heads, yet we're going to hire a

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consultant for \$250,000 along with buying new boards in the Senate Chamber.

The point I'm trying to make, Madam President, through this -- and I know it may sound picayune at times, for all these little, little low lying fruit, if you will -- I know that term is used around here a lot. But these little things add up to a great deal. And certainly, if we can't figure this stuff on our own, you know, why are -- we keep spending, spending, spending for these types of Appropriation.

I just want to -- I want to move on, if I could, to the earned income tax credit that is proposed in the Department of Revenue services. And through you to Senator Harp, I believe this is going to account for 11 new positions. Through you, is that correct?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. It accounts for 11 positions. My understanding is that these positions were actually -- how can I put it. They were redirected from an activity that they are currently doing so that they were in our budget -- I don't believe these are new positions.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, I don't -- I tend to disagree. I do believe this was a policy change instituted by the administration and it is 11 new positions in the Department of Revenue Services. Unless I'm wrong -- I don't want to continue belaboring the issue, but -- through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. My understanding is that these were positions that were placed in the budget last year to improve our collections on taxes and have been retasked to work on the earned income tax credit.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I'm glad you brought up the issue of collections because I remember in the subcommittee process, OFA had said that each one of these individuals if they were used for collections, I think, would bring in about \$500,000 each in

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collections and it would be a revenue gain for the state of Connecticut if we had used these positions for that manner rather than the earned income tax credit.

So I know it's a policy issue. You know, it's not something that Senator Harp and I should debate. But certainly that is something that I think we're failing by putting dollars into that when we should be looking at the collections, because it did come up in our budget -- committee -- Appropriation Committee.

I want to ask you about the capital equipment fund. Is that the same situation that we spoke about earlier with taking capital equipment and bonding for it? I know that's been a budgetary item for a long time and I'm wondering are we putting more money into that capital equipment purchasing fund? Are we putting less? Are we just hiding that appropriation by putting more into capital equipment? Because I believe that's computers and other things. Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Thank you very much, Madam President. I don't believe that I really understand the question in its totality. My understanding is that we've always had a capital equipment line. But what I don't understand, through you, Madam President, is the question of hiding -- I'm not altogether certain I know what the gentleman means by that.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I guess what I mean by that is we already talked about a couple of instances where -- like the voting boards again, I'll go back to that -- where we are bonding for capital projects. Now we have this capital equipment fund that has always been in the budget, I understand, that in my mind, as far as my understanding is for computers and all these things. So what I'm asking is these appropriations that would normally -- like you mentioned earlier about the voting boards and others, we are bonding for those, yet we still have this capital equipment fund.

So are we -- how much are we doing I guess is the real question. Rather than it being in the budget the

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way it used to be, we're bonding for all these individual items, unless my understanding is incorrect. Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. Through you, Madam President, we are bonding for equipment, but my understanding is that it meets the test that it will be used for five to seven years and is appropriate for bonding.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Okay. I guess -- I guess it -- I guess that is a philosophy debate that we would have because I don't believe that we should be continuing to make these types of purchases. We should be reducing spending and not borrowing for that. It's like putting it on your credit card at home rather than paying cash for it. We're just kicking the can down the road and it's going to cost us more and more in the long run. But that's another issue.

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Earlier I think Senator Bye in her committee spoke of the new trooper class. Through you, Madam President, to Senator Harp, is that in this budget?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President. My understanding is that it is not noted in the budget, but with the position reductions and the retirements that we expect to occur the expectation is that there will be a trooper class through the attrition that is expected due to retirements.

And I noted that Senator Bye would like to respond as well. So through you, may I yield to Senator Bye?

THE CHAIR:

Senator Bye, will you accept the yield?

SENATOR BYE:

Yes, Madam, though I believe that the fine chairwoman has answered the question in the way that I had planned to answer, which is that it is something which came out of the committee, subcommittee as a way to save a million dollars a year. And though it didn't end up being reflected in the budget, there was an agreement that that would happen and they believed

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that they could fund it out of attrition as Senator Harp stated. Thank you, Madam President. Through you.

THE CHAIR:

Thank you, Senator Bye.

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I thank Senator Bye for that answer because you're right. It did come out of the subcommittee process and I think it -- I do agree with you, it would be a savings to overtime.

Because I do think we have an overtime utilization problem. And I think this would go a long way to save that.

I want to talk about the Governor's budget address where he said that he keeps municipalities whole. And for the most part, I think he does that. Yet there are some glaring examples where that is not the case. We are passing along some incredible dollar amounts to our local towns and cities. For example, the resident state trooper program, through you, to Senator Harp, we -- if you can just give me the history on that policy. We used to fund that resident state trooper

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program for our small towns and municipalities. And I think in this budget we are not, through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President. I believe that the only change that this budget makes is on overtime and -- so if there was a change it occurred in a previous budget and we are asking the towns to fund a portion, the same portion of overtime that they fund for troopers currently.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I believe that portion as you mention is \$840,000. Would you agree with that figure? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. I don't have the figure before me but if you agree that the Office of Policy and Management indicates that's the figure then I would agree with you. I think that the thought was that we wanted to

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make the overtime allocation consonant with the regular share that we pay as a state.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And I think there's another section in here with the police officers that are trained by the state of Connecticut, that another set of dollars, if you will, that we're passing along to our local towns, \$2500 per police officer that gets trained by the state of Connecticut. So the municipalities are going to assume that share as well. And I know that's something else that we've been doing right along and we claim that we're keeping municipalities whole, yet I don't believe we are when we talk about our small towns that a lot of us represent.

I want to talk about the CHRO, the Commission on Human Rights if I could. There was a study in the budget, \$500,000 for a disparity study. Can you speak to that? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Thank you very much. Through you, Madam President, the Commission on Human Rights and Opportunities is responsible for overseeing the contract compliance program. And they base contract compliance upon a study of access to state contracts for our protected groups, largely minority groups. Well, that study hasn't been done for over a decade now and needs to be updated so that they can do their contract compliance work and that's why those dollars were placed in the budget. Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I see that we have increased positions in the Department of Energy and Environmental Protection. We have increased positions in the Office of Policy and Management. I -- I -- just curious to that effect because we talked about decreasing the size of government, reducing the size of government yet we have some increased positions in all these sectors.

I'm just -- can we talk about the pharmacies for a moment? What is the -- I know Senator Prague talked about the pharmacies earlier, but, through you, are

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we, in this budget have a pharmacy reduct -- pharmacy reimbursement reduction? Through you, to Senator Harp.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President. The overall pharmacy distribution fee is \$1.50 for nonindependent pharmacies. For independent pharmacies there is a different fee and that is up to \$7.90.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I'm just wondering if Senator Harp had heard from many of the pharmacies in her district, like I have in my district, that a lot of them claim that they're going to go out of business with this proposal. Have you gotten emails or conversations or calls to that effect, as I have? Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Through you, Madam President. One of the reasons that the committee worked to come up with a two tiered fee was to try to assure that independent pharmacies who were the ones that contacted me and said that given the AWP and the \$1.40 distribution fee, that they would likely go out of business. And so that's the reason that we researched and determined that there were other states that had a two tier process. And given the added services that independents typically provide in terms of door-to-door service for people who are ill and other types of services that they provide that aren't typically provided by chains, we felt that we could have a two tiered system that would meet the criteria for CMS as in Maryland. And so we're hopeful that this difference will assure that the pharmacies, independent pharmacies in our state will be able to stay in business.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And I appreciate Senator Harp for all her answers. I truly did not mean to put you on the spot with some of those questions with specific line items. But it just

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brings me back to my point, that in this budget we claim that we're consolidating agencies, but we're not saving any money.

We claim that we are keeping the municipalities whole, yet we have areas that we're not. We also know that we have the biggest tax increase that we've ever seen but we are increasing spending since Fiscal Year 2011. So in my mind, there's just a great deal of contradiction there. And I can't -- just can't get my arms around it. Because we are spending more dollars than we did in 2011, we're taxing more and yet we claim that we're doing all the right things with this budget.

I appreciate the time, Madam President. I appreciate the indulgence. I still have many questions in regards to this budget. I cannot support this budget in its current form. I do believe that we are spending far more than we should be able to spend and although you and I are doing this in our own homes, the state of Connecticut is not doing the same thing. And all I've heard in my towns is please reduce spending and please stop this taxation program that's going to happen. Yet we're doing that very same things. Thank you, Madam President.

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THE CHAIR:

Thank you, Senator Kane.

Senator Harp.

SENATOR HARP:

Thank you, Madam President. I did get an answer for one of the questions that was asked of me and I just wanted to put it on the record.

Regarding consolidations, there are 68 positions that have been eliminated from the budget with a savings of 8.2 million dollars per year.

THE CHAIR:

Thank you.

Approval of the budget. Will you remark further?  
Will you remark further? Senator Suzio.

SENATOR SUZIO:

Thank you, Madam Chair. Through you, Madam Chair

--

THE CHAIR:

Senator Harp, prepare yourself.

SENATOR SUZIO:

Senator Harp, you and I participated in a discussion as part of the Appropriations Committee/subcommittee on the Department of Transportation back a month or so ago. And one of the

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items that we discussed was the expenditure on heavy equipment. And in this budget, the amount on page 23, Item T781 is \$12 million dollars for the Fiscal Year 2012 and seven million for 2013.

We got into a discussion or a debate about how these items are funded and how they're accounted for. And it became evident during that discussion that if we are paying for heavy equipment out of cash that we expense the entire cost in the year in which the equipment is acquired. And we discussed whether that was appropriate or not and whether it's an accurate accounting of the useful life of the equipment.

And in private industry and normally under Generally Accepted Accounting Principles, when you acquire equipment that has a very long term life, you don't expense it all entirely in the first year, you expense it over the useful life of the equipment.

So in light of that I look and I ask you if we have 12 million dollars alone in one department and there may be tens of millions if not hundreds of millions in other departments that are being -- in effect we're inflating the cost of our equipment by -- and it's affected by how we finance it.

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In this year, where we should exercising great fiscal austerity and where we want to minimize the tax burden on tax payers, why are we using an accounting for this that would expense it all in the very first year, thereby inflating the cost of the equipment usage and exacerbating the need to raise taxes further?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President. I believe that I indicated at the time that this is the way we have always done it in the state of Connecticut. And that if we were to do it different that there needed to be a number of conversations, both with the Executive branch as well as with our branch around expensing items in an entirely different way that is not a part of past practice.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, through you, Madam Chair, do you have any idea, Senator Harp, of the aggregate amount? We know it's 12 million dollars alone in the Department

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of Transportation, of what it might be in the entire budget? How many dollars we've got allocated because of this obscure accounting requirement?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, I really don't.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

I'm sorry, I was distracted. Would you mind repeating that?

THE CHAIR:

Senator Harp.

SENATOR HARP:

I have no idea, sir.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Oh, okay. Thank you, Madam President. I've also been corrected on that. My apologies for not addressing you properly.

THE CHAIR:

No problem, sir.

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SENATOR SUZIO:

On pages 28 and 29 and other pages in the report, there's a reference to indirect overhead. What is meant by indirect overhead as opposed to direct overhead?

THE CHAIR:

Senator Harp.

SENATOR SUZIO:

Would you like me to give you the line references?

SENATOR HARP:

Would you please give me the line reference?

SENATOR SUZIO:

Line T931 and T955 are two lines I find right away.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Could you -- through you, Madam President, could he give me the lines again because I'm not seeing -- oh, I see it. T931.

SENATOR SUZIO:

That's correct.

SENATOR HARP:

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I've got to say to you, sir, that I really don't know what indirect overhead means.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President and through you, again, if I may move on. In Section 40 on page 50, there's a reference that Yale shall not receive -- let me get it exactly. On line 376, Yale University shall not receive an allocation of annual appropriation under Section 10A-40 of the General Statutes. In the fiscal notes referring to this it says, quote, delays the payment to Yale for the biennium. So is this a delay or is it actually a -- is this actually relieving the state of paying the money to Yale University or is it just delaying the payment of that money?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, what this does, I believe, is to indicate that in Fiscal Year 12 and 13 that Yale University will not receive the benefit of the KICKS grant.

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Senator Suzio.

SENATOR SUZIO:

So this -- I'm sorry. Through you, Madam President -- I've got to get used to this.

So the wording in the OFA analysis regarding item 40 is inaccurate. In other words, it doesn't delay the payment to Yale, it actually just eliminates the payment to Yale for those two years?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. Through you, Madam President, it depends upon how you look at it. I think that they use the word delay because Yale will continue to participate in the program and so that is the delay. But they will not be participating in the biennium -

THE CHAIR:

And this is -- oops, sorry.

SENATOR HARP:

Madam President. And so that is probably why they used the word delay, because they're not being eliminated from the program but will not -- their participation will be delayed until Fiscal Year 14.

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Senator Suzio.

SENATOR SUZIO:

So through you, Madam President, just to clarify. The payments themselves, which are explained in the foot note of the Office of Fiscal Analysis, the half a million dollars that is referred to in there as a delay is actually not a delay. It's actually elimination of those payments for those two years. And then they will resume in Fiscal Year 14 and later?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President. That is one way to word it. But I don't believe that the Office of Fiscal Analysis' way of looking at it is inappropriate either. But another way to say it is that for Fiscal Years 12 and 13, Yale University will not receive a payment. And Fiscal Year 14 they will.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Through you, Madam President, again. So if the term, if the word delay is accurate it would mean that in Fiscal Year 14 and 15 we would have to not only pay

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the normal amount due but we'd have to pay the amounts that are being delayed which would presumably double at least what is owed to Yale University. I'm trying to clarify that, whether we'd actually end up paying twice the amount in those other fiscal years because these amounts are being deferred or delayed or whether we are relieved of all responsibility for paying them in future years and we will just resume the normal annual payments in 2014 and beyond?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President. Through you, I believe that what is being delayed is Yale University's participation in the program. And -- so I believe that using the word delay is not inappropriate. But they will not be receiving funds. Their ability to receive funds will be delayed in 12 and 13 and they will receive funds as they normally do in 14 and 15.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

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So -- Madam Chair, not to -- just -- I just want to make sure I understand. So the half a million dollar payments that were due in 12 and 13 will not be added to the amounts due in 14 and 15 or will they be added to it?

SENATOR HARP:

Thank you very much, Madam President. They will not be. They forfeit the amount in 12 and 13 through the delay. Their delay is in participation in the program.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you very much. Again, Madam President, through you, if I may proceed to Section 30, which is on page 38, I believe. Yes. Okay. On Section 30, page 38, it discusses the Department of Social Services may in compliance with an advanced planning document approved by the federal Department of Health and Human Services to implement modifications to the health insurance portability -- HIPAA, we'll call it - - electronic transaction standards, establish a receivable for the anticipated cost of such project.

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Question, do we know how much the costs of that project are going to be?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President. I don't know how much that will be. I believe that it might actually be based upon the number of providers who qualify for getting reimbursed for developing electronic medical records. And so that the number is probably not a fixed number. Through you, Madam President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Through you, Madam Chair. I love your color coordination, by the way.

THE CHAIR:

We call each other in the mornings.

SENATOR SUZIO:

The question I have regarding this is during these years we'll be incurring costs. We don't know how much they are. My question is then will they be actually impacting the state budget during those years? Will we actually be incurring the costs and

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recognizing them as such and then developing a receivable which will be paid for in future years, or exactly what will happen as the state actually incurs real costs associated with this, how will that impact the budget? Even though it's going to be eventually paid for by the federal government.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Madam Chair. I believe that the state or the Department of Social Services will be acting as a fiduciary for CMS or for the federal government in reimbursing on behalf of the federal government the costs that -- or the commitment that the federal government has made to providers who develop a certain standard of medical record.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Through you, Madam President. So will those costs as they're incurred by the state be recognized as an expense for accounting purposes during those years?

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Senator Harp.

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SENATOR HARP:

Thank you very much, Madam President, since it is a reimbursement on behalf of the federal government, I don't believe so.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you. Through you, Madam President, again. A few weeks ago during the Appropriations Committee meeting we heard a report or a presentation by Secretary Barnes which was somewhat alarming in that it referred to a very significant cost overrun with respect to the transfer of SAGA patients to the new Medicaid funding arrangement that's been made which was intended to save the state money, but was incurring at that point in time an anticipated cost overrun of 79 million dollars. And it related specifically to a 38 percent increase in the case load from something like 44,000 cases to 60 some odd thousand cases. And I'm very concerned about how much has been anticipated in the proposed budget. Can you tell me what kind of a case load increase is built into the proposed budget and does it mirror or reflect

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this unexpected surge which continued to occur from the beginning of this year through April, ma'am?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President. I think that we were all surprised and astonished by the surge, as you call it, of individuals who became eligible for low income adult through the Medicaid program. And in the case of calculating the budget, the Office of Fiscal Analysis always built into the budget what they believed to be the overall costs for continuing to operate this program and does make cost and case load adjustments, as did the Governor's office. So while the budget doesn't speak to the growth factor that is used in that, they did calculate -- make a case load adjustment based upon this particular program continuing to grow.

And we should have really understood, Madam President, that this program would grow because normally all of Medicaid grows when we're in a recession. So the fact that we've been in a recession, there's an economic downturn and that we have a program that will serve low income adults who

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had not been served before, we had what we considered to be a capped hospital amount that we paid hospitals which I believe suppressed the hospital costs. That now that Medicaid is available that other services that might have been limited by that cap can be made available to the people of this state. And as a result there was this huge increase. Through you, Madam President.

SENATOR SUZIO:

Thank you. Now I'm really messed up. I'm not looking at Mrs. President anymore, I'm looking at Mr. President, I guess.

(Senator Coleman of the 2nd in the Chair.)

THE CHAIR:

Thank you for noticing.

SENATOR SUZIO:

But you're not color coordinated with her.

THE CHAIR:

Not today. Maybe tomorrow.

SENATOR SUZIO:

Well, the tie is, the tie is, that's right. Okay. Well, thank you very much, Senator, and I do have a few questions, if I may, for Senator Daily.

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Please frame your questions.

SENATOR SUZIO:

I guess I'll continue where I left off.

Senator Daily, since a good part of the budget depends on Medicaid funding that we get and since we have this problem with the transfer of adults, the SAGA problem to this new Medicaid funding arrangement which had had a huge surge, how was this surge accounted for in the revenue side of the state's budget?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President and through you, Mr. President, it is incorporated in our revenue estimates. And there will be additional reimbursement that we will receive for Medicare people.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you and through you again, Mr. President, does the forecast that you use incorporate that activity that occurred with respect to the SAGA

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program as it transitions into the new Medicaid  
funding arrangement?

SENATOR DAILY:

Yes.

SENATOR SUZIO:

Well, that was brief. Thank you. They told me  
you would be brief and I think they were right.

If I may ask another question, through you, Mr.  
President.

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

I have a background in banking and finance and  
when I looked at the state's budget situation, one of  
the things that occurred to me is that -- it's what we  
would call a classic debt restructure situation.

That within the state's budget, there's roughly  
2.2 billion dollars of debt service that's built into  
it, of which about 1.2 billion is principal and  
another billion is interest. And so I wanted to  
discuss or ask of you, in the Finance Committee was  
there ever any discussion about restructuring the  
state's debt structure to reduce the debt service  
burden on the state? I believe as someone who is very

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familiar with this that we could relieve the state budget of upwards of a billion dollars a year in debt service, which would certainly save us. I mean, we've got something like -- in the finance side of the budget, something like 62 different tax increases to fund the expenditure side. And if we were to implement a classic debt restructure financing arrangement we could easily knock off a billion dollars of funding requirement and thereby substantially eliminate many of those tax increases.

So my question to you, Madam, through the President, is was there ever a serious discussion about the potential for restructuring the debt of the state? And I want to be clear. I'm not talking about increasing borrowing, I'm just talking about restructuring the borrowing that we already have, just like we encourage homeowners to do, et cetera, to be able to afford their payments. Madam, was there a serious discussion about this and if so, could you elaborate on that discussion?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

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Thank you, Mr. President, and through you, Mr. President, no, Senator, there was not. That is the responsibility of the Treasurer and the Treasurer is continuously restructuring our debt.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President. So -- through you, Mr. President, so basically, if debt restructuring is an alternative arrangement potentially for the state to resolve its -- this fiscal deficit that we have for the next two years, it would not be a matter to be brought up or appropriately discussed in the Finance, Revenue and Bonding Committee?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President. No, it is the responsibility of the state Treasurer.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Than you, Mr. President. So -- I'm just thinking in terms of -- so it's not within the authority or the

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purview of the Finance Committee or it just isn't something that the Finance Committee normally would discuss?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President. No, it's not within our purview. It is the responsibility of the Treasurer.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

Well, all right, then I will leave it at that. I just think it would have been a great opportunity for us to mitigate the dramatic tax increases that we're going to be looking at and voting on later today. And it's the same strategy and technique that's used not only in banking and finance and for companies, but millions of homeowners are doing the same thing in terms of restructuring their finances to save on their debt service. And I think it's a great opportunity that we shouldn't overlook to help balance our budget and save us from the biggest tax increase that we're

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about to vote on in the history of the state of  
Connecticut.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President. For those of us sitting  
in the Circle, I think all of us would agree that we  
live in the greatest country in the history of  
mankind, known to mankind today for a lot of different  
reasons. Not because we're wealthy, not because we're  
powerful, but because of what we do with the goodness  
that's been created as a result of over 200, over 300  
years of hard work and good ethics in this country.

We've had an international situation here which  
sort of makes me a little more sentimental and  
perhaps, a little more likely to think on a higher  
altitude about our country and our history.

And how did we get here? We're the most  
altruistic, selfless country that's ever been on the  
face of the earth. We have an incredible ethic when  
it comes to helping those in need, we have an  
incredible sense of duty, when it comes to creating

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world order that creates stability for other countries, for the little guy, the little woman throughout the rest of the world that may not be so fortunate to live in circumstances like we do today. And I think we all have to ask ourselves how did we get here.

We got here because we had a very strong fundamental founding document that lined up the self interest of each of us as individuals with the collective interests of the whole. And that led to a system of commerce, a system of capitalism, some people like to call it, but it's a system that has worked. It's been proven over 250, 300 years now in this country to bring out the good in people. And boy, have we become an incredible nation in so many different ways.

When you introduce the whole concept of regulation of government that overextends itself into the lives of individuals, especially when we're talking about commerce and especially when we're talking about taxes, we know that we are putting sugar in the fuel tank and we're slowing things down. We're not doing everything we possibly could to be maximizing the potential of each individual, each collective

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organization, whether it's a partnership, a corporation or whatever it might be. At the end of the day, these are entities that relate to employment, that allow people to find employment, that allow people to find an identity every day when they wake up and have a sense of meaning, and not to mention the other virtuous benefits that come along with that such as an income so that they can take care of their family and their children and future generations if they're in a position to do so.

So the point of all that is if we are raising our taxes too much we are putting the brakes on and we are harming the future people, not only in our state but in our country by reducing the potential to raise revenues. If we have government that grows too big too quickly at the national level or more specifically, here in the state of Connecticut. We have to catch up with that through the function of the Finance Committee, raising revenues. And I think that is something that we have to pay very, very close attention to. Because we all do know there is a point of diminishing returns at which taxpayers either say they can't afford it or they don't want to afford it and they can move to another part of the country.

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With a budget that's growing over the long term, over 30 years now, at close to seven percent, we've slowed that rate of growth down in this terrible time of economic crisis. But at close to seven percent for nearly 30 years, mathematically you can't keep up with that. We know that for a fact because our base, our economic base and our tax base is not growing at a healthy enough rate to do so.

So an endgame that does not include a firm net to get to fiscal stability for the state of Connecticut is one that is sure to cause our demise. And there is a lot to be worried about here. There are some things to be hopeful about here. I'm just concerned that we may be making some wrong choices with this budget before us today.

We know that other states around us, Mr. President, New York has shown wisdom, great wisdom in doing what they've done. And some people say sure, they're just pushing it down to municipalities, but if you take a couple of layers off the onion, you see that they're doing that with a great deal of thought behind it. They're not just shifting the burden down to municipalities. They're going to make it easier for them.

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New Jersey, they've got it right. And yes, you can point to a couple of towns there that are going to have undue burdens put on their shoulders that they are going to have to figure out. But for the vast majority of municipalities and towns they're going to be fine, because the state government, the executive branch will find a way to help them.

Massachusetts is even taking a step in the right direction. I believe by becoming smart about what she can do and what she can't do in today's world and in the future of the world.

There are a few things at the national level and the international level that cause me to be very worried. And I think that states should be paying very close attention to that as well as they deal with their fiscal issues.

New Hampshire, almost a neighbor of ours. They don't have an income tax, they have a balanced budget. They have an incredible lifestyle up there. They have an incredible approach to governing their citizens. Yes, it's a small state and it's a little more remote, but they do get -- they do get it when it comes to taxation.

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So with the backdrop of all these other states around us in New England and also the northeast who are showing, I think, great responsibility to us here in Connecticut, I do have a question, Mr. President, through you to Senator Harp.

THE CHAIR:

Please frame your question.

SENATOR FRANTZ:

Thank you, Mr. President.

Senator Harp, I know you've been hard at work. I applaud you for that. I used to sit on you committee. I know how much work it is and my hat is off to you for doing yeoman's work to get to where we are today.

But one thing I never fully understood, even after sitting on the committee was the whole idea of current services. And for the benefit of the people of Connecticut, anybody who is watching CTN this evening and for my own edification, can you explain how current services works? Because if I have my numbers correct, it looked like current services was going to be 9.4, 9.5 percent more expensive in 2012 as compared to 2011, fiscal year, before the Appropriations Committee got their hands on it.

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Senator Harp.

SENATOR HARP:

Thank you. Through you. I will attempt to explain it. Basically current services means the amount of dollars that it would take to maintain services as they are in 11, taking into consideration the statutes that would require increases in various line items. So for example, ECS has a statutory requirement for an increase. We're not increasing that. And there are a number of others that have that as well. So if you would have current services that would mean it would be today's costs escalated by the law that we currently have on the books that may actually require us to spend more.

SENATOR FRANTZ:

Fair enough. Through you, Mr. President, thank you for that description.

I'm still having a real tough time with the concept because I suppose I'm more of a private sector person than I am a public service person. I know we're not really supposed to look at state government as running a business, but at the end of the day, running a business well and having accountability is

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the exact same thing that should apply, I think, to public service for all of us.

And I was really surprised when I saw that number, I believe it was 9.4 percent, how -- when at a time we know inflation is somewhere in the two and a half, three percent range, how in one year's time those current services requirements could have gone up by that much unless there was something unusual or awkward about the accounting from the previous year -- before that -- if there was some sort of a makeup so I'm very curious about that.

And I can tell you, you know, in the private sector where there seems to be more accountability and more flexibility in the interest of being successful in the long term, we will look at our revenue generation capabilities and we know that in the case of an economic downturn they're not nearly -- those prospects aren't nearly as good as they would ordinarily be so we adjust accordingly. And we cut back. If we need to reduce the number of people who run a company, we'll do so. If we need to cut our R&D budget, we need to cut our marketing and advertising budget, we'll do so.

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In government I know it's different, but at the same time, you do have to match revenues with expenses. And therefore, I think taking the current services approach is a dangerous one if that's the sole way we're doing it.

I know the Appropriations Committee has done yeoman's work to try to bring that rate of growth down to a much more reasonable level, I believe it's in the two and a half percent range, and I applaud you for that. But still, at the same time, I don't think we've gone far enough in terms of reducing those expenses. We know that we are the high cost supplier of services and goods to the people of Connecticut in many, many cases.

I think we could become much more efficient and in the meantime in the worst set of fiscal and economic circumstances we've seen, I'm just wondering could we have not made a greater effort to cut back a lot more so that we would almost by definition create a much greater potential for success in the future.

If we didn't have to raise taxes as much wouldn't every business that's teetering right now be able to survive? Wouldn't every business that's really suffering but still in a position to survive the next

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couple of years do that much better, hire that many more people and get into a virtuous cycle so that we have more people on payrolls and more people paying revenues to the state of Connecticut? Not just payroll taxes, but hopefully, all kinds of other taxes, sales and use taxes and maybe even some investment income taxes and capital gains taxes as well. I think that's really where we need to be.

So it's a little discouraging for me, in fact, it's very discouraging for me because we're not out of this recession. We're still at over nine percent unemployment. I think people are very nervous. Employers are scared to hire people, they don't know what the structural costs are going to be going forward. If you give them a certain level of confidence that there will be some continuity going forward and that costs will be reasonable including tax costs, I think you give them much greater incentive to start hiring again.

Through you, Mr. President, I do have a question to Senator Daily, the co-chair of the Finance Committee.

THE CHAIR:

Please proceed with your question.

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SENATOR FRANTZ:

Thank you. Madam Co-chair, Senator, you've done an incredible amount of work as well. And I need to ask you this question. Is the hospital tax in fact back in the budget bill?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President and through you, Mr. President to Senator Frantz, yes, it is.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

(Inaudible.)

SENATOR DAILY:

They don't want you asking me questions.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Duct tape works pretty well, too.

Through you, Mr. President, Senator Daily, it's going through a final iteration, I believe it's number six, do you know if it's going to change substantially from iteration number five?

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SENATOR DAILY:

I do not.

SENATOR FRANTZ:

Fair enough, thank you. If it is relatively the same as it was the last go around, this is one of the taxes that particularly very concerned about. We'll talk about this later, hopefully. But this is a great example of how when you get into a desperate situation at the state level and you need to get everything you possibly can and there are programs available at the federal level where if you make a structural change or you spend some of your own state funds, you will get a portion of that or some additional incremental funding from the federal government, usually a small percentage or maybe 30, 35 percent at most to add to that program or potentially to put into your General Fund.

And I believe we're picking up an additional 150 million dollars in revenue from the federal government as a result of implementing the hospital tax, which I believe is a four and a half percent tax on patient service billings or revenue. And there are winners and losers as a result of this. And I'm just curious if that's still as bad as it was before. Because I

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represent a district that has a wonderful hospital in it that has worked for nearly 90 years to become one of the preeminent health care institutions in not just New England, but the country in some specialized areas. Is it as bad as it was the last time around?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President and through you. I think we all know the outstanding reputation of Greenwich Hospital. And I would hope that that's what the new iterations are all about, making sure that the effect is not as great as it was in the last iteration.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And through you, Mr. President, I also share that hope and there may be some more on that later.

Also through you, Mr. President for Senator Daily, the concern I have is in generating these revenue consensus, these revenue estimate -- whatever the word is. We know we had a couple of good months. And I'm

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just curious. And I suppose I'm -- this is what makes me worried. Is if we're not using a sizable data set to extrapolate what's going to happen to revenues in the future because we're still in very much uncertain times right now, are we taking a risk that the revenue consensus is not an accurate one because the data sample was too small.

And my question through you, Mr. President, to Senator Daily is do you feel confident yourself that we have enough data to make the assumption that these revenue estimates are reasonable?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President, and through you, Mr. President, yes, I do have confidence that they are reasonable. They are, after all, estimates and just estimates. Every year when we adopt revenue estimates there is some risk, but I feel quite confident in the formula that's used by OFA and the data reach that they're able to achieve.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

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Thank you, through you, Mr. President. I appreciate that answer. I think the Senator is absolutely right. It is a bit of a guessing game and you have to go with what you have in order to somewhat accurately predict what we're going to be looking like on the revenue end of the equation going forward and we are a little bit -- in a little bit of a vacuum still these days because we have not experienced a recovery in earnest in any way that you look at it, whether it's the employment rate or whether you're looking at the state output rate or gross domestic product rate or any economic metric, for that matter.

So I do worry about that and I'm not sure -- I'm not sure there's much we can do about it right now. But that is of great concern. I am concerned because at the national level, and we're not immune from it even though we're a smaller state, we're not immune from the national economic woes. There's typically an 18 months to a 24 month lag between when Connecticut recover -- when the nation recovers and Connecticut recovers and that's a grave concern also. Because every day that goes by that people aren't out working, especially when unemployment benefits are running out,

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is not good for the state collectively speaking. It's not good for a revenue picture.

With that, Mr. President, I really feel that Connecticut should have made an honest attempt for the benefit of the citizens of Connecticut, for the benefit of the future generations of Connecticut who will rely, do rely on us making wise and prudent decisions today as their fiduciaries going forward. We can't overspend, we can't overtax because when we overtax we take away from that potential I was talking about in the very beginning of our state being able to continue being a great state from an economic and a commerce point of view.

We have been absolutely top of the heap, leading the entire country in so many different industries and internationally as well, and we're slipping away from that model. And we should not be slipping away from it. We should be revering those days and understanding what about state government, what about the businesses, what about the economic climate in Connecticut was it that allowed us to be so prosperous and so great, back when we had unemployment to the tune of one and a half to two percent which is the

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structural rate. It's actually lower than the structural rate nationally.

Our great days could, in fact, be over, they might not be if we make all the right decisions today.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator. Senator Witkos to be followed by Senator Boucher.

SENATOR WITKOS:

Thank you, Mr. President.

Before I begin my comments I want to offer my thanks to Senator Harp and Senator Daily for all the work that they did in their budget committees and all the other committees around the Circle that spoke of their particular areas. It's not an easy task that was before them and they brought forth a product that they believe will set our state on the right course. And I will respectfully be coming from a different perspective, but I wanted to thank them for their time that they gave to this Legislature.

You know, today, May 2nd, 2011, is Tax Freedom Day in the state of Connecticut, where we've worked as individuals and tax payers to pay back our federal tax dollars, our state tax dollars and our local tax

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dollars. Today begins the day that we get to enjoy our wages for our own individual purposes, whether that be to pay off a mortgage, pay off student loans, go on a family vacation, pay our electric bills, food. But it won't be that next year, not with the budget bill that's before us. We're going to extend way past May 3rd.

This process began in February when the Governor had proposed his initial budget and then began the 17 city and town tour, listening tour, to hear from the folks that are going to be most affected by the budget. And he heard quite a bit. And in fact, I heard from many constituents, as many of the people around the Circle heard from their constituents by emails, phone calls or personal contacts. And the message, Mr. President, that I got was a resounding "Cut spending, do not increase my taxes, we cannot afford it."

We've all heard the expression silence is deafening. We should all be deaf on the silence in this budget that speaks to the cuts in spending versus the increase in taxes.

We talked about jobs being priority number one, the economy being number one. But when we look at

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some of the taxes that we're passing in this bill, that's not the message that we're sending out to our corporate world.

Our corporate tax which was due to sunset at ten percent in 2011 is going up to 20 percent for two years. Other bills that are before the Legislature are mandates upon our businesses. When I look at a budget bill that's before me, I always look at how I can talk to the folks back home in words that they'd understand. And sometimes we see emails and phone calls based on the snippets that are reported in the newspapers. And it's a headline grabber and all of a sudden people start generating phone calls saying they don't like that or they support that and we need to change things.

But they haven't been give -- they, the taxpayers in the state of Connecticut, given enough time to see what's really in this bill and give us the opportunity to report back to them what's contained within this bill.

I remember reading in a newspaper article a few weeks ago saying that we're taxing people that are having a wedding. Their wedding gown is going to be taxed under the luxury tax because it's more than a

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thousand dollars. Well, I say to you, the cost of a wedding has increased tremendously if we add in all the other taxes that apply. The cabaret tax, if you have your wedding in a hotel, it's going up by three percent if you have alcohol. And if you want to spend your honeymoon night in the hotel, you've just increase your -- the cost of your room tax by three percent.

Sometimes we don't look at things in a simple manner, but we have to pay them in a simple manner. And we talk about corporate taxes, sales and use, luxury, excise taxes, people are confused. They don't know the lingo and the jargon that we use around the Circle. But if you say to them, guess what, if you drive a car that has -- operates on diesel gasoline you're going to be paying three cents more a gallon. The truckers certainly know that. Or what about the folks that feel that they need a security blanket so they offer up a service so in case they break down on the side of the highway they can call somebody and be towed. Well, that price is going to go up now because we have a tax on that that we never had before, for roadside assistance.

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And then heaven forbid if the car is involved in an accident and has to go into the body shop for awhile, a couple of weeks we have to rent a car. Now that tax is going to be nine -- over nine and a half percent or a little under nine and a half percent to rent a car as long as it's under 30 days. People don't realize things until it impacts you on a daily basis. And they will.

We're going through so many different types of taxes, I'm concerned that one day we'll tax the air that we breathe. And I've got to check because I'm wondering if somebody wants to go and rent an oxygen container, is that considered medicine over the counter? Because if it is, we've just taxed the air that you breathe in this state.

It is a shame that as we go through our lives providing for our spouse and our family and we want to pass something onto our children that there's a tax that says that the value of our property is X amount of dollars. We're going to be taxed heavily over that, just to go to the state of Connecticut. And the kicker, the final coup d'état is we've increased the cremation fee. Can you believe that? A 300 percent

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increase in the cremation fee. Your last good-bye from the state of Connecticut is a tax.

Now there's some things that I don't even know -- as you all know, I'm in law enforcement as a profession -- as I was going through the budget I was trying to rack my brain as to when this would come in to play and for the life of me I couldn't think of an example so I guess I'll have to ask, Mr. President, through you to Senator Harp, Section 136, which speaks about the electronic inspection of VIN numbers, there will be a charge of \$10 where there wasn't one before, if she could provide an example of when that would take place and where that would take place? Through you, Mr. President.

THE CHAIR:

Senator Harp, Senator Witkos is asking for an example of when the \$10 fee to electronic VIN numbers would take place.

SENATOR HARP:

Thank you very much. Through you, Mr. President, I'm going to yield to Senator Daily.

THE CHAIR:

Senator Daily, if you'd care to accept the yield.

SENATOR DAILY:

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Thank you very much, Mr. President. I will.

That goes into effect July 1st with the new budget.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President and if Senator Daily could provide an example of when somebody would have to go have their -- or when they may have their VIN number electronically inspected and who would perform that duty? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President. I don't know that detail.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you. Through you, Mr. President, is there a number of revenue gain from that section in the budget bill? Through you, Mr. President.

THE CHAIR:

Senator Daily.

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Senator Daily?

SENATOR DAILY:

Thank you, Mr. President. There is a revenue increase from a new fee. And in total, fines, rents and escheats are 126.5 million in the first year and 119.4, no. 119.4 in the first year of the biennium, 121.7 in the second.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. It's very difficult for me to understand a section of a bill if I ask specifically could I have an example of when something like this would take place and how that money would be generated and a satisfactory answer isn't given, Mr. President.

I -- when we're talking of a million dollars -- and I sat long and hard in the caucus room and I went online to see if I could find an example of where that would take place or how that would take place and I couldn't find it.

And that concerns me that there's money in our budget that's being counted towards revenue that I wish somebody out there in the real world would say,

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"This is what we do and this is what it's for." And then we could debate the merits of the \$10 or not.

Through you to Senator Daily, Mr. President, we often talk about raiding dedicated funds. And I'm wondering, through you, the 5.6 million dollars which is coming out of the boating account to go to the General Fund and that's used for folks that register their boats and vessels, the explanation was for boating laws and pollution laws, to enforce those, how -- what kind of impact would that have on the state as far as boating laws and pollution laws go? Through you, Mr. President.

SENATOR DAILY:

Thank you very much, Mr. President. First of all, I apologize for not having a sufficient answer. I am sure that if I did you'd be voting on the budget. And that fee is coming out and it's to be -- the work is to be assumed by DEP within their budget.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. If the DEP is to do that work now through their existing budget then what was the 5.6 million dollars that was going to that

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cause for previously? Why do we need the additional 5.6 million dollars for that stated purpose? Through you, Mr. President.

THE CHAIR:

Señator Daily..

SENATOR DAILY:

Thank you very much. Just so that it's a cleaner budget and DEP is responsible for its responsibility within its existing budget.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Through you, Mr. President. Today if I registered my boat I would pay a fee. It would go into a DDP/DMV account and that account is used to pay somebody to go out and enforce boating laws, which we've recently seemed to pass new ones every -- every legislative session. And also to pass some pollution laws maybe that has to do with illegal dumping of things in our waterways. And now those fees that are going to do that are being removed and they're going into the General Fund of the state of Connecticut for any obligation that we pay out of the General Fund. And my question is if we needed the funds in there

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previously to do the work, then why don't we need the funds in there today to do the work. Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President. Because I think there is an underlying policy implication that the work of a department should be done within its budget, not by the addition of other fees.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, then if it should be dealing within its budget, Mr. President, why is that charge eliminated if they can do it within their budget? Through you, sir.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

I'm not clear on the question. Why is the charge eliminated if they can do it within their budget? That would seem to be the answer.

THE CHAIR:

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Senator Witkos.

SENATOR WITKOS:

Thank you. Well, we're still collecting the charge. Now we're using it for general obligations into the General Fund. So if it should be done within the department, why don't we just eliminate the charge for the registration of your vessel? Through you, Mr. President.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President. Because that's not what we're intending to do. We're intending to collect that and deposit that money in the General Fund.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. If somebody could and I'm not sure who I should direct the question to. I didn't understand the admissions tax in the budget. And it says it eliminates the exemption. And if I could just get a better explanation of that I'd

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appreciate it and I'm not sure who to direct that question to.

THE CHAIR:

Senator Daily, if you care to respond.

SENATOR DAILY:

Thank you, Mr. President and through you, Mr. President. Senator Witkos, would you be able to be more clear about that or tell me what section it's in?

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Just a moment, please.

Through you, Mr. President, Section 105.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, sir.

If we might stand at ease for a minute because what I have -

THE CHAIR:

Chamber will stand at ease.

(Chamber at ease.)

THE CHAIR:

Senate will be in order. Senator Daily.

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SENATOR DAILY:

Thank you, Mr. President. I guess I again need clarification. Did you say emissions or admissions?

SENATOR WITKOS:

Admission.

SENATOR DAILY:

Oh, okay, fine.

And the question -

SENATOR WITKOS:

We're not taxing emissions now, too, are we?

SENATOR DAILY:

And the question.

SENATOR WITKOS:

'If you could just explain that section to me. I was confused as to -- in the summary we received in OLR there were some venues that were -- the exemption was eliminated and then some specific events. For example, the New Britain stadium exemption was eliminated as were the New Britain Rock Cats games. And I didn't understand how that worked.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

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Thank you very much, Mr. President. There was and is today an exemption from tax on the admission. I think at the Rock Cats games it's \$20 now and there will be a tax on that. And I should just add quickly, thanks to the attention of the Rock Cats owner this was changed to be next January because many of these venues have sold season tickets already.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. I'm just trying to find my part in the bill. I thought it had something to do with there's only an exemption if it had a limit of \$5.

So if, through you, Mr. President, the exemption is only removed if the charge is not more than \$5 so if the ticket price is more than \$5 then the exemption goes away. Is that correct? Through you, sir.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President. Yes, sir.

THE CHAIR:

Senator Witkos.

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SENATOR WITKOS:

Thank you and through you, Mr. President, are the locations enumerated in this bill, are those all of the locations in the state of Connecticut that currently get the exemption or were there some left out so that we'll still receive the exemption?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President and through you, Mr. President, none were left out unless there's an error. But they enumerated all of the locations in which this will apply.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you and I thank Senator Daily for her answers.

You know, one of the debate that we had and will be having later on in the General Assembly has to deal with energy. And there's a provision in the bill before us today on electric generation tax and through a variety of bills that have been floating around the

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Legislature and we're hearing about the -- each of those from our constituents.

This bill -- in particular, Section 104 of the bill provides for a one-quarter of a cent tax on electricity generated in our state that's uploaded to the grid. I have some concern with that because that's going to have a direct impact on our electric rates in the state of Connecticut. Because the margin of profit for the natural gas fired plants is so small that any increase, Mr. President, that they get will certainly be passed on to the consumer.

And we're realizing savings right now in our electric bills because the costs of the raw material, which is the natural gas used to make electricity has decreased. And through this provision in this bill we're going to be taxing the very same substance that we need which we mostly use, get most of our power from at 25 -- a quarter of one cent.

By my calculation we have close to 60-something -- 64 percent of our power coming from gas fired plants. And this will -- this tax will unequivocally raise our electric rates.

Through you, Mr. President, to Senator Daily if she could offer some comments as to how we chose to

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leave some of these electric generation plants in there and how we chose to leave some of them -- exclude some of those. Through you.

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much, Mr. President and through you, Mr. President. We did not intend to leave any out. And I'm very glad you brought up this subject because Dominion has assured the Governor in writing that they will not raise taxes through this two year tax and we're hoping everybody else will follow their lead.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you. Through our -- without getting into a lengthy discussion at this point of the evening, it would be very difficult for Dominion to do that, but it wouldn't be difficult for the natural gas folks to do that.

I read the bill that there are exceptions to the tax and those would be the fuel cell, solar and wind. And through you, Mr. President, is it your belief,

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Senator Daily, that those should not have been exempted, that all generators should have received the one-quarter of a cent tax?

THE CHAIR:

Senator Daily.

SENATOR DAILY:

Thank you very much and through you, Mr. President. No, I do believe those should be exempt and I didn't realize that that was the sort of thing you were talking about. Those are things that we're trying to stimulate at this time.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. I thank Senator Daily for her response. I just want to -- two more questions or comments, I should say.

As the budget debate moves forward and we go back to our constituents. And as they -- they may not see an immediate increase in things but they soon will from all of the tax increases on our licensing going through DMV, license renewals to nursing homes to hospitals, the income tax, the cabaret tax. Folks are going to start wondering, "Well, what is not going to

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be taxed and what are you doing with the money in Hartford?" And it's very difficult to explain to them that we have an inability to cut anything. And I think that -- and I hope that negotiations proceed on a path to get us to that position. And I know I've heard from folks that there are things to cut. There are places to cut. Because it's the worker bees that know the best. They know their business inside and out and I'm not so sure that we've found many of those examples in this budget bill before us.

And I say to you, Mr. President, that there's going to be anger in the streets if and when this budget bill becomes law. The folks of Connecticut will not be happy. I'm not happy. I think we're doing a disservice to our constituents. I think we need to go back, sharpen our pencils and cut and cut and cut. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Boucher.

SENATOR BOUCHER:

Good evening, Mr. President. It's very nice to see you here today. Earlier we were celebrating for our country a triumphant day. Unfortunately, today

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we're celebrating something completely different when we're focused on the state of Connecticut and the state of its economy.

As mentioned just previously we're celebrating May 2nd as the latest in the nation tax free day. That's not something we need to be proud of. It's not something that we want to exacerbate. And a recent commentary that someone provided me talked about celebrating 20 years of zero job growth, higher taxes and a fading future. I don't want to think that way. Because I think every single person in this building is here because they really believe in Connecticut and they believe that we have to recreate an environment where businesses can grow and families can prosper.

And I do believe that Tax Policy and the Finance Committee is one of the most important committees we have. Because it can either -- that tax policy can either help Connecticut grow or it can hurt our economy. Because money is a great motivator of human behavior.

Unfortunately, runaway taxes and spending have a damaging effect on our state. And it has shown, because in the 20 years since we have enacted the state income tax, we've had no private sector job

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growth hardly at all. In fact, our high point was 1989. And no other state, no other state in the country has fewer private sector jobs in 2009 than in 1989 than the state of Connecticut. This is really a problem for us. The state isn't growing in private sector jobs and that's where the high quality of life for its residents and for its young people is provided.

And we have plenty of information, in fact, from our own offices that give us legislative analysis showing that we have a huge loss in the 25 to 45 year old category in Connecticut. That's our primary earning residents and public. And over this period of time, we've also seen that our population has remained flat as that job growth has remained flat.

However, not so in state government. And it is a dangerous predicament to be in when the very largest single employer is the state of Connecticut itself. As our revenues over that period of time have grown five percent, our expenses have grown 28 percent and our population in our state employee group has nearly doubled.

It is not sustainable. This budget doesn't really direct that -- directly challenge that. In fact, this

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proposal of over three billion dollars in increased taxes is on the heels of a 1.5 billion dollar tax increase previously enacted.

It raises our state income tax that used to be the envy of our country and our region to 6.7. And there's even individuals in this Legislature that want to take it to 7 percent. It wasn't good enough. In fact, they wrote a letter suggesting that we increase it even higher, just as we've heard other states have gone about reducing it because they know they're in a competitive environment.

And so many reports that we've had show, in fact, the only state that's really growing in New England is the state of New Hampshire who has very favorable tax policies. Just ask some of our seniors of where they'd like to move and what they're looking to do in the future.

We also want to raise the estate tax in this budget and eliminate tax exemptions on clothing. We want to not sunset the -- not sunset the real estate conveyance tax and we're 50 out of 50 in business friendly environment. I hate to see these headlines and we've seen them. We've been provided them. Our friends and neighbors and constituents will email them

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to us on a regular basis. It's either in some Forbes magazine or Wall Street Journal, New York Times, the nation's highest totals, state and local taxes, \$7,000 per capita, the second highest unfunded pension liability.

Another thing we haven't really discussed at length here, including an insolvent (sic) unemployment fund that is going to be directed, I'm sure, at our employers once again. The fourth highest state debt, \$7882 per capita.

Forty-five states have fewer health care insurance mandates than Connecticut. We have the second highest gas tax going towards maybe the highest again because instead of repealing the entire gas tax increase, we are keeping our percentage tax. Our gross receipts tax climbing even further, especially given how high our fuel taxes are today.

And there's too many publications that come out with the reports of least friendly to business, highest electricity tax. And again, a 9.1 unemployment rate, higher than the national average for the first time that anyone can remember. In fact, losing 6,000 jobs just in a previous month when there have been proposals on the table to close this gap

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without one increase in taxes. And when you're looking at a reduction in staff, you're looking at maybe a thousand or 1,300 per year in the next two years. When you're looking at a state that has faced a hundred thousand job losses, many within the company that I work for when I'm not here as well.

This is really difficult. And we don't have to look around -- I mean, we're not -- we don't have to look at the big companies, but we can look at Pfizer and Hamilton and others that have been reducing staff between 200 and a thousand just in the last recent year. When we look at some of the components of this and we talk about wanting to be open for business, one of the things that concerns me the most are the large tax, the corporation tax that was put in as a stop gap, that was supposed to sunset this year, of the corporation tax of ten percent.

Not only does this budget extend it rather than sunset it, it increases it substantially. And it flies in the face of being open for business. And how about the perennial \$250 business entity tax just for existing, not necessarily for doing business?

There are other areas of this budget that give us a great deal of concern. We're going to talk about

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the estate and gift tax because that's something that I really feel that we have concrete information that really shows whether people stay or leave and we have good solid data on it from our own Department of Revenue Services.

The luxury goods tax, a lot of people kind of skirt around that. They're worried about, you know, talking about a tax that possibly is geared towards those that are more affluent in Connecticut. By the way, those numbers of more affluent that this budget depends on are getting fewer and fewer. A lot of the demographic studies that I've been reading show that Connecticut in general is losing population at a much higher income and gaining the population that fills that gap of them leaving at nearly half of the income levels that we had previously.

But this luxury goods tax is a concern to me because it is one of two or three taxes that differentiates Connecticut right now in this proposal from any other state in the union. We don't want to be seen as the least attractive in categories, whether it's the only state for an electric generation tax or the only state for this luxury tax. Now I do see here it has been reduced from nine percent, the original

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proposal to seven percent. But nevertheless it still sends a message.

And although it may not hurt the individuals that buy these goods, it certainly hurts the individuals that work in those areas. We saw that so clearly when the national government decided to put in a luxury tax on yachts and boats. And it was easy to say, "Well, we're going to tax the yachts." That was in 1991. What happened during that time was that the entire boating industry took such a hit that the individuals that work in that industry, the carpenters, the painters, the individuals that rented the facilities, that lease it, were the ones that were decimated. And within very short order, by 1993, just a year and half later, it was taken out because the industry was so affected.

So you don't -- when you're targeting an audience, you have to consider those individuals that work in that area, that business sector and how it impacts them, the individuals at the lower end of the income stream.

The sales and use taxes that are in here do, however, reach all categories of individuals and I know it's uncomfortable for many individuals on all

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sides of the aisle. We can laugh about some of them such as pet grooming services or limousine services or, you know, cosmetic surgery which, again, as I mentioned earlier was an interesting exercise that other states have dabbled into and found that the return wasn't very high because -- in fact, 69 percent of the reduction of anticipated revenues in New Jersey, because in fact, it was a -- not a mandatory procedure but it was elective. And when you do something that's elective, if it becomes too onerous to do, people will reduce their consumption of it.

Yoga studios -- the things though, that do bother me are clothing and fabric purchases and yarn for people that actually make their own clothes. Or the tax on food, tax on non prescription drugs such as Bayer aspirin, over-the-counter cold remedies or so forth. These are things that affect everybody equally at all levels of the income stream, and do give me pause.

Now as I say this, I do and am pleased that, in fact, this does not do the irresponsible things that we were engaged in previously and that is borrowing, you know, for operating expenses, which was not a process you wanted to continue. It tried to keep our

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towns and cities intact. All of the proposals did that, including the Republican proposals.

However, I did not see any language in here yet to talk about the Legislature voting affirmatively on union contracts or giving necessarily -- well, there might be something in here on recessionary powers, greater recessionary powers for the Executive branch.

I call your attention again to looking at this a little bit more closely and reconsidering the various one of a kind taxes that Connecticut would be engaged in such as the luxury taxes and the tax on electric generation. And as well as the gross receipts taxes which are different than other places. We don't have just a 25 cent excise tax for your gasoline. And the removal of an increase their pales in comparison to that percentage tax that is slated to go up to 8.1 percent. Imagine how that will impact us when fuel has gone from \$2.50 to now it's reaching over four percent (sic) and some have even predictions that this summer we could be at the \$5 price per gallon, which would be devastating for a lot of families.

I know it's already affecting my family. I have young children that are out on their own and they've decided they can't come to visit that often on the

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weekend unless we slip them a \$20 bill for the extra gas it's going to cost for them to come over from New York. And so that has really cut into their disposable income in a very, very big way.

Now, there are going to be some suggestions, hopefully, that will certainly help later on this evening, that might give you all an idea that we can maybe do this without going back to our old ways.

I pointed out earlier that a bad direction is to take a sunsetted tax and expand it and continue it. And I'll tell you that is because the public is very suspicious of us. When we enacted the real estate tax it was to be a sunsetted tax. And this year, finally, they gave it up. They gave up that promise and basically said, "Well, you're right, it's become a permanent tax now, we're going to extend it and we're also going to increase it." So that is a problem.

Now, the issue I have with the income tax is that the vast number of people in our district do not understand that this is a retroactive tax, meaning that it is going to be assessed starting January 1, 2011. Now, when we finalize this budget somebody's paycheck, a lot of people's paycheck is going to see a great, big, fat deduction and it depends just how much

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it's going to be for them that a good portion of their paycheck may be much less than what they had anticipated. So that is something that I think we're going to need a great deal of attention to and some publicity around that so that individuals aren't caught short.

There is no question that in Connecticut we have an imbalance. We have an imbalance in many ways. We talk about our educational gaps. But we also have a gap in who pays the vast percentage. And every year we get to a point where there are fewer people paying taxes on one end of the spectrum and a much larger dependences on top wage earners. Right now we have the top six income brackets paying nearly 50 percent of the taxes of Connecticut. And worse yet, a quarter of our state paying nearly half of our taxes.

That dependence on that small group leaves us very room -- little wiggle room because just losing a small percentage of that will make a huge difference in our revenue projects and whether those will hold up. So I think we should be very cautious about how we go there.

We get the sense that from a lot of folks on our end of the state that talk about being the ATM machine

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for the state of Connecticut and are getting pretty upset about it. And they do have options and I've gotten so many emails from so many. I do have some border towns that I represent and some of them were just, although they could afford it, they were so annoyed at some of these taxes they said, just for the point of it, I'm going to cross the state line to have my hair cut when you had a hair cut tax in there. Or better yet, many of the other things that we were talking about here. They're really, really steamed.

You should also note however, that a good portion of these taxes do fall on the \$50,000 a year individuals to \$100,000 a year. And for those couples, combined income of \$100,000 or more, this adds to their already taxed bill nearly \$1,000. So we'd better be ready for the phones to start ringing and have a good answer for them.

I hate to end on such a negative note, but I think you're going to be very happy with our suggestions for closing this gap in a way that would not be so painful, in a way that would promote Connecticut and would really mean that we are open for business and that we do want to keep people in Connecticut and attract more, particularly young people. And they're

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only going to come here if we provide them with the right jobs. We can give all the incentives we want for business. We can give them all kinds of deductions and credits, but the bottom line, this is the bottom line, you can't tax your way to prosperity.

By keeping more disposal income in someone's back pocket, they can go to a store or a restaurant and spend that money and thereby increasing the revenues for that retail establishment and then they can hire someone else. That's the dynamics, folks. So I'm looking forward to some of those suggestions down the road and I hope you're having a good dinner. Thank you.

THE CHAIR:

Will you remark further? Senator Guglielmo, to be followed by Senator Welch.

SENATOR GUGLIELMO:

Thank you, Mr. President. I'll be very brief and I don't have any questions, but I would like to make a few statements on the budget.

You know, I'm very concerned, you look all around, not only Connecticut but around the world. In my lifetime, I've never seen fiscal mess like this in Spain, Portugal, Italy, Ireland. And then you come

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here in the United States on our federal level and then here on the state level, you know, it does give you pause.

And then this morning I did speak to some students at Cheney Tech before I came in. And basically the first question they had -- it was like question-and-answer -- and they wanted to know the fiscal situation in Connecticut. So I told them, you know, that budget deficit, if you looked in the New York Times, I think a couple of weeks ago, maybe four weeks ago, they showed states with the percentage of the budget in debt, we were about 19 percents. There were only seven states that were below us in the nation. There were some that hadn't reported, but it looked like about 45 states or so and we were seventh. Massachusetts, that we used to make fun of, they were about six percent of their budget in deficit. So it does make you wonder.

And then you look at the per capital debt, highest in the nation. You look at the unfunded liabilities, our pension plan. And here again, the New York Times had an article, only Illinois has funded their pensions in a poorer manner than we have here in

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Connecticut. That's the only state that -- we're 49th in unfunded and underfunded liabilities.

And as Senator Boucher mentioned, the unemployment compensation tax that's going to hit the employers this summer. I don't know if a lot of them are even aware that that's coming. But that's going to be a big number and it's going to blindside them.

And then - you know, you think about the opportunities we had when we had money coming in to pay down debt and do the right thing -- but this is no short term problem. This didn't just sneak up on us. But anybody who understands the free enterprise system just a little bit knows that you have peaks and valleys. And when we had those peaks, when we were raking in big cash from Fairfield County, I mean, about 25 percent of the folks that work on Wall Street, live in Connecticut, either Fairfield county or Litchfield county, usually. And in March and April of every year, they were paying, writing out big checks. And we got pretty comfortable with that and we spent it.

And I told this to the kids and I said, you know there's no bad guys in this. I mean, what we spent it on has a constituency, it has a following, there are

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people who benefit from the programs. I mean there's no doubt, there's no -- none of these programs are wasteful in and of themselves. But at some point, just like a family or a business, you have to see which of them is cost effective and which is not. And we just haven't done that.

And we're all in politics, we like to be liked. And people come up and they give you an idea and you have a tendency to want to do it. And, you know, that's a fine quality in people. But at some point it becomes unsustainable. And I think we were actually at that point a long time ago, but we just didn't do anything about it.

I was sure, though, this time we were. I was sure that this time that we would work together as adults and try to figure out how we're going to get out of this mess. And I watched the kids at Cheney Tech this morning and I'm thinking, "Man, they're a serious group." Good kids, all very attentive, good questions, but maybe I scared them. I was thinking about that after I got in here. I didn't want to be too negative.

But you know, these kids are -- a lot of them are going out to work next year, they're seniors. Some of

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them are going on with more schooling, but some of them are not. Some of them are going to go into the trades, which has about a 25 percent or 30 percent unemployment rate here in Connecticut. So they've got every reason to be serious.

And one of the kids ask me, he said, "Well, could this mess be caused by the bad winter?" You know, we heard of all the extra expenses that the towns had with the snow removal and all that and I said, "Boy, if only that -- if only it were that simple." Because, you know, most likely, next winter wouldn't be as bad as this one.

But, you know, I had a guy, a friend of mine did financial planning and he said, hope is not an investment strategy. And the same thing with our budget. Hope is not a strategy for us to run the government. We can't hope that it's going to be better. That's not enough. We have to make some structural changes, we have to change the system. We haven't done that.

And I can -- you know, I did town meetings with our -- a couple of state representatives. I did them in four towns. And they were from the House and one of the slides really caught me. It was a young

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couple, a police officer and a nurse, two young kids. And you know, I have a daughter who's a nurse so maybe that's why I got attention to it. We have a lot of police officers in our extended family. And they had the income up there, about \$100,000, what Senator Boucher mentioned. And they're -- it's going to cost them \$100,000 -- I mean, a thousand dollars additional, not a hundred thousand, but a thousand dollars of the hundred thousand for this -- for these new taxes.

And then one of the towns that I represent has a five percent increase proposed on the property tax. So if you're paying \$5,000 in property tax, which is pretty low in Connecticut, that's another \$250. and then we don't know what the feds are going to do to us yet. So is that another \$250 or \$500. So you could be talking about this young couple, the nurse and the police officer coming up with \$1500, \$1700 in new taxes. They just got a \$1500 or \$1700 pay cut.

And I understand that, you know, making cuts causes hardship. But make no mistake, raising taxes causes hardship. And the people that are in this slide, they have a job. So they're the lucky ones, they're working.

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But we've got an unemployment rate around ten percent and from what people tell me who know about these things, that's really an effective unemployment rate of about 17 percent, 18 percent, because you've got people who've stopped looking for jobs, so they're counted in. You've got people who have run out of the unemployment benefit so they're no longer counted. So you got an unemployment rate, an effective unemployment rate of 17 percent.

I talked to a -- you know, and I guess you could that with no job growth, no opportunity for these young kids. Kids going away for school for colleges, not even looking to come back to Connecticut for jobs because they know there's nothing here. It's just not a good situation. It didn't happen overnight. We're probably not going to solve it, definitely not going to solve it overnight, but I think I heard something on the radio about, you know, when you're in a hole the first thing you ought to do is stop digging. And unfortunately, this budget hasn't stopped digging. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator. Senator Welch.

SENATOR WELCH:

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Thank you, Mr. President. We heard from Senator Witkos that today is Tax Freedom Day here in Connecticut. And we heard Senator Boucher mention that we are the last state in the union to reach Tax Freedom Day. And to put that in perspective a little more, the earliest date is March 26th and the average date is April 12th. But at May 2nd there is no other state that reaches the freedom of paying their federal, state and local taxes after Connecticut. And what this budget does, it ensures that we retain that dubious honor even longer.

We've all heard the hue and cry to cut spending. Yet in spite of that, what we have before us today is a budget that spends more in Fiscal Year 2012 than we spent in Fiscal Year 2011. And beyond that, we are increasing taxes by more than 1.5 billion dollars without asking and answering a very important question before we do that. And that is this: What is that going to do to the job situation here in Connecticut? Because make no mistake, raising taxes will result in private sector job losses.

Other states that are considering this have done the research. In fact, in Washington, they're talking about a one percent increase in sales tax, which is

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going to result in 20,000 private sector job losses. We're going to do a quarter of that. I'm not sure if that's going to translate as an exact ratio because we haven't asked that question and we haven't answered that question. And it's something we ought to do before we pass a tax package to the magnitude of 1.5 billion dollars.

Another thing that gravely concerns me about this budget along the same lines is this. The Fiscal Year 2013 numbers, in my mind, are flawed. And they're flawed for this very simple reason. Nowhere in the analysis for Fiscal Year 2013 -- and I asked Secretary Barnes this question -- was there any consideration on the impact of pulling 1.5 billion dollars out of our economy. Nowhere. How many jobs are going to be lost if businesses have less money to spend because we've taxed them more? How many jobs are going to be lost because we have taken more money from the middle class through income and sales taxes? Secretary Barnes doesn't know. We don't know.

I also want to point out -- I think which is a very important point with respect to the budget that we're considering today and that is this. We've heard a lot of talk about this being the Governor's budget,

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but it's not. It's the Legislature's budget. In fact, what we have done is taken the Governor's budget and we've added 82 million dollars in spending and 259 million dollars in additional taxes. And what concerns me is that the budget that we voted on, the Appropriations package that we voted on in the Appropriations Committee is very different than the E-cert bill that we have here today.

Now some may say the numbers -- the concepts are the same, the numbers are slightly changed here and there and it's de minimis, but I would argue no, because any dollar we spend is a dollar we take from a citizen of Connecticut. And that is not de minimis at all. Which really, in my mind, raises my first question and I'm not even sure who to ask this to, Mr. President, but that is this.

Since the bill has changed since Appropriations and it hasn't gone back there. And I see that that's because it's an E-cert and since because there have been so many questions raised about the hospital tax, about spending, et cetera, why are we debating this today? What is the emergency that brings this up for debate today as opposed to a week from now or two weeks from now when we could have some of these

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questions? And through you, Mr. President, I'm not sure who the appropriate question is to ask.

THE CHAIR:

Senator Harp or Senator Daily, do either of you care to respond?

Senator Daily.

SENATOR DAILY:

Thank you, Mr. President. I think the answer is the same no matter who responds. The Governor asked us, first of all, to get this done as quickly as we could. Our leaders asked us and we worked very hard to accomplish just that.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Okay. And just so I'm clear then, in the parliamentary procedures of this body, that constitutes an emergency? Through you, Mr. President.

THE CHAIR:

Through this body, yes, it does.

SENATOR WELCH:

Thank you, Mr. President.

If I may continue, another thing that troubled me with respect to the debate that I've heard today is a

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lot of the questions that Mr. -- Senator Kane posed to Senator Harp along the lines of capital expenditures. Expenditures that in the past we have paid through General Funds, but now we are looking to bond.

And so what that says to me is even though in fiscal year we're saying to the world that we're going to spend 20.9 billion dollars, we're not. We're going to be spending more because we will be bonding for things we haven't bonded for even though it might meet the technical definition of a capital expense, it's something we haven't bonded for in the past. We will be bonding for it in the future. So we will be spending more than 20.9 billion dollars.

Now, if I may turn to some of the taxes that I find particularly concerning to me. And I'll start with the first one and that's the corporation tax. In my mind, this is a turbo charged tax. Essentially a tax on a tax. Just like when you're driving your car and the engine takes the heat coming off and sends it to the turbo so you get extra speed, that's what we're doing here by increasing this tax from ten percent to 20 percent. That's going to result in job losses.

Beyond that, Sections 93, 94, 97-126 and 127, the sales and use tax. Let's be real. We are an economy

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that is based on consumption. Consumption drives not only Connecticut's economy, it drives our national economy and consumption in America drives the world's economy. It's a truth. We shouldn't be tinkering with that if we're trying to turn our economy around.

The diesel fuels tax, an increase there is going to show up everywhere. Because -- let's face it, everything we buy pretty much comes to the store via a truck. Increasing the diesel fuels tax is going to increase the tax -- excuse me, increase the cost of everything we buy. Again, that will have a severe impact on taxes.

The conveyance tax. The real estate market is what drove us out of the last few recessions we've had. It's a leader. We ought not to be slowing down that recovery by increasing the conveyance tax.

The electronic (sic) generation tax. What more is there to say? We already have the second highest energy costs in the country. A lot of that has to do with taxes we already burden our energy generators and suppliers and consumers with. Here we are, we're going to increase it again.

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Mr. President, with respect to the cabaret tax, I do have a question, through you, to Senator Daily; if I might.

THE CHAIR:

Please proceed with your question.

SENATOR WELCH:

And that is this, Mr. President. I see that we're adding a three percent cabaret tax on admissions, food, drink, services and merchandise. Presumably some of that is already going to be subject to a sales tax, especially since we are going to be getting rid of the exemption for under \$50. And so my question is this. Does that three percent get added onto the 6.35 percent that we will be charging under this budget? Through you, Mr. President.

THE CHAIR:

Senator Daily, if you care to respond.

SENATOR DAILY:

Thank you very much, Mr. President. And through you, Mr. President, yes, Senator, it does.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

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Thank you. So my understanding then is that if you buy something at a theater venue you will be paying 9.35 percent. Far too excessive.

With respect to some of the points that Senator Boucher made, in particular, our income tax is very hard on the middle class. A family of -- a family filing jointly making \$100,000 to \$200,000 would be paying \$500 to \$1,000 in additional taxes next year, period. And to the extent that they had a property tax exemption, they will be losing if not -- they will be losing a portion of that as well.

If I can now turn to the spending side of the proposed budget, I do have a few questions, Mr. President, presumably through -- to Senator Harp with respect to some of the implementing language.

THE CHAIR:

Please frame your question.

SENATOR WELCH:

Mr. President, in Section 11 there's -- there is verbiage that -- I'll just read it. "The Secretary of OPM shall recommend reductions in expenditures for personal services for the Fiscal Years ending in June 30th, 2012 and 2013 in order to reduce the expenditures by 12 million plus dollars."

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Through you, Mr. President, is that the lapse that Senator Harp was talking about earlier in her discussion with Senator Kane?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President, it is the personal service lapse.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Mr. President, if I am to understand this correctly then, to find out how much we are actually spending, then I am to add up the numbers in Sections 1 through 10 and make a deduction for the numbers listed in Section 11 in addition to some other sections in the implementing part of this bill. Is that correct, Mr. President?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, sir, through you, he is correct.

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Senator Welch.

SENATOR WELCH:

Thank you, Mr. President and then if I might just follow that up, through you, Mr. President, what happens if the Secretary of OPM does not make those recommendations found in Section 11? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Mr. President, if the Secretary of the Office of Policy and Management fails to meet the numbers indicated in Section 11, then depending upon other aspects of the budget, there may be a deficiency.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President.

If I may now turn to Section 13 of the bill, Mr. President. And I see there that in Sections A and B we talk about the Secretary of OPM making adjustments to be approved by the Finance Advisory Committee with things like employee benefits agency costs, reductions

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including accrual payments. My question, through you, Mr. President, is it our intent to have Secretary Barnes make decisions as to who's going to be getting raises, who's going to be getting what benefits? Through you, Mr. President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Mr. President. Actually, the Secretary doesn't make the decision. The Secretary is responsible, though, for the operationalization of the decision or the implementation of the decision.

Employee benefits are handled under CBAC and there are agreements between the administration and the employees -- unions of our state.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President.

If I could now turn to -- if I could now turn to Section 46, Mr. President, which is on page 61 of 206. And through you, Mr. President, to Senator Harp, it looks like here we are taking \$500,000 from the Tobacco and Health Trust Fund and we will be spending

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it or transferring it to the University of Connecticut Health Center for the Connecticut Health Information Network. My question, through you, Mr. President, is this: Is the use of the money by the Connecticut Health Center and Connecticut Health Information Network related in any way to tobacco use?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. The transfer of the dollars to the Connecticut health Center for the Connecticut Health Information Network is related to health information. And I think that the nexus to tobacco is the health information that we can now actually achieve through this new system of information gathering that has been developed by the UConn Health Center.

THE CHAIR:

Senator Welch.

SENATOR WELCH:

Thank you, Mr. President. If we could just turn over one more page to Section 50 where we talk about taking \$500,000 from the Probate Court Administration Fund. And then we are planning to disburse it to a

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number of different funds such as the Kinship Fund, the Judicial Department and the Children's Trust Fund and Council. Is that something that we have typically done in the past? Are those funds supposed to be set aside for the operation of the probate court or is surplus there routinely treated -- let me back up. Is surplus there routinely taken and used for expenditures that might be somewhat related to probate issues? Through you, Madam President.

(Senator Stillman of the 20th in the Chair.)

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. Through you, Madam President. This year the Probate Fund lapsed eight million dollars. The chief officer of the Probate Fund came to the Appropriations Committee and indicated that they needed four million of those dollars to use as dollars to get their system started. So, as you know, their system assesses all of the probate courts in the system. And it starts out with zero amount unless we give them the four million dollar allocation. There was four million dollars left.

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When we inquired as to whether or not they had been -- those dollars had been calculated in the revenue portion of the budget, the indication was that they had not. And typically, the Kinship Fund is operated out of probate courts throughout our state and provides a little bit of help to those folks, whether they be relatives or not relatives who agree to be guardians of children in our state. And as it stood, all of the courts did not -- have not received that. So this million dollars actually allows the courts that have not been receiving kinship funds to receive those funds.

The \$35,000 that you see there is -- goes to children in placement to provide a program in Danbury for children who are in probate that may need a volunteer guardian ad litem.

And then we thought, well, if we can use -- there's \$500,000 for a male youth leadership pilot program to really help young people who may be at risk to being either in our juvenile justice system or having to for some reason come in contact with Probate Court, to set up a pilot program in the Hartford area, I believe, for this population.

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The \$800,000 was transferred from these funds to the Children's Trust Fund. That is the fiduciary for all of the programs that provide services to families who are served by our probate courts.

THE CHAIR:

Senator Welch. \_

SENATOR WELCH:

Thank you, Madam President. And I do thank Senator Harp for her concise answers, for her hard work. Being the chairperson of the Appropriations Committee is obviously a very difficult task, especially in the sense that you need to get your mind around 20 plus billion dollars in expenditures. And she's done a good job at that.

I would suggest, though, that if we are running surpluses with respect to what is being taken in by the Probate Court -- the court system, that we should look at the fees and whether or not we are charging too much.

And with that, I would just like to leave some -- a concluding thought. And that is this. This budget hasn't done what the public asked us to do. And that is to reduce the size and scope of government. And, in fact, what this budget will not do, which we really

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needed to do, is to set a path of bringing this state out of its economic malaise and to set a path that will once again result in job creation and job growth here in the state of Connecticut. Because I think in 2010 that's what we heard a lot of. Reduce the size and scope and create an environment that will create jobs in this state. Thank you, Madam President.

THE CHAIR:

Senator Kissel.

SENATOR KISSEL:

Thank you very much, Madam President.

I was sitting here and by the way, I've really enjoyed this debate. But I was trying to figure out, trying to figure out how to approach this issue. And I could drill down and get into the weeds here with some of these fine points. But I think I'll bring this perspective to our discussion.

This fall, all of us, most of us, were involved in campaigns running for reelection or maybe running for the first time. But we were definitely involved to some degree in community service and trying to represent the people that we wanted to serve.

On top of that, my family went through some other things as well. And I'll say at the outset I have all

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the blessings in the world. Love my wife, two great kids, they're healthy, we're all happy, that's the most important thing.

There's an old saying. If you have a problem that money can solve, it's not that big of a problem. But it's no fun not having money, either. So while we're running up to the election -- and they're always lots of fun for me up in my neck of the woods with a two to one Democratic registration. But that's okay. I've been blessed to have been able to represent my district for the last 19 years.

But towards the middle of the summer and then going into the fall, it became fairly apparent that the small business that my mother and father-in-law had been running for 25 years, Benedetto's Florist and Wedding Consultants, that they were just working 40,50, 60 hours a week just to pay the bills. It just -- just working and not making money, just to stay in business. And my wife had worked there for the last 20 years. It was a great small family owned business.

So imagine probably about two months from the election they decide to close their doors. And the last day they were in operation was the Saturday before the election. Just a pleasant time in my house

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in the fall. And my wife, Cindy, God bless her, knew that she had to go out and find another job in this economy. Hard. Hard. I'm not going to say that we're poor. But we need that revenue stream to pay the bills. And it wasn't like working for her mom and dad in something that they thought would go on and maybe even be handed down. The reality was, it was over.

Now luckily, she went out and she found a permanent part time job. And her employer is fabulous. Believe it or not, Brooks Brothers corporate headquarters is in Enfield, Connecticut. And she works in the call center. And she's met a lot of new friends and she's doing very well there and I couldn't be more proud of her. But it's not like what it was.

Our family basically went through what so many other families in Connecticut have gone through in the last few years. It's the reality. Things have changed. And you have to live within your means.

Senator Guglielmo, I think it's perhaps because his district and where he represents is up in my neck of the woods as well, we have similar perspective on

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things. I love the fact that he brought up Europe, international trends. Senator Frantz did as well.

We don't have to go very far to see what happens when you ignore spending problems. And if it wasn't for states that tend to -- and when I say states, I mean international countries -- that manage their money supply better than others, I think our friends over in Europe would be in a much worse situation.

When they bail out Greece, when they bail out countries like Portugal and Spain and they redo the finances -- Ireland -- if you don't have a country like Germany there, that's very tough with their spending, there's no money in that International Monetary Fund to support those other countries. It's not a question of being mean. You know, that's always been a dilemma of government that when we're in a recession, close to a depression, the public need is heightened right when the revenues go down. That's where we are.

But when I go out and I talk to my constituents, they say, "Cut spending." And I agree with all of you. That is the harder of the two choices. I'm not saying raising taxes is easy, but I think cutting spending is far more difficult. Because as many of

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you stated, we want to have people like us. Senator Guglielmo, again, stated these programs aren't necessarily bad. They have a constituency. I have a constituency. I have fought for things like Dial-a-Ride and Meals-on-Wheels and adult day centers that Senator Prague said. I don't want to hurt the frail elderly. But at some point we have to look at the numbers and say, it's just not going to work.

And the other part of that equation is absolutely correct. When you raise taxes you're also making a choice and someone's going to get hurt. Because they have a job and thank God they have a job. You may feel that it hurts less, but it hurts.

Up in north central Connecticut, in my district, we have an awful lot of middle class, hard working, two and three income families that are struggling just to make ends meet. And this tax increase is going to hurt them. We're talking about a thousand dollars. I'll go \$750, let's say the family's got \$75,000 in income. That \$750 comes out of all the other places that they might go shopping, the pizza place, the shoe store, the florist that used to be there. You name it. It trickles right down.

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I have been here in the Circle and I have heard folks stand up and say, "We want to bring Hollywood to Connecticut." And very passionately, people debated to give tax credits so that people can make movies here in Connecticut. And now we have expanded that so that we want them to have all their production equipment and everything like that in Connecticut. And I think that's great. There's plans that there's going to be like 500 to a thousand jobs in South Windsor. And so we know that if you create financial incentives businesses will come. And yet, when we argue that raising taxes will drive businesses out, people don't want to hear it. Well, if it works to bring businesses into Connecticut, it's going to work to drive them out.

Now, let me get to my district. Look at the things that are being raised. Gasoline continues to skyrocket and we're not adjusting the revenue stream to ease the burden. Cigarettes, alcohol, clothing, do you want to just -- you know, maybe the business up in Enfield is creating a busway. Instead of New Britain to Hartford, how about Enfield to the Holy Oak Shopping Centers up in Massachusetts?

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You don't think that my constituents are going to drive 15 to 20 minutes up the road to save over the course of a year, hundreds of dollars? You don't think they're going to do that? It's up 91. It's an easy drive. My package stores, I'm not even going to get into the whole issue of Sunday sales, yes, no, mom and pops. But I'll tell you one thing. You continue to raise the tax on alcohol, people will cross the border five minutes away to save that five bucks. They will.

Why? Because the economy is still horrible in Connecticut. Because people are struggling to make ends meet. I know that our Republican budget built in the assumption of a billion dollars in savings from the state employees. But I heard that there's an answer right around the corner as to where -- how that's going to shake out. And we're rushing with this budget -- and again, I know my town leaders want some finality. The Governor has stated that business leaders want some finality.

I sort of chuckle. I don't know if the finality that they're looking for is 20 percent taxes. When I talk to business leaders they just hate the unpredictable regulatory structure that we have in our

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state. You want to expand something or do something good and you're in business and you've got to deal with DEP or DOT or a bunch of those -- hard.

We had a company in Enfield just over the last year, huge expansion. Millions of dollars in construction, at least a hundred jobs. Privately owned, based out of Germany, scientific equipment, pipettes, things like that, high precision. You know what the quid pro quo was? It didn't get green lighted until they had assurances from each and every agency, local and state, that it could get done in a year. Otherwise, they're going someplace else.

And that town delegation had me on hold a couple of times. Because for a couple of times, it looked like there was going to be a snag. "Oh, the state traffic commission has to look at this. We're going to have to push it out a month so they can schedule it." No. No. That would have stopped the project, tens of millions of dollars and all those jobs. So you had to rush in there and call the right people and thank God it all worked. But that's our reputation.

Last year when I was chairman -- co-chair of PRI, we looked at surrounding states and what makes them successful. Yeah, we used to joke about Massachusetts

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as Tax-achusetts. Not the case anymore. They've learned from their history and they're making huge changes as to how they operate. And they've got one stop shopping for businesses. So that you go there, you want to expand, boom, boom, boom, it's like a portal, boom, take you all through.

We're just not learning. Whereabouts are we in the Atlantic Ocean? The Sargasso Sea, the doldrums. Connecticut, Land of Steady Habits. When's it going to change? It's going to change when people realize that their taxes are going through the roof.

And I don't know how it's going to be in Fairfield county, but I know how it's going to be up in my neck of the woods. I've been telling people all along. You're not having the right amount of money taken out of your paycheck.

This income tax increase is retroactive to January 1. I don't think that's changed. So that means when it kicks in, you're going to have to make up all that time that has gone by and also going forward so that you're at the right amount by the end of this year. And that's just for starters.

We haven't really changed our spending pattern at all. There are things in here that are, yes, cuts.

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They want to shut down a prison. As long as we have the appropriate inmate reductions and staffing ratios -- I will be monitoring that if it lands in my district. And it's my understanding that there's enough retirements in Corrections that they're still bringing employees on board to fill those open spots. But in other areas, the Section on Bonding, the amount of debt -- Pension Obligation Bonds, Fiscal Year 12, 80 million, Fiscal Year 13, 121. And yes, we have painted ourselves into a corner.

You want to come? Come talk to my constituents. They start asking what's going to happen in 2018 and 2019 when all of a sudden all of these underfunded obligations come home to roost. It wasn't that long ago -- and I think it was Moody's that they downgraded Connecticut going forward. They're watching us. They're objective. They don't have a dog in the fight. They don't have to spin it a certain way. And I read that ten-page report that they put together and they said we just don't take care of the stuff down the road.

And we don't do it here. It wouldn't be fun. It would be hard, hard, work to cut back. But it hasn't happened yet. And I've seen when the brakes get put on the car. See, I came in, I think, in part as that backlash regarding the imposition of the income tax. When there were tens of thousands of people in front

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of the state capitol protesting, when it was on everybody's lips, "Don't do it." And it happened.

Because I remember that's when Republicans were in the majority in this Chamber. And we actually led the nation in things like welfare reform and other things. And then it slipped back, slowly but surely, in the other direction. That's not to say that Democrats are bad people, my wife's Democrat, I love Democrats. It's not to say Republicans have all the answers, we don't.

But what I'm saying is I think the real change in the psychology of the state's going to be when this actually gets passed. And if those billion dollars worth of concessions aren't there and it's either layoffs or cuts to municipal aid or some combination of those two, it's going to be very interesting in this state. Very, very interesting.

I hope I'm wrong. I hope you guys are right. I hope this is the right -- I hope a year from now, we're all happy. But there's something in my gut that tells me that's not going to be the situation.

And if a Republican in New Jersey can do it and a purportedly fairly liberal Democrat in New York can do it, why can't we do it?

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That's why I can't support this budget. Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President, nice to see you this evening.

THE CHAIR:

Same here, sir.

SENATOR MCLACHLAN:

Madam President, through you, I'd like to ask some questions about Appropriations, through you, to the Appropriations chair.

THE CHAIR:

Senator Harp, prepare yourself.

Please proceed, sir.

SENATOR MCLACHLAN:

Thank you, Madam President. Senator Harp, thank you for all your hard work on this. I know this has been a long day trying to answer questions. But I have -- I have, I think, just two. I've listened intently to the debate thus far.

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In Section 154 of the bill before us, it talks about allowing the DSS Commissioner authority to implement policies and procedures while in the process of adopting regulations. And I wonder is that something new to Connecticut state government that we pass legislation and don't follow the normal regulation approval process? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, through you, Madam President. It is not new in the state of Connecticut and I believe one of the reasons that we've done it is that it can take up to five or six years to actually pass final regulations. And to allow a program to begin that creates savings in the biennium is necessary. And so I believe that's why you see that in our budget proposal.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President and thank you, Senator Harp for that answer.

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So for clarification, it could take four or five years to get regulations approved. That's one big red flag for me. But I guess my concern is what happens if the regulations don't get approved? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you. Through you, Madam President. The bill allows the Commissioner, as I understand it, to do interim regulations to operate without going through the regulation process. And so that means that he can begin to implement the program, July 1.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President, and thank you, Senator Harp. And so I guess that's really what one of my concerns is and I'm sensing through your response that this is not unique. But it seems to me that if we have a legislative process and then we have a regulation implementation process that obviously takes way too long if you're saying it takes four to five years. But we do have that process that includes

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public hearings and of that sort to flush out what the challenges are along the way. I'm a little concerned that it -- shortcuts may be ill advised. And so I raise that concern. And I'm concerned that we are perhaps making a habit of something that is not appropriate.

Through you, Madam President, to Senator Harp, in Section 22, it talks about adjustments by the Governor to maximize federal stimulus funding. Can you just shed light on that topic for us and share with us what is that -- how does that work and why would we want to authorize that particular section? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Madam President. I believe that this basically says that with the approval of the Finance Advisory committee, and as you know, legislators sit on that committee as well as representatives of the constitutional officers, that the Governor can maximize federal funding available to the state consistent with relevant federal provisions of law.

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And I'll give you an example of something that occurs in this budget. We had held off paying our nursing homes for about one month. In this budget what you will see is that we are paying that month on time, which will allow us to receive an enhanced federal match for Medicaid. And I think it's at about 61 percent. Now if we waited and paid it late, we would get 50 percent. But I believe that giving the Governor these tools as we've given him in this budget, in this particular case, that we're earning more dollars of -- from the federal government that we're entitled to.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. Thank you, Senator Harp for that answer.

So I think that's a good positive way that this process has worked. I understand the oversight of fellow legislators on the panel to review these things, but here is my concern. It's my understanding that the stimulus funding and much of federal government funding that comes through the states has very deep hooks in that they require state government

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to do certain things to accept new funding. And my concern is what if the stimulus funding that we're talking about or a new federal program that we're talking about will give us more money in the particular year that you're looking for, which is why I understand you're saying that Section 22 should be present, to allow the Governor to maximize federal stimulus funding. What happens if there are hooks that go with that money that further obligate the state of Connecticut in future years, beyond what the current levels of spending are now?

That's my concern is that this process in Section 22 does not fully vet through the legislative, the full legislative process future obligations of Connecticut state tax payers to accept federal stimulus funding. Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Through you, Madam President, I believe that sub B relates to subsection A and it indicates that the Governor is required to present a plan for any such adjustment permitted under Section A to the Joint Standing Committees of the

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General Assembly having cognizance of the matters relating to appropriations and the budgets of state agencies and finance.

And so what that would do is require that the Governor present a plan to the Appropriations Committee and to the Finance, Revenue and Bonding Committee so that at least -- and if you take both of those committees into consideration, that's over two-thirds of the General Assembly -- would have at least some knowledge of the Governor's plan. And I believe that if they were concerned about the direction in which the Governor is going, that there would be an opportunity to call leadership and to address that matter through calling ourselves into special session if it's that egregious.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. Thank you, Senator Harp. Well, I guess I wouldn't call my concern egregious. Certainly, my fellow legislators are very attentive to detail and are very dedicated to what they do. I wouldn't call into question anyone doing their homework.

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My concern, though, does remain that we need to have a full vetting process whenever we're going to talk about increasing dollars that come from Washington, DC, to Connecticut state government if and when those funds, those grants, require Connecticut state tax payers to spend more money. And it seems to me that that kind of an obligation, which is a long term obligation in most cases, should be an issue for a full vote of the Connecticut General Assembly. So I just have a problem with those two, couple of issues that I think that should be given attention in the future here in this Legislature.

You know, I've listened intently to the debate for months now since the Governor introduced his budget. I attended his town hall meeting in Danbury. I conducted two of my own town hall meetings in the Danbury area, in Fairfield with my fellow state representatives and I got a clear message from the people that I spoke to, both at the town hall meetings and through email and phone messages to my office and to my home, everywhere I traveled at events in my community over the last several months. And I heard a very clear message that I don't think this Legislature has heard yet.

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The message is this: everyone in their homes has cut spending. In their businesses, they've cut spending. But state government didn't get that message. And I'm confused why. I'm confused why the Governor's proposal talks about -- it proposes a record tax increase, the largest tax increase in the state of Connecticut's history.

I'm wondering why this Legislature, in the budget proposal before us, who fine tuned the Governor's budget, has not listened to what people are saying on the street. It doesn't matter what town we come from. My home town is Danbury. I live in the center of the city in a blue collar neighborhood. And my community is very diverse, both in population, but in earnings. But I'm still hearing the same message. Whether they live in an 8,000 square foot home that's worth, you know, a couple of million dollars on waterfront at Candlewood Lake or they live next door to me in a two family home, renting and struggling to keep a job, the same message. Government spends too much money. So why won't Hartford get the message?

What's going on here? It's very clear. This budget spends more money in the next two years than we did in the last two years.

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Connecticut's not competitive. Economists tell us that. National trade publications tell us that. The ratings agencies tell us that we're in trouble with the amount of debt that we carry. Other publications say that we're anti-business. Some say that we are not friendly to retirees and hence the reason why people can't wait to get to Florida, Arizona, Carolina, where my sister went for her retirement, Georgia, other places that are more friendly to retirement. Aside from the fact that it's a rotten winter that we had this past year, but it's a cost of living issue for the retirees.

This budget goes after people who like to spend money, too. The luxury tax, the sales tax. The sales tax, I think, impacts the Danbury Fair Mall. The largest enclosed mall in all of New England resides in Danbury. And it's only two and a half miles from the New York border. We're told that nearly 40 percent of the sales at this facility come from New York residents. So if Connecticut sales taxes are creeping up, are we going to lose sales to the New York residents that currently spend so much money there?

The sin taxes, alcohol, tobacco, is another issue of concern for the store owners on the border towns.

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In Danbury we have 27 package stores. None of them except for one wants Sunday sales. All of them are very concerned about the increase in the taxes on alcohol because it is very simple for someone to jump in the car and take a 15-minute ride, a ten-minute ride for many residents in the area to a New York package store to save money. Kind of hard to believe that New York was always way above Connecticut in taxes, but no longer, especially after this budget is implemented.

Cigarette taxes the same way. The gas stations that we have on the border in the Danbury area, same thing, sell gas, going to be more expensive than New York, sell cigarettes, going to be more expensive than New York. So what does that mean? We're losing business.

The electric generation tax just seals the deal that the state of Connecticut will continue to have the highest costs of electricity in the United States of America. It's a bad idea. Businesses have left the state of Connecticut for many years because of the costs of manufacturing and running their equipment. And one of the biggest drivers of cost in Connecticut for manufacturing is the cost of electricity, next to

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the numerous taxes that exist here on businesses,  
which are all now going to go up.

I'm very concerned about the tax on hospitals.  
It's 2.7 million dollars to Danbury Hospital. Now I  
like to think that Danbury Hospital is one of the best  
run community medical centers in all of New England.  
We're very proud of Danbury Hospital. We're very  
proud of what they've been able to do and now merge  
with New Milford Hospital. There's some expansion  
plans there to deal with the growth in the services  
they're providing.

But 2.7 million dollars means jobs are going to go  
away in the health care field in Danbury, Connecticut.  
So there you go again. It's government increasing  
taxes and really killing jobs. We've got to find  
another way for you to balance your budget without  
putting pressures on good institutions that are  
running well, that are paying a fair wage, that are  
running efficiently and now we're throwing them  
another 2.7 million dollar bill.

There's a new user fee for providers of care to  
individuals, quote, with mental retardation. Hello,  
Connecticut government. We haven't used that  
terminology in several years. So first of all, would

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you fix that name because we just don't say that anymore.

Second of all, is that really a tax on nonprofit organizations that are running group homes very efficiently? Like Ability Beyond Disability in Connecticut and New York? That is a Bethel based organization, founded by a dear friend of my mother's to help people with mental disability. Is that really what this is doing? That a nonprofit organization that's running well now because they generate some revenues from the federal government has to pay a tax to state government? And I saw a footnote somewhere along the way in the budget document that says, "Oh, but that's really going to mean more money to them." I don't think so.

We have nine percent unemployment in the state of Connecticut. I heard Senator Guglielmo say that that's probably not a real number. And I can say in western Connecticut, it's not a real number because we don't take into consideration the person who has spent 20 years in a career who has lost their job and now works part time at the Danbury Fair Mall for minimum wage. People are struggling that way.

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I don't think the unemployment numbers take into consideration the self employed contractors and I think realistically the unemployment number in Connecticut is certainly at least 17 percent that Senator Guglielmo says. I've heard other economists say that it could be over 20 percent.

So last month, Connecticut lost 6,000 jobs. But in the details of that jobs report what's amazing is government increased 600 jobs. What's wrong with that picture? You know, we as politicians say that we would like to be helpful in creating jobs. I guess that's an example where we created jobs.

But that's not, I think, what any one of us really are talking about. When we talk about creating jobs, I think we should be talking about getting out of the way of the private sector so they can move forward and be successful and create private sector jobs.

I'm hopeful that some of my colleagues who might be on the fence on this budget idea will think long and hard because I'm told -- although the leadership has talked about they have the votes already - I'm told that if just a few of you say no, who aren't already thinking about saying no to this idea, that we can actually push this budget back to whittle away

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some more at the largest tax increase in the history of Connecticut.

We must push it back. The message is clear. Connecticut residents have been very vocal about this budget. Cut spending, stop the tax increases, live within your means as we are today. And then as you move forward, figure out ways to be more creative, more efficient in state government. And continue to cut spending and reorganize state government, truly reorganize state government, so that we can be smaller and nimbler and still deliver the good services that state government is expected to deliver.

It's kind of hard to believe that if you look at the state government of Connecticut before the state income tax was implemented -- Senator Markley's attention just came -- just perked up -- before the state income tax was implemented, the number of employees in state government had doubled. What's that tell you? It tells me that we had a cash cow created with the income tax and every year, like Senator Guglielmo says, we figured out a way to spend all the money coming in. You can't run a business that way, why do we run government that way?

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In business, when your revenue grows, you grow the business to create more jobs. Well, I guess that's what we did in government. We created a whole bunch of more government jobs. But I don't think that's the way to go.

I think with this economy we have to push back. Our residents have asked us to and I urge this esteemed group of state Senators to rethink your rush to approve the largest tax increase in the history of the state of Connecticut.

I urge you to rethink your decision. Thank you.

(The President in the Chair.)

THE CHAIR:

Thank you, Senator. Will you remark? Senator Markley.

SENATOR MARKLEY:

Thank you very much, Madam President.

You know, I've probably been quieter since I have been elected to the Senate to this term than might have been expected from my immediate background. And I -- perhaps I was quiet when I was here before. Senator Musto can tell you I have been -- I was quiet on the committee. I was treated with such courtesy

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that I was able to make my point and felt no need to create any -- to stir up any difficulty.

When I was here before we had the votes. And obviously, when you have the votes you don't have to talk. And so I didn't speak too much then. And I found generally that if I keep my mouth shut somebody will say what I wanted to say anyways and it doesn't have to come from me.

But this is the moment in which I've been waiting to speak. And with your indulgence, I'll go on -- not an epic length, but I'll speak my mind thoroughly on this issue and in the course of the evening.

I think it's the most important issue that we are going to have before us during this term. That this vote tonight is the defining vote of our two years here. And it's a vote that's going to affect the future path of the state for many years to come. And let me speak about this budget and about this tax package at a little bit of a distance.

A frustration I've had in the Legislature, a frustration, a concern since I've been back here is the feeling that we have been increasingly drawn into the minutiae of the process and that our only purpose as legislators is to be able to take a broader

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perspective on things. We're not experts. I was chairman of Human Services, I'm ranking member of Human Services, my training was in, as much as anything, English Romantic Poetry. It doesn't have an obvious application here at the capitol. There's no committee that deals with it although I could do a very fine job if there were. But I do the best I can. I'm a quick study and I don't mind being in rooms all day long with people who know more than I do, because

- I can learn and question them and engage with them.

But I think that our duty is to have a distance and to look at things in a broader way because otherwise we bring nothing to this office. And I think we have lost that vision, drawn into the process and drawn relentlessly forward by the momentum of the process without focusing on where we are headed as a Legislature and where we are headed as a state.

And I say that only we can do that. Only the Legislature and above all, maybe only the Senate. The Senate, if any place, should be the body that has the greatest perspective, the greatest detachment, the greatest concern, but the greatest ability to look at things in the broadest perspective.

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And instead, I believe we are acting today in unbecoming haste. I've had occasion in my rallying experience over recent years to quote Lincoln frequently because I always feel like it increases my eloquence percentage in my speeches.

But let me say what he said in what might be his greatest speech. Not his most famous speech but his most fascinating speech, his most important speech, the speech where he did everything he could to prevent the Civil War at a critical moment in our history, the first inaugural address. A brilliant proposition where he laid out at length how we could not move relentlessly forward into a mistake.

He said, "My countrymen, one and all, think calmly and well upon this whole subject. Nothing valuable can be lost by taking time. If there be an object to hurry, any of you, in hot haste to a step which you would never take deliberately, that object will be frustrated by taking time, but no good object can be."

No good object can be frustrated by taking time. No good budget will be held off by waiting. In the case of Lincoln, those South Carolinian hotheads couldn't be held back and were convinced they knew

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what had to be done and they struck. And 600,000 lives were lost as a result of it.

What we do today, I hope, will lose us no lives, but I fear it will lose us jobs and will affect the lives of those whose jobs are lost and will affect the state for many years to come.

We congratulate ourselves on the speed with which we move, with the fact that the budget is before us earlier than it ever has been. But wither do we race? That's the question. Not the velocity, but the destination. Are we going to the right place with this budget?

When I was here before I can remember at the end of the session the sense of celebrating the triumph of the process. And even then, I felt a little queasy about it because I didn't feel that the process was working right. We had a Republican majority in those days and the Republicans did wrong. We raised the budget because we had the money to spend. And when we passed control of the Legislature back to the Democrats, they raised the budget more. And I don't blame either party. I know that my Democratic colleagues will say that they inherited a mess. And there's no question that they did. And I say that

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there's enough blame to go around for both parties.

The question is what are we going to do now? Who will the blame fall on now?

With all respect to those who have prepared this budget, and to Senator Harp who I think has done a very good job, who has behaved intelligently and graciously throughout the process, I don't think it's a good budget for the state of Connecticut. Not that enough work wasn't put in by the leaders of the Appropriations Committee, by the excellent staff of the Appropriations Committee. I think they did all the work and more that needed to be done. But I think the vision is wrong. I think the direction it's taking us is wrong.

No budget which requires the largest tax increase in state history can be considered a good budget in my opinion. And it is not what people want. I think we've all heard that. I know -- I had a town hall meeting in my home town of Southington, had perhaps a hundred people there. Not targeted to bring out Republicans and I don't know that I did particularly. But almost to a man, the cry that went up was "Cut spending." And "How can you not cut spending?" And "What are you thinking by considering a tax increase

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under these circumstances?" And "What am I supposed to do? How am I going to pay my bills? How am I going to pay my mortgage? How am I going to keep my business going? Where am I going to find a job if you keep going down this path?" It's not what the people want.

And we have tax rates, percentages, charges that the government takes. In good times, when I was here before in the mid-eighties, it means that revenues increase and government can consider doing more things. And government can cut taxes and government can create incentives. And in bad times, revenues are going to decrease. Senator Kissel said it's a -- it's something of a two edged sword that the revenues go down in some ways just at the time the needs are greatest. But we have to remember, too, that the revenues go down at the time that the needs of the tax payers are greatest, too. It's right that the revenues be reduced at those moments.

We have to learn to live with those tax rates. We have to write a budget that's based on what our revenues are and we have not done it. We have to go a different way. Senator Crisco has on his desk here that I see every time, another favorite man of mine,

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Emerson, saying, "Do not go where the path may lead, go instead where there is no path and leave a trail."

The path is leading us to this budget. Current services. The sense of taking what we've been doing in the past and extrapolating forward into the next year. That's the path we should not take. We do need to blaze a new trail.

This is going to be the first budget in over 20 years that was put together entirely by the Democratic party, a Democratic Governor and a Democratic legislature. And it's also going to be the largest tax increase in state history. I want to ask my Democratic colleagues if that is the legacy they want to write for themselves on resuming control of both branches of the state government. It doesn't have to be.

Senator Kissel also said the Democrats and Republicans can both be right and wrong. You look over the history of the country, I think it's "pick 'em," between which party has been right or wrong more. It's "pick 'em" which party stands for what. After all, the Democratic party started as the party of state's rights, individual responsibility and an opposition to government spending. That great

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Democrat, Andrew Jackson, retired the national debt almost. He left office after eight years with a \$33,000 debt.

The Republicans were the party of internal improvements and a strong federal government. We've completely switched places. So it's not a matter of party. It's a matter of us here as individuals and our understanding of what it is possible for us to do. And what the state of Connecticut needs for us to do.

The Democrats have led the way on the budget in other states. We've heard reference here to what was done in New York by a governor with the best liberal DNA, I think, in the United States of America. But he saw that we couldn't continue -- he couldn't continue down that path. His state will benefit. And our state will be hurt all the more if we go in the other direction.

We still have time. The fact that we're talking about passing this government -- this budget so early underscores the fact that we have five weeks before the end of the session. We read in the paper today that a budget deal might be a -- that a deal on the concessions might be done by Wednesday. Why do we

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rush forward into passing a budget when that big missing number might be available to us that soon?

The people would thank us if we waited. We make a mistake when we do not listen to them.

I can't talk about this -- Senator McLachlan said I perk up on the mention of the state income tax. You know, it's funny. I'm such a relic. I was already well out of office when that passed -- when that tax passed in 1991. But I was very involved. The rally that is so often mentioned, that I remember so well took place two months after the tax passed. Because it wasn't until the tax took -- passed that people really saw what was coming. We make a mistake when we rush the process so that the people cannot be heard properly.

And I fear that we do that tonight. That one of the reasons that we're here early is we don't want opposition to this tax to grow in the districts. But if we put a top on that, it will only cause the pressure to rise and it will add to the cynicism that our constituents have already towards the political process, who look at what we're doing and shake their head and wonder why.

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We've heard reference tonight to Tax Freedom day today. Ironically, Tax Freedom Day. The latest in America on May 2nd. And it's been the latest for awhile. When will it end? How long do we have to drive it? When will government have enough of our money? I say we have enough now. We have to learn to live within us -- within it.

According to the book of Genesis, four thousand years ago, the Lord instituted a tithe with Abraham, told him to give ten percent of his goods to that most mysterious figure, Melchizedek. And for four thousand years, the Lord has stuck with that ten percent. He has never asked for an increase.

We should emulate him. We should pick a percentage that we're going to take from the hard earned labors of of our constituents and stay with it and learn to work with it. And if we are against taxes, as almost all of us are on one level or another, the time to oppose them is when they are wanton, not the rest of the time. The time that you need to fight them is when they are proposed and demanded and when the momentum is in their favor.

If you are against tax hikes in principle,

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today is the day to vote against them, and this battle is never over until that vote is cast. I will vote against this budget and I will continue to speak against it in the course of the evening, and I hope that my colleagues on the other side will consider what they're doing. And I know they care as much as I do about the good of the people of Connecticut. I'm no cynic about that. I think that -- I think that our motives all around this circle are good. I ask them to think about the impact they have on the economy, on the businesses that this state so desperately needs and on the families which we represent.

Thank you very much, Madam President.

THE CHAIR:

Thank you very much.

Senator -- Senator Kelly.

SENATOR KELLY:

Thank you very much, Madam President, and good evening.

THE CHAIR:

Good evening, sir.

SENATOR KELLY:

I am extremely privileged and blessed to

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rise this evening as a representative of the citizens, neighbors and friends that reside in the towns of Monroe, Seymour, Shelton and Stratford. For the past three months since the Governor announced his proposed budget, I've had the opportunity to take that budget and go to the four communities and have town hall meetings. I've also gone to senior centers. I've gone to parents councils. I've gone and met with local small businesses, be they pharmacists, hospitals, manufacturers, truck drivers and car dealers. I've met with local officials and local school boards. I've met with the man who pumps my gas, talked to people waiting in line for coffee in the morning, the man that I buy my morning newspaper. Wherever I go, whether it is a church, walking the dog around the block, wherever I happen to meet someone, and query them, What do you think?

And what do think the response was? Not one person that I met with told me that the State doesn't spend enough and that they are taxed too little. Let me say that again. In the three months, in the hundreds of people that I've met,

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no one has asked me to come to Hartford to spend more money or to take more out of their pocket through taxation. Yet, that is exactly what this budget is going to do. It is going to increase spending. It is going to be the largest tax increase in Connecticut's history, and it has almost a billion dollars.

Not only do we have \$3.2 billion deficit, but we have almost a billion dollars' worth of new spending in the budget. Largest tax increase, a billion dollars' worth of new spending, that's an old fashion recipe of tax and spend that has gotten us into this mess to begin with. And the problem that I see and that I am frustrated is because I am relatively new, elected in November. I have only been here a few months, but I am frustrated in the sense that I expected to come to Hartford and find sound public policy.

That we would look at today's problems, see the effect and then deal with the root cause of those problems so that we don't continue to revisit the past but, yet, we were in this situation going back in time. That's why we got

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the income tax and here we are again continuing to spend and continuing to look to Connecticut residents to spend their money.

I think it's the way you come to the equation. How do we view the citizens' money? I know how I do. I view it as theirs. And I believe they view it as theirs but sometimes when we look at it, we see government views the taxpayers money as its own. And we start to hear comments, like, we can't afford a tax cut or if we're going to give a break to the taxpayers, that's a tax expenditure.

I know how the taxpayers in my district view their money. They view it dearly.

And when we look back over history, since 1987, the population in the State of Connecticut has increased a mere 9 percent. Inflation has grown 90 percent. How much do you think State spending has increased? 287 percent. Wouldn't it be nice if all of our salaries increased 287 percent but it hasn't. And what was once a \$1,500 burden to every taxpayer in the State of Connecticut has increased to almost to \$5,300 tax burden. And the middle-class today in the State

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of Connecticut is crying and screaming "uncle, give us a break."

So where is the common sense? As I look at this budget, I see that there's DSS. There's -- we are going to transfer in the first year, \$2.75 million; and in the second year, \$3.4 million from the Tobacco and Health Trust Fund to DSS to support smoking cessation programs. And then we are going to turn around on the revenue side and tax smoking cessation products. So we are going to encourage people to quit smoking and then tax them on the products they need to do so. Just a casual observer watching the process.

Another section of the budget is going to permit DSS to make advanced payments to nursing homes, to give them the ability to help them. The government is going to help them managed cash flow. As a matter of fact, late last week, we saw four nursing homes in Connecticut are closing because they are going bankrupt. And then on the other hand, we are going to tax nursing homes and levy a provider tax that is going to take almost \$60 million out of the industry. You want to help that industry with its cash flow needs?

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Leave the money in the industry so that we don't lose more nursing homes. And we don't lose more jobs because when I was elected that is what the constituents said to me that job one in Connecticut should be to keep the jobs we have and then start looking to help grow new ones. This budget, unfortunately, does neither.

Now, let's turn to what it's doing to our middle class. We're going to increase the income tax, starting at earners -- a single person at \$50,000, 50; a married couple at \$100,000. Once again, taxing people at a very -- \$50,000 in Connecticut is very, very, easy to get to. We're going to put tax on clothing. Even if you decide you can't afford to buy your own clothes, you want to make your own clothes, we're going to tax that endeavor. You can't even knit a -- your own pair of socks without getting taxed on the yarn to make your socks. We're going to tax nonprescription drugs. So when your child catches a cold and you need some Tylenol and cough medicine, the government is going to come and take a piece of that transaction. We're going to tax our electricity, as if our

electricity isn't high enough. The only state that has a higher -- a tax on -- or a cost on electricity is Hawaii.

The budget doesn't reinstate the property tax credit to its full amount. And basically, if you're a middle class family in the State of Connecticut, you're going to pay more than \$1,000 in extra taxes this year and next.

Now, I'd like to turn to a -- to a subject that's near and dear to me, which is dealing with seniors and home care. This budget, and as I said, I went to the senior centers in Seymour and Monroe, Shelton and Stratford and the response was the same. They all said do what you can because we want to stay home. In the more than 25 years that I've been involved in dealing with senior issues, I can count on one hand the number of individuals that want to go to a nursing home so nobody wants to go.

And then, second, when you look at it the cost of it -- the average cost of care to the State of Connecticut in a nursing home is \$8,500. The average cost of home care is 2,500 so staying home is cheaper to the taxpayers. And then

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studies have shown that the care received by loved ones and family members is better than that received in an institution. So if nobody wants to go, it's cheaper and arguably better, why can't we get there? Why? It makes sense. And then you see a document, like this budget, and you start to come to the realization as to why.

Now, talking about finances, the Connecticut Commission on Aging produced a report that I saw last -- last year in the fall. Where it said if we can rebalance our long-term care dollars away from institutional to home care, we could save as much as a billion dollars, a billion. This isn't chump change; this is a lot of money. Yet, what are we doing? We're creating a system and a structure that's going to put more pressure on our seniors to go to institutional care.

In 2009 to 2010, we had a reduction in the number of individuals in nursing homes. Yet, this budget looks to repeal not only 10-73 but also looks at the Connecticut's Home Care Program and asks seniors to contribute more toward the cost of their care.

Back in 1988, Congress passed what is known

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as the Medicaid Catastrophic Coverage Act, which leveled the playing field for seniors. Prior to that what happened when somebody applied for long term care, regardless of whose asset it was, the individual that was applying is who the state Medicaid agency looked at. And that Act wanted to level the playing field. It looked at marital assets and the aim of it was to help the community spouse.

And I want to read a quote from Congressman Henry Waxman, who in supporting that bill stated, "in this bill, we reduce the risk of financial devastation from nursing home care by providing that the Medicaid program allow the spouse of a nursing home resident to retain enough of the couple's income and resources to continue to live in the community. No longer will a wife be driven to choose between poverty and divorce if her husband enters a nursing home."

Now, it's interesting that Congressman Waxman used in this statement "the wife" as the community spouse because, when you look at the general population, it's 50/50, roughly, men to women. Yet, if you walk into a nursing home,

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you're going to see that the census population in a nursing home is 85 percent female. And is that just because men don't like nursing homes and aren't going to go? No, it's because, actuarially, we age faster but we also get to age in place. So when we look at taking away opportunities to allow both spouses to age in place, we're not doing that to the first spouse to get sick, we're doing that to the second spouse, which is often the female.

This budget seeks to repeal Public Act 10-73.

Madam President, I do have a question for -- on the appropriation.

THE CHAIR:

Senator Harp, prepare yourself.

SENATOR KELLY:

I see that the -- the budget states that there will be a -- almost a \$30 million savings. It's 29 million in the first year; it's 30 million in the second year.

Where are those savings coming from?

THE CHAIR:

Senator Harp.

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SENATOR HARP:

Thank you very much.

Through you, Madam President.

The savings come from disregarding less of the assets that the community spouse has. And it rolls us back to -- we changed that asset level last year and it rolls it back to the previous level. And that's what creates the savings, as I understand it.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

The asset limit, as it is now, is a \$109,500 and some odd dollars and what I think the administration wants to do -- or seeks to do is to divide that in half but what -- am I correct in that?

THE CHAIR:

Through me, Senator.

Senator Harp.

SENATOR HARP:

Thank you very much.

What it does -- and I don't know whether or not it's in half or not, but it rolls back to the

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asset level that we had prior to making the change that was enabled by federal law.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

I don't understand how that would be a savings. All that does it -- it changes an asset limit for participation in the Medicaid Program. How would that save money?

THE CHAIR:

Through me, sir.

Senator Harp.

SENATOR HARP:

Through you, Madam President.

THE CHAIR:

Thank you.

SENATOR HARP:

What that would mean -- through you, Madam President.

Is that if you had assets that are over that level, you would have to spend down those assets by paying for your spouse's care in the nursing home prior to your spouse becoming eligible for Medicaid reimbursement for nursing home services.

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THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Is -- through you, Madam President.

Is there a requirement in federal law during the spend down to spend the money on nursing home care?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

There is a requirement that the State will not pay for the care of your spouse as long as you have had over the past five years an asset level that is higher than our state law -- that our state law approves of.

So basically, what we're doing by going back is that we're lowering the level of assets that a family can carry and have the State pay for -- for the care of the loved one in the nursing home. So, ultimately, what that means is that either the nursing home picks up the cost or a family member, outside of the spouse, picks up

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the cost but the state will not pick up the cost until the assets are spent down to an amount that the State has through statute or regulation approved of.

Now, it -- we were allowed to go up two years ago and we're going back to where we were, and it created a savings as you point out of up to over \$30 million.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. I understand that as part of a spend down, whether the number is 109,000 or, for sake of argument, 50,000. If we spend down to whatever the number that is, you're going to be eligible at that point for Medicaid benefits to pay for your long term care. As you know, keeping in mind, Senator -- Congressman Waxman's statement that the purpose of this area of Medicaid is to prevent this impoverishment of the community spouse.

So if we reduce down to whatever that limit is, how do we achieve a purported savings by changing an asset limit from 109 to something

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less than that?

Through you, Madam President.

THE CHAIR:

Thank you.

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

I believe that I answered the question. I'm  
-- I'm thinking that the gentleman believes that  
-- that based upon reducing the liquid asset  
level that we would have impoverished the  
community spouse.

Well, prior to increasing the asset level, I  
know of a -- no concern that our asset level was  
so low that we, in fact, did that. One of the  
things that we still allow is for the community  
spouse to maintain the family home. And so the  
-- we're talking about liquid assets here and --  
\$50,000 in my district, frankly, would be a lot  
of money.

Through you, Madam President.

THE CHAIR:

Senator Kelly.

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SENATOR KELLY:

Thank you.

The point that I'm raising is that under federal law, as well as department policy, that as part of a spend down, there's no requirement that the spend down money be paid to a nursing home. One only needs to spend for value and that will not result in any purported savings in the Medicaid program by changing the asset limit from 109,000 to something less than that. What it will do, however, is that it reduces the amount of assets available to the community spouse, and it accelerates that individual's admission to a nursing home because they have less money to help pay their bills and their costs of living and probable home care costs because, as I said before, when the father goes into the nursing home, mom takes care of him.

So men, for the most part, age in place, but when mom goes through that exact same aging process there's no one there. So unless there's a champion in the community to be there for her, she's going to have to pay someone to provide those services, which are very expensive, as are

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our taxes in the State of Connecticut, not only locally but at the state level so we need every single penny we've got to help the community spouse remain in the community. And, quite frankly, I don't believe this budget does that.

Furthermore, when we look at the cuts to the Connecticut Home Care Program in asking seniors to pay a co-pay, 7 percent, the average cost of care is about \$2,500 and 7 percent or about \$175 doesn't seem like a lot of money but in order to participate in that program at that level, you can't exceed \$2,022. So you're looking at 9 percent of your income. And if you're less than 2,000, let's say 1,000, you're talking maybe -- maybe 20 percent of your income. And then if you're in critical need, let's say the maximum under the Connecticut Home Care Program is \$5,600, 7 percent is \$397. And at \$2,000, that's almost 20 percent of your income.

Once again, we're asking more but what it's doing is it's accelerating individuals admission into the most costly area of the Medicaid program to the detriment of the taxpayers and also the individual in need of assistance.

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So as we do our business here tonight, I do keep in mind the father who came to me from Monroe who lost his job and is facing foreclosure on the house, or the family from Seymour that has asked me to go fight for reduce spending and taxes in Hartford, or the woman in Shelton who's 58 years old and she lost her job and she thinks in this economy and the way that we have failed to create any net new jobs in Connecticut in 20 years that she's never going to go back to work again, or to the seniors that I know in Stratford that are asking me to pursue aging-in-place initiatives, that's what I'm thinking about tonight when it comes time to vote on this budget.

And I'm also thinking about the Connecticut that my grandparents knew when they came from Ireland to this country because Connecticut was a great place to live, work, and raise a family. It was good for them. It was good for my parents as I grew up here and now I see the same challenges. Is Connecticut of tomorrow going to be what it was in the past? I don't know because we can't continue down the road of more taxes and

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more spending.

President Ronald Reagan stated that democracy is just one generation away from extinction. And we need to think about comments like that as our government at all levels continues to tax and take the opportunity out of the American spirit. I had to pause and think when Communist Chinese start to school Americans on capitalism and government spending raised an eyebrow.

The last thing I want to see happen is to mortgage our children's future and, based on that, like us, state government must live within its means.

The people of Connecticut as they sit around their kitchen table dealing with their problems and their children's future are doing that, and we need to do it too. State government has become the special interest and it needs to stop. And it needs to stop if we're going to have a Connecticut that I remember growing up so that my kids can have that same future.

So I would urge everyone here tonight to vote against this budget, for jobs, for our

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children, for our seniors, and for our families.

Thank you very much, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I rise to express my opposition to the budget put before us.

Madam President, to state the obvious, the people of the State of Connecticut and our business owners over the last several years have been facing one of the worst economies in our history, indeed the worst economy in my 47 years alive. Families across the state have been dealing with record job losses and an unemployment higher than the national average at 9.1 percent. They're dealing with skyrocketing gas prices, the highest electricity cost in the continental United States.

At a time when our families and our businesses are struggling and indeed suffering, they are staring down the barrel of the largest

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tax increase in our State's history. Passage of the largest tax increase in our State's history is not an accomplishment, certainly not one to be proud of and is not a moment of congratulations.

I must admit to some great frustration seeing not long ago a moment of great congratulations as our Governor and Democrat leaders joined together to hail the agreement of a strictly partisan budget for the first time in the 13 years that I've been here. And the first time going back to the late -- late 1980s. We have a budget that will be passed with one party's voice to the exclusion of the other party and the more than one and a half people we represent in the State of Connecticut.

This is not a moment for congratulations and backslapping.

What frustrates me in the passage of this budget, the announcement of a budget deal and the many press conferences that have happened in between, is the lack of the real understanding of the impact on the lives of the people in the state of Connecticut. The average middle class person in the state of Connecticut and the real

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impact this is going to have.

While the Governor and Democrats are afraid to make real tough cuts to our budget, while we keep sacrosanct 11 legislative commissions, while we have programs that spend hard-earned tax dollars so we can teach people on food stamps how to properly use them, while we have programs that spend \$500,000 a year teaching our elderly about the dangers of slipping and falling, while we're unwilling to cut those budgets, we're willing to protect those special interests so we can ask the mother and father of young kids to pay 6.35 percent more for their clothes.

I have three kids. There are no -- unfortunately, not too many mom and pop clothing stores left in Fairfield. I don't know how many left there are in the State of Connecticut. Gone the way of the Targets and the Wal-Mart's and the Old Navy's. Having said that, you can get a lot of clothes for under \$50. In fact, I don't remember the last time I spent more than \$50 for an article of clothing for my three kids or shoes for that matter.

Every one in my situation, families across

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my district, families across this state are buying their kids clothes and they're going to be paying 6.35 percent more because we're unwilling to make tough cuts in our spending. Families and if you have young kids like mine, it seems like every two or three months they're outgrowing their shoes and sure I give my younger daughter clothes from her older sister but every once in a while you have to buy her some new clothes, too, increasing the cost of their clothing -- increasing -- increasing the cost of their shoes.

We have families all across this state who some don't have any health care. Others have health care plans that are unaffordable, co-pays that are too high, few, if any, in our state have the extraordinarily rich plan that we as state employees do. Perhaps we've been too insulated in this circle to understand that real people don't pay \$5 for 90 days of prescription drugs. Real people -- real people we represent are looking at \$50 of co-pays. They're looking at visits into an emergency clinic of 75 or 100 dollars while we pay nothing.

Those things hurt many of those people with

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high deductibles, high co-pays, unaffordable co-pays on visits, avoid going to a doctor unless it's absolutely necessary. But when they're sick, they still need medication, they go to the pharmacy. So what is the --- what is the --- what is the decision by Governor Malloy and Democrats, let's increase the cost of their nonprescription medication.

The elderly woman who might be coming down with a cold, who can't get access to see a doctor, goes to the pharmacy, she's now paying more. The family struggling to make ends meet can't afford to go to a doctor, they go to the pharmacy, they now pay more. People without health care can't go see a doctor. They rely solely on prescription medication over the counter at their pharmacies, now we're asking them to pay more.

Not only that decisions made by this governor will cut off access to prescription medication and put small family, independent, owned pharmacies out of business. Don't ask me, ask Secretary Barnes. You're -- the -- the budget put forth by Governor Malloy says we're

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going to save \$75 million in the first year and \$80 million in the second year because we're going to take the Medicaid population and we're going to put them in the state employee pool for their prescription drugs. We're not saving money. What we're doing is we're taking \$75 million away from pharmacies.

Republicans said why do we want to do that? Do we want to save costs? Yes, we do. So what did we do? We look at other states are doing and we found out that in Massachusetts they have a generic drug utilization rate 12 points higher than we have in Connecticut. And for every one point, you increase your generic drug utilization rate, the State of Connecticut nets a savings of \$4.8 million, 4.8 million dollars times 12 percent, if we get up to Massachusetts saves over \$50 million a year. It doesn't hurt a single pharmacy.

In a meeting with Secretary Barnes, I said why can't you consider this policy? He very, very bluntly and matter of factly said, we have tough choices to make, your policy if we can get there would save 50 something million, ours save

75. That's \$20 million we're missing.

I asked, Do you understand that independent pharmacies will go out of business?

He said, Yes, quite frankly, matter of factly, we understand small independent pharmacies will go out of business.

Have you considered the economic impact of those businesses closing, those jobs being lost, those taxes not being paid not to mention the restriction on access to healthcare by those pharmacies being closed?

No, we haven't.

So the latest version of the budget includes \$11 million possibly in higher dispensing fees. Read the language of the Governor's proposed budget and it says they might increase dispensing fees up to 7.9, not that they will. And OFA will tell you this does not make the small independent pharmacist whole.

So not only -- not only are we saying to every family in Connecticut and every senior, when you go to your pharmacy to pay for nonprescription medication, you're going to pay more, but we're also saying to that small

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independently owned pharmacist, we're taking money out of your pocket. 50,000, 75,000, 100,000 dollars for a small independent pharmacy is the difference between being open and your doors being closed. Those are the real life consequences of this budget.

There isn't a senator or a member of the House or a person who works in this building, or I dare say anyone in the State of Connecticut who doesn't understand the cost of high gas prices. Quite frankly, thanks to a lot screaming by Republicans and the public saying enough is enough, you've done away with Governor Malloy's idea, a bad idea, perhaps his worst idea to increase the gasoline tax but Governor Malloy says it's okay to increase the tax on diesel fuel. Well, there are small business owners who have trucks that rely on diesel fuel. The costs to their business just went up. You go to your drug store, you go to your grocery store, you go to your clothing store, how do those goods and products get to that store? By a truck, a truck that buys diesel fuel, a truck that is going to pass that tax increase on to consumers and prices

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will continue to go up.

Our economy is struggling, our unemployment is at an all time high, higher than the national average, and we're increasing the cost of food and clothing and products by increasing the cost of that transportation.

But the real secret and we've talked about it before, the hidden tax is the gross receive tax. The refusal of the Governor -- and I met with him and I asked him point blank, why don't we cap the gross receipts tax? And the refusal of the majority to cap the gross receipts tax is -- totally belies your argument that you care about the consumers, totally, totally belies your argument.

Since the beginning of the year, the tax increase on gasoline has been almost 6 and a half cents because of the gross receipts tax, and it continues to go up. So of course you can give up the 3-cent increase when you've already got 6 and a half percent and you know the tax is going to continue to increase. This budget increases taxes on gasoline that's a fact.

Is there anybody here who doesn't look at

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their electric bill and shake before they open it? The highest electric cost in the continental United States. You know, sports teams, UConn. We had Husky Day. Everyone loved to chant, we're Number 1. It's not a great chant when you say we're Number 1 in the highest gasoline costs and we're Number 1 in the highest electricity cost. Thank you, Hawaii, for making us number two.

Governor Malloy's budget wants to increase those electric charges a little bit more. They're just not high enough. How can you go on a 17-town listening tour and not understand that electricity costs are choking our families and our small businesses? And congratulate yourself on passing a budget earlier than any other governor in our history when you're raising the price of electricity on families in the State of Connecticut.

Oh, but it's get better. Maybe, just maybe, the hard working people of this state save a little bit of their money to go out and experience some entertainment with their families. As mentioned earlier, so let's say you want to go watch a musical act in our state.

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Guess what? You get to pay 3 percent on top of 6.35 percent, you know pay 9.35 percent of a tax to go and have entertainment with your family. Maybe you want to go to that Rock Cats baseball game or the Sound Tigers hockey game. Venues by the way -- I don't know how many times -- I don't know how many of you have been to those venues. I was at a Sound Tigers game recently. It wasn't hard to get a ticket at five minutes before the game. And it wasn't hard to get a ticket about ten rows behind the home team's bench. They're not many people going there. They're struggling, so are the Blue Fish, so are the Rock Cats. These places are not sold out. But you know what we're going to do for these small entertainment venues who are struggling to make ends meet? We're going to increase the cost of their product, and we're going to increase the cost of their product for families across this state. At what time? At a time when they are struggling more than they've ever struggled. Boy, that is an economic model that we should follow. Are you kidding me?

If I've heard one thing in this legislature over 13 years -- and I've heard a lot -- it's

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about how damaging our property tax system is to the State of Connecticut. I've heard all of us talk about it. Some of us have different ways to attack that. I remember my friend, Senator Finch, now the mayor of Bridgeport talking, many nights, about the unfairness of the property tax system and the lack of land in Bridgeport versus other places and the lack of taxable property. We haven't solved that problem, Republicans or Democrats, but together we gave property taxpayers one defense, one protection, one relief, a \$500 credit against their property taxes and Governor Malloy wanted to do away with all of it but instead of restoring it, now you're cutting it 40 percent. The one tool, the one protection, the one relief we gave to property tax payers was the \$500 property tax credit and we're taking \$200 and ripping it right out of the pockets of hard working people in this state. That's the impact. That is the real impact on this budget.

A family sits down at the beginning of the year and they say I've just lost \$200 on my property tax credit. My clothing costs 6 percent

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more. My electricity costs more. My gas prices costs more. Everything they do goes up more and you've taken \$1.8 billion out of our economy and what have you've given it to? You've given it to the monster of government. You take money out of our economy, out of the pockets of hard working people and you do it to fund government.

There are other tax increases. We talked earlier about -- about this mythic Amazon tax, as it's called. And we've already seen there are several companies in Connecticut that were generated and started and have employed people specifically to work on internet advertising who will go out of business because all of their business will be withdrawn. That's what happened in North Carolina. That's what happened in South Carolina. And I, for one, and I've said this earlier today, stand and believe that, as tax policy, if you buy an article of clothing or shoes at a retail store and you buy it on the internet, the price should be the same. And one day it would be great to have all those priced taxed equally, taxed at a lower rate than what we're having, we're going in the wrong direction

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but we can't do that as a state. And we can't do it on a state-by-state basis until our federal government gets their act together. And until they do, Commissioner Sullivan's right, we're not going to get any money. And it's actually going to hurt businesses in this state.

I don't know how many of you remember Governor Malloy's budget speech but there were many times when I, sitting next to the House Republican Leader Larry Cafero, and Republicans throughout the legislature clapped and cheered and applauded. Perhaps no louder, perhaps no louder when our governor said as he has said many times and in many ways has been his battle cry, Connecticut is open for business.

How? How is Connecticut open for business when you have a 100 percent increase in the corporate surcharge? A corporate surcharge, which was imposed in tough economic times with a large deficit and businesses were told it's temporary. I guess, being cynical, you kept your promise. The 10 percent corporate surcharge was temporary because now it's a 20 percent corporate surcharge. And I guess you'll tell us that's

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temporary until you whack it up to 30 percent next time. You cannot preach and talk and scream and go everywhere across this state and say we're open for business, but I'm increasing the tax on corporations 100 percent. At some point, the talk is just hallow and meaningless.

And look at the sales tax increase, it wasn't long ago when -- when the former lieutenant governor and the former senate president, Kevin Sullivan, now our DRS Tax commissioner. We've had debates about sales tax increase in the past, and I remember writing it down that night and I remember remembering every time it's come up since because, it wasn't me, it was Kevin Sullivan, a Democrat, who said that increasing the sales tax is a body blow to Connecticut's economy. Why? Because not only is it hurting that family, not only is it hurting that senior, but it hurts that small business because so much of our sales tax comes from business-to-business sales. So you're a small business owner, you own a dry cleaners, you own -- you own a construction company, you own a Dairy Mart, you own a convenience store, all of

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your purchases are going up because of the sales tax increase. How is that helping that small business owner in the State of Connecticut?

We want to punish the wealthy with a luxury tax in this bill, which, ironically, reverses longstanding good environment policy that I was one of the original co-sponsors to eliminate the sales tax on hybrid cars to try to encourage people through good tax incentives to purchase clean, green automobiles but there are a number of hybrid automobiles over \$50,000. We're now increasing the tax and discouraging the purchase of those.

But luxury taxes have been tried before, just ask George Mitchell, Democrat, majority leader of the United State Senate, lead the charge for national luxury tax, fought the first President George Bush, imposed the 10 percent luxury tax, in his home state of Maine, got crushed. The boat industry got decimated, and it was the very same George Mitchell who lead the charge for that luxury tax who lead the charge to pull it back and get rid of it. The luxury tax isn't hurting that wealthy man or woman who wants

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to buy the car or the piece of jewelry or the clothing, it hurts the person who relies on their business. It hurts that small business owner. It hurts the employees of that business. It hurts all the contractors who rely on that business to thrive because I don't know if you've had your eyes open but businesses is not exactly booming in the State of Connecticut.

How do we -- I would love to know the answer to this. When you look at the budget before us, we have hundreds of millions of dollars in a surplus, hundreds of millions of dollars in a surplus, so maybe someone in this circle can help me, when that senior says to me, John, why am I paying more for my nonprescription medication in the pharmacy? When that person who's struggling to make ends meet says why am I paying more to put shoes and clothes on my children, when that small business owner says, John, why am I paying more on my electric bills just so government can have a surplus? We've had new revenue numbers that have been completely ignored by this governor in this Democrat budget that have brought in more revenue than were anticipated

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when this budget was put together. We have budget surpluses in the hundreds of millions of dollars built in and yet we are taxing the middle class in this state like never before.

I have no answer, no answer, for that person. I don't know how having that hundreds of millions of dollars of surplus to support a bigger government, to support the largest tax increase in our State's history. I don't know how that helps that person who's part of the 9.1 percent unemployment get a new job. What do I tell that person? What do I tell my friend who's been put out of a job because of corporate consolidations and can't get a job because the one's you apply for your deemed over qualified and the ones you're qualified for don't exist. What do I tell that person that their electric bills are going up, their gasoline prices are going up, the cost of their clothing and food and medication is going up so we can have a surplus? That's irresponsible.

And we're told we have to, we're told we have to. They didn't do that in New York. They didn't raise taxes in New York. They didn't do

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it in New Jersey. They didn't have the historic increase in taxes in Rhode Island. In the Massachusetts legislature, which has far fewer Republicans than we have here, believe it or not, they've taken steps that would be unthinkable in Connecticut to control costs but we can't do that here. No, we're different we're told. Connecticut's different.

Well, here are the consequences of Connecticut being different: We're losing jobs. We're not losing jobs to South Carolina and Georgia -- yeah, we are -- but we're not just losing jobs to South Carolina and Georgia and we're not just losing jobs to Mexico and China. That's what we all thought. That's the argument. Right? Connecticut's different.

Well, in April, Precision Camera and Video said they're cutting 234 jobs from Enfield. A company that a couple of years ago was an award winning company for its growth is now cutting 234 jobs. We just learned a Waterbury company is leaving to move to Armonk, New York, not Georgia, not South Carolina, not Mexico, not China, 45 minutes down the road to Armonk, New York. And

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they have a deal with the State of New York where they are actually going to add jobs.

In February, we learned that Pfizer was moving their New London neurospace and cardiovascular research unit, not to North Carolina, not to Mexico or China, but to Cambridge, Massachusetts. We learned that Yardley Technical Products in Pawcatuck, Connecticut, was relocating a 165 manufacturing jobs, not to Georgia, not to South Carolina, not to Mexico, not to China, but to East Greenwich, Rhode Island. We've lost jobs to Massachusetts. We've lost jobs to Rhode Island. We've lost jobs to New York. New York didn't raise taxes. Massachusetts is making structural reforms that are unheard of in Connecticut and Rhode Island didn't engage in this type of tax increase. Coincidence? Absolutely not, absolutely not.

We are at this moment in history because of our failure to act properly over the last couple of years and because of the unwillingness of this majority to make the tough decisions that have to be made. And I don't want to spend a lot of time on this but I -- I -- you know, I do live a

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little bit by that motto. You know that those that do not learn from history are deemed to repeat it.

So it is important to take a little bit of history, and I can see that I probably wouldn't have said this in my speech if I wasn't stunned by a quote from our governor this weekend. And I get -- I get partisan rallies. I get Republican and Democrat, you know, events. You know the red meat gets thrown out a little bit more, we all do that. But when Governor Malloy says over the weekend, we are Democrats. We did not drive this state into this ditch.

I said, You've got to be kidding me.

First of all, get a new speechwriter and stop stealing lines from President Obama, but are you kidding me? Are you kidding me? In April of 2008, every single Republican in the legislature stood up, held a press conference said storm clouds are gathering, we need to readjust our budget, we need to spend less, trouble is ahead. We were belittled by our Democrat colleagues, told the problems weren't that bad, told we were being too political.

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The end of that 2008 session, we did nothing, did nothing to revise our budget. What happened? In July, we had our first deficit of this economic recession of \$150 million. What we, as Republicans, predicted would happen did happen. The Democrats and Governor Rell did nothing to change it.

By the time we came into our January session, our budget deficit had ballooned to 230 million before the beginning of the year. And then in February, OFA gave us new numbers of \$1.35 billion deficit still nothing was done. Now, I know the Governor wasn't here, but when the Governor says Democrats didn't drive us into the ditch and we had a \$1.35 billion deficit and you have a super majority, a veto-proof majority, well, then who in the heck was driving the car?

Faced with a 1 -- \$1 billion deficit Republicans offered a \$925 million deficit mitigation plan. Nothing was done about it. In fact, most of that session was spent arguing between the Democratic leadership and Governor Rell over the real size of our deficit. Governor Rell underestimated the size of our deficit by

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close to \$2 billion, and at every press conference Republicans did, we were asked what's the size of the deficit?

We said it's probably 7 to \$8 billion.

Is that different than what the Governor said? Yes, it is, but why are we going back in history? We need to solve our problems.

Did we solve our problems? No. Ironic -- ironic that the fight two years ago was over the \$2 billion underestimated by Governor Rell, yet it's okay to pass Governor Malloy's budget with a \$2 billion hole.

I've heard comments from some of my colleagues on the other side of the aisle that where were we when Governor Rell did that? We were exactly where we were. We said the deficit is 7 and a half to 8 billion dollars. We disagreed with her number and we said let's go solve the problem and stop fighting. So how did we solve that problem? Again, sorry, Governor, but you said Democrats didn't drive us into the ditch. Well, Republicans did not vote for the last budget. There wasn't a single Republican vote. Only Democrats passed that budget.

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And what did that budget do? There is a 1.3 billion dollars in securitization. Thankfully, we're not going to have to do all that. We relied on a one-time revenue of \$1.4 billion from the federal government, over 100 million in one-time sweeps, a \$1.47 billion tax increase, including an income tax increase, corporate surcharge tax increase, a state tax increase. Yes, there were lapses of over a billion dollars in that budget that you passed and we had economic recovery in revenue bonds of \$955 million.

Now, my recollection is that this governor was campaigning for governor for six years. I don't recall him coming up to this legislature and saying don't borrow that money, don't do those economic recovery notes, don't rely on such one-time revenue, not once. So spare me the talk about how Democrats didn't cause this problem. Spare it now. It's unbecoming and it's just wrong.

It is not right to increase taxes \$1.8 billion and say the excuse for doing it is the people before me didn't do their job.

Ironically, Candidate Malloy blamed the legislature; Governor Malloy just blames the Republican governor perhaps that's because it makes your negotiating easier with them. But that is not justification even if it were right -- and we know it's not -- for the largest tax increase in our state's history.

Lastly, there is a better way and we, as Republicans, will present that better way in our vision tonight. But let me just say this, how -- beyond -- beyond getting by the how do you vote for \$1.8 billion in tax increases, beyond figuring out how you say to that senior citizen why their cost of goods and products and food, their entertainment, their electricity and their gas are all being increased in your budget, explain to them why you have hundreds of millions dollars in surplus, how do you say to them we've passed a budget and we don't know where \$2 billion is coming from? How do you do that? What's the answer? I know what you've written in your budget. We've heard a lot of talk about blaming past governors for entering into long agreements with state employees.

Well, when Governor Weicker took office from Governor O'Neil and the State faced a huge budget deficit, he had to open up an existing contract, which was entered into by a different governor. Governor Rowland got concessions and entered into a contract opened up by a different governor. Governor Rell entered into concessions and opened up a contract done by a different governor. They didn't complain. It's what happened. Times changed and oftentimes when they change for the worse, you need to renegotiate your contract with your state employees, no different.

Those negotiations have been and are, obviously, secret. And I don't mean that in a bad way, in a good way. And when I've talked to administration officials, they haven't said a word to me because they cannot. And they have maintained their word on that and that is good. But when the lead negotiator who is an incredibly bright and capable man, and Mr. Ojakian comes out and says, I think we're going to have a deal this week. He's not -- that is not an off the cuff

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remark, or that is not an unintentional slip of the tongue. That is an intentional statement by someone who knows what he's doing that we're close. And I hope we are, and I take him at his word and Republicans agree and support this governor in getting a billion dollars in concessions. On that we have always agreed. And on that we have always cheered and applauded and congratulated the Governor for his strength and courage in going to get that, but if we are that close, why are we voting on this budget tonight? Why are we voting on a budget where we don't know where \$2 billion is coming from. This isn't a rounding error. This isn't a small number, \$2 billion is unknown. Is it going to be employee concessions? And, if so, what are those concessions going to look like?

Are those concessions going to be real and structural, or are they going to be temporary? If they're not employee concessions, are they going to be cuts? Cuts to municipal aid, cuts to Medicare or Medicaid, cuts to seniors, cuts to education? We've been told it will not be further tax increases from the Governor but that

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doesn't mean there won't be tax increases. Where  
is that money coming from? It makes no sense to  
pass a budget before we do.

Does the language in this budget comfort me more that this legislature will confront that issue? Yes. Thank God we haven't ceded our entire legislative authority to the secretary of OPM but even in spite of that improved language, we're being asked to vote on a budget where we don't know where \$2 billion is coming from. And the reason we're being asked to vote on this budget now is a great unknown. What is the rush and the urgency? What is the rush and the urgency to pass this budget today instead of one week from now, which, if Mr. Ojakian is right, that's about the time frame we'll know what we're dealing with here.

There's no need to our economy to pass it today versus next week. There's no need for the taxpayers to pass it for today versus next week. I guess the only benefit is so people can go around and say we've passed a budget earlier than any time in history, but I would say to you if you pass a budget without \$2 billion, you really have passed a budget. So what is the rush? No one has been able to satisfy -- to give me a satisfactory answer on that.

Let me just close in my opposition to your budget by saying that I hope we will have as much of a debate

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as we Republicans bring out our budget as we've had on yours. Because we're proud to be able to say that we've balanced our budget, vetted through our Office of Fiscal Analysis, without tax increases. We're proud to say we've done it without cuts in municipal aid. We're proud that we've acknowledged that there's additional revenue that has come in that has allowed us to revisit decisions we made in our budget, unlike you're willing to do with yours. And that is a debate I look forward to.

THE CHAIR:

Thank you, Senator.

Senator Williams.

SENATOR WILLIAMS:

Good evening, Madam President.

THE CHAIR:

Good evening, sir.

SENATOR WILLIAMS:

We've been debating our budget for more than six hours now. You might think that this is the closing comment and that we would be getting ready to vote on the budget. Of course, I understand there are a few more amendments, none of which have been called, but they will be called so this is not the last comment on

the budget. It feels like it but it's not.

Madam President, I understand some of the frustration that my good colleagues on the other side of the aisle. It's rare that we've seen a budget proposed by a governor in the last 16 years that contains no borrowing, no one-time revenues. It's an honest balanced budget.

We heard about the past a little bit. I don't think we want to go back there too far, in 2008 going into the 2009 biennial cycle where borrowing was not put on the table by Democrats. As a matter of fact, our Appropriations and Finance committees passed a budget two years ago that had no borrowing. If that budget had become law, the deficit that we're looking at now would be a small fraction of what it is.

The budget before us today consolidates state agencies and takes great strides forward in reorganizing the State of Connecticut to get savings not only in the short term. The bigger savings comes in the long term. Sometimes we hear from folks who say, well, if takes too long, why bother doing it? That's just the point, Madam President. The savings that we seek through consolidating 30 percent of all the state departments and agencies will, yes, pay off

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somewhat in the next biennium, but it will pay off tremendously terms of increased, not only, savings but efficiencies in the many years to come.

The Democratic budget before us right now proposed by Governor Malloy and refined by the legislature allows our cities and towns to avoid property tax increases by preserving local aid levels. And I should add at the same time that we preserve the levels of aid for education to our cities and towns.

A number of comments have been made here this evening referencing the State of New York and its budget. I don't think anyone has mentioned that in New York, they have cut education by \$1.2 billion. Would anyone in the circle, including my friends on the other side of the aisle, like to rise tonight and propose cutting education in the State of Connecticut by \$1.2 billion or \$500 million or even \$200 million? I don't think so because we know that education is one of the critical pathways to opportunity and success for our economic future. A well-trained workforce, a well-educated workforce is critical to Connecticut's future. I believe we can agree on that.

We've heard from some, what's the big rush? Why vote on the budget on May 2nd? You know, you think

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because it isn't the closing of the hours of the last day of the regular session that there's something wrong with this process. Madam President, it's refreshing to get a budget from Governor Malloy in mid-February that's honest, that's balanced, that faces up to the hard challenges so that we can work with that governor, refine it somewhat and be ready to go on time within the regular session, just what the people of Connecticut want. They want to see action. They don't want to see gridlock. They don't want to see filibusters. They don't want to see endless and meaningless debate. They want us to get on with the business of the State of Connecticut and that's what we're doing. So it's refreshing that on May 2nd, we are ready to go and move this State forward.

The session started the first week of January. Governor Malloy proposed his budget on February 15th. He went all over this state listening to the people, 17 town meetings, getting a diversity of opinion. Our Appropriations Committee and our Finance Committee, with bipartisan makeup, listened to hours and hours and hours of public hearing testimony from members of the public. This budget has been out there for weeks and weeks and weeks. The Governor has taken his case

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to the people and the people want us to act and move forward, not delay, not say, well, let's wait till June, let's wait till July, August. That's unacceptable. We want to get on with our business right now.

Some have questioned the \$2 billion placeholder for state employee concessions. Let's start with fact number one.

No governor in the history of this state has asked for more from our state employees. No one has asked them to step up in the way that Governor Malloy has, no other Democrat, no other Republican. Governor Malloy ought to be applauded for his courage in terms of shared sacrifice. Yes, some tax reform and tax increases and changes. Yes, deep cuts in spending to our departments and our programs and, yes, concessions from state employees. And the reason we include that placeholder is because we want to keep the pressure on to send no signal to either side to walk away from the table. We want the job to get done and to get it done in the regular session. That's why there's specific language in the Democratic budget that's before us today that requires that when there is an agreement, it comes back to the legislature for ratification.

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And if there's no agreement or if there's a shortfall, then the Governor needs to come back to the legislature, work with us, put together a plan, put it before us by May 31st and we need to act on it before the end of the regular session on June 8th. That's responsibility. That's accountability, and for Governor Malloy, that's leadership. That's what we've been lacking for a long time in the office of governor.

Some have said, well, wait this budget spends more. Shouldn't we be spending less compared to the last year of the biennium? My friends around the circle know that we do spend less. We spend less in terms of Connecticut taxpayer supported spending. Is the overall total slightly more than the last biennium? Yes, it is. How is that possible? Because for the first time in a long time, we have a governor who doesn't want to leave federal funds on the table. Federal funds, the Connecticut tax payers send to Washington and for too many years, we've let it stay in Washington and go to other parts of the country. Now, we have a governor who wants Connecticut taxpayers to get their fare share, and I applaud that.

But a number of other comments around the circle in terms of how this will impact jobs in the State of Connecticut. My friend and colleague who sits next to me, Minority Leader Senator McKinney said that back during Governor Malloy's speech of February 15th, talking about the budget, that he clapped and applauded along with the rest of us when Governor Malloy said, Connecticut is open for business. Well, indeed it is, and we have a governor who's committed to growing jobs, to moving this state forward in every way possible.

And we could debate back and forth who's right and who's wrong, but in Fairfield -- in Fairfield, Connecticut, and in Fairfield County, the Fairfield Business Council supports Governor Malloy's budget; supports the Democratic budget that we want to move forward today, the Fairfield Business Council.

In Bridgeport, the Bridgeport business leaders and the Bridgeport Business Council supports Governor Malloy's budget, supports the Democratic budget that's here before us tonight. They want us to move it forward. In Hartford, the top business leaders of this state, well, you know what they want us to do.

They support Governor Malloy's budget. They support the Democratic budget. They want us to move it forward.

Why do business leaders all across this state support this budget? Because they know it will help us grow jobs, get us out of the economic ditch, put us back on the road to recovery and back on the road to prosperity. We've got a governor who wants to lead. We have a legislature that's working with that governor and people all across this state, in these tough times, know that the challenges have to be met. We are meeting them, and that's why the business leaders, yes, the business leaders of Connecticut support Governor Malloy's budget and the Democratic budget.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Mc -- Senator Kane.

SENATOR KANE:

Thank you, Madam President, good evening.

THE CHAIR:

Good evening.

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SENATOR KANE:

You know I'm actually very glad that Senator McKinney talked so much and so eloquently about small business. It got me thinking about my own story. I'm a small business owner, and I don't want to talk about me as a state senator, but actually as a small business owner.

I opened my small business in 1994, and in 1997 our area where my business is was really booming for quite a while. And then the mall that was in our area closed, and it's happening all over the state as well as all over the nation. New malls open, shinier, brighter, two stories, you know, the whole works. And in an article was in the local paper that said new mall is going to destroy old one and old area will be -- you know, they show tumbleweeds rolling around and empty shopping carriages.

And at that time, myself and a number of small business owners, mom and pops, you know, like myself, and who live in the area, who employee people in our community, who donate to little league, who -- who do so much for the community, got together and created what was called the Magical Retail Mile. And I'm very proud of that, Madam President, because we got

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together and said, no, we're not going to fall apart. We're not going to lay down for this brand new shiny mall. We're going to work hard and collaborate and put together a whole type of marketing effort to promote our area. And actually got national recognition in the New York Times because of our efforts. And I remember the article read, not yet dead shopping center, not ready to give up the fight. You know, and we weren't and we got together and we did all kinds of efforts with the local community through the Chamber of Commerce, through the local --again, the local youth organizations, through the community clubs that were involved in town. And we really, you know, lifted up our boots straps as they say. Got together and now this area, I'm proud to say, is the number one shopping destination in -- in the entire area because of our efforts.

So I look back and I think about those early meetings and who was around the table and -- and I start to think about how I'm really worried about the friends of mine that were involved during those years and are still there today but are really struggling.

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I, myself, you know, I worry every night about how I'm going to make payroll. And I worry about, you know, about my employees and then I worry about, you know, about my product, and then I worry about my customers and the emails I have to attend to and all the different things that go into running a small business.

Listen, I'm not UTC. I'm not even close and none of my fellow business owners are that way either. We're just small mom and pops. Little guys that are trying to make a buck, earn a living for our families, raise our children and then give back a little bit to the community when we can and we certainly do that.

So I think about down the street about five or so store fronts from me is a little jewelry store. And that's certainly a small mom and pop operation. And I think about how this luxury tax is going to affect them and how maybe people aren't going to go into that jewelry store because they can't afford a nice thing for Valentine's Day or for Mother's Day or Christmas or the like. And then we had a car dealership. A car dealership up the road did very well, family owned for a lot, a lot of years. And I think about the luxury tax on automobiles. And all of a sudden, you know, we're thinking about these high-end automobiles but it's a Ford Dealership. And they sell F-150s to the local landscaper and to the local builder. And let me tell you, you can't find a minivan or an SUV or a lot of trucks for these landscapers and these -- and these small business guys under \$50,000 so we're going to

tax them as well so I think about that little car dealership.

And then Senator McKinney talked about clothing stores and we do have a few small ones, Senator McKinney. There's a few mom and pops left. It's not just Old Navy and the like. We do have a few consignment shops. We have a bridal boutique. You know places that do really well for prom night and that kind of thing. And I talked -- you mentioned about the clothing under \$50 and I was really worried about them and each time a point came up today during this debate, I really thought about all these little businesses that I continue to work with since 1997.

So for 14 years we've been trying to make a better life for ourselves and -- and we're going to continue to struggle.

Now, with these types of tax proposals we're talking about, I'm afraid to say a lot of them will be gone. I think a lot of them will be lost. There's a package store right up the street. We're increasing the tax on alcohol so maybe, you know, as someone else said earlier you can't stop and get a beer or pick up a bottle of wine for your friends or for your family occasions. There's a couple of convenience stores.

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We know we're going to increase the tax on cigarettes.  
And we're going to increase all kinds of little taxes  
that we didn't have before.

Then there's not just stores or retail storefronts but we have professionals. So there's a couple of realtors and we, of course, have continued the conveyance tax. This is something that was supposed to sunset but, you know, up here in Hartford at the Capitol, we know that there's nothing more permanent than a temporary tax so we're going to extend the conveyance tax as well. So maybe those realtors won't be able to participate any longer either.

And then we have a small little family gas station that is there, and we already talked about how the diesel gasoline tax is going up and continues to rise. We talked about the wholesale gross receipts tax and that's going to continue to rise. So that little gas station, who literally makes four cents on a gallon of gas. Think about that. They make very little margins compared to some businesses. They make four cents a gallon and they're struggling. And then we also have a couple bars and restaurants, and we talked about the cabaret tax.

So the long and short of this, Madam President, is when I look back at all the success we've had as small business owners and really working hard and collaborating and creating such a positive community, I think it's all for naught. I think it's all going to go by the wayside because these little mom and pops, these little store owners, these people who are all your neighbors who live in your neighborhoods are going to go by the wayside and they're going to fail. And why? Because we can't stop spending.

You know, right in the center of the floor, it says, he who transplants, sustains. I think we should

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rip that out change it to last one out please turn off the lights because I think what's going to happen is there's going to be nobody left in the state. All the businesses are being driven out. The young people are not coming back after they go away to school. The elderly are certainly going to move to Florida or somewhere where there's no state tax, no income tax. The wealthy certainly have the ability to move, and we saw that and we're going to continue to see that. So I think what we're doing here is really affecting the small businesses that I've come to know and I've come to work with. The major businesses that we've already talked about are moving jobs left and right. We continue to see the job losses every month and then we're going to see our young people leave, our elderly leave, our wealthy people leave and, you know, it's just not the right thing to do.

So for those reasons, Madam President, the Clerk has an Amendment LCO 5811. I ask the Clerk to call.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5811 will be designated Senate Amendment  
Schedule "B."

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THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I move adoption and seek to summarize.

THE CHAIR:

Please go ahead, sir.

SENATOR KANE:

Madam President, the agreement before you -- before all of you is a Republican legislative response to Governor Malloy's budget and it tackles Fiscal Year 2012 and 2013.

We focus on core government functions, eliminate waste, creating efficiencies, and this budget significantly reduces the size of government while protecting the safety net and preserving state aid to municipalities.

The Republican alternative budget is a blueprint to get us, the State of Connecticut out of this fiscal mess and prevent future fiscal disasters that we're looking forward to if we continue to go down the same road.

The most important thing that I will say on this budget is that it is a no-tax-increase budget, raises no taxes. So although the one that we're -- been talking about for the last six hours raises \$1.5 billion in taxes. This budget raises no taxes.

You know, it was said a couple of minutes ago that this is a meaningless debate, and I shudder to think of that. I mean, you know, we -- yesterday, the whole country celebrated about us getting Osama Bin Laden. And I think about all of the military personnel who fought for our country and continue to fight for the safety and protection of our citizens. And I thought this is America. This is what we do. This is what -- you know, we debate, this is not meaningless. This is why we're here. This is why we're elected, to do this. This is not meaningless whatsoever. How could -- it fathom me that someone could say that.

And I also saw an article in the Hartford Courant that one democratic legislature -- legislator was quoted to say that the Republicans offered no alternative and that's why he's going to vote for this budget. Well, we do have an alternative, Madam President. It is here today.

The reason we have come to this point is because, like the Governor, we held our own town meetings. I held three in my district. I held one in Watertown, Southbury, and Middlebury. And every single time someone came to speak in our town meetings that we listened to they said two things: cut state spending and don't raise my taxes, overwhelmingly. And I know the 14 of us, on this side of the aisle, held town hall meetings. So I hope some of you and maybe all of you and I don't know on your side of the aisle held those same town hall meetings. But I have to believe that in your districts, just like in ours, you heard the very same message: Do not raise my taxes, please cut spending. I know that's a message that I heard loud and clear in every town hall meeting that I held.

This budget raises no taxes on any individual, any business or any good. It is more than \$2.5 billion in spending cuts from Governor Malloy's plan.

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It's with a B. It preserves municipal aid at current levels for all towns and cities. It has enhanced Medicaid fraud protection to save an estimated \$224 million, has more than \$46 million in savings through agency consolidations. Streamlines government through attrition and reductions to the 54,000-member state workforce. There is no borrowing for operating expenses, fully restores the \$500 property tax credit that this governor has reduced. It restores the sales tax free week for all our residents -- I talked about the small business owners in my area. It eliminates longevity payments for state employees. And middle class families, employers, and all residents of the State of Connecticut will benefit from this package.

The bottom line is I and the members of our caucus both House and Senate are very proud of this document. We literally went line by line by line, at least five or six times throughout this process and worked very, very hard to come up with this document. We listened to our constituents, and I hope you will too. This is an honest budget that meets its government obligations and at a lower cost than what's already been proposed.

To those of you on the other side of the aisle,

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this is not a meaningless debate. This is not something that you just vote down just because of party line. This is something that you have to admit that you have heard from your constituencies that they do not want to raise taxes, they do want to cut spending and this does this for you.

I've spoken to many of you on your side of the aisle, and I believe that you've heard the same comments that I've heard as well. There is a choice today. Just let me go through a few of the highlights, if I might, Madam President, because it was a work in progress on our side of the aisle as well. We did make some major changes going back from two weeks ago when we ultimately put it out. We do use the updated consensus revenue figures. We know longer have a Fiscal Year 2011 carryforward. No longer do the Section 1115 I waiver, that's been removed. We flat fund magnet schools and charter schools to the Governor's level. We do fund the DSH at half of Fiscal Year 2011 expenditures. And we do maintain the 6 percent co-pay for the Connecticut Home Care Program.

Senate Bill 1239, which we've been debating tonight, spends \$18.35 billion in Fiscal Year '12 and

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\$18.78 billion in Fiscal Year '13. That is higher than the Governor's recommended budget. Our budget spends 16.9 in Fiscal Year '12 and 17.7, or thereabouts, in Fiscal Year '13. It is, again, \$2.7 billion less than Senate Bill 1239 that we've been debating for the last six hours, \$2.7 billion less.

Yet, it does fully fund anticipated caseload growth for employment opportunities and day services, community residential services, general assistance manage` care, disproportionate share for Medicaid, flat funds ECS, child matrician state match, VO-AG and adult ed, health and welfare services, bilingual education, school breakfast programs, magnet schools, supports the Governor-recommended appropriations on priority school districts, charter schools, magnet schools and transportation appropriations. We fully fund caseload growth and recommend the Governor's appropriations in DCF, board and care child -- children for adoption, board and children foster care, board and care for children residential. We support short term residential treatment, substance abuse screening, family support services, emergency needs, day treatment centers for children, child abuse and neglect intervention, family preservation services,

substance abuse treatment, child welfare support services, covenant to care, local systems of care.

So each time we hear that this budget shreds the safety net, it's not true. But what we also do, Madam President, is restore the MME pilot money for local municipalities of \$47.9 million. We re-purpose the 11 positions in DRS that would be used for EITC, the earned income tax credit, for fraud into collections. Which according to OFA, which costs \$662,000 annually is anticipated to generate \$5.5 million in Fiscal Year '12 and \$11 million in Fiscal Year '13. So someone's going to stand up and say, well, you're cutting the workforce. Well, we are, but we're doing it smartly and we're adding employees where employees need to be added. It's smart hiring. We do recommend that added state trooper class in Fiscal Year '12. We talked about that earlier, and I don't believe it was in the budget, though, of something that is recommended and is going to take place through attrition I think it was said. Well, we do recommend the new trooper class that will save \$2 million annually in overtime savings because we all know that there's an overtime issue we have here in the state. We recommend \$12 million in a competitive grant pool for state cultural entities.

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We do not recommend the hospital provider tax as in this budget. I know all of you have heard from your local hospitals and your local nursing homes about that provider tax. We do not have that in this budget.

One of the major things we've done also is to re-bid the correctional manage healthcare appropriation for a savings of \$14 million in Fiscal Year '12 and \$32 million in Fiscal Year '13. We consolidate agencies and commissions and create one commission, which is the commission on the status of minority and protected classes for a funding of \$1 million. We eliminate the funding for the Citizens Election Fund and eliminate funding for the Contracting Standards Board.

Madam President, this is a real alternative. This is a budget that raises no taxes, provides for the safety net as I mentioned and you can see how much is highlighted on this piece of paper and spends \$2.7 billion less. It makes sense.

It is reform. Now I try to be a positive person, Madam President. I look for the silver lining when I -- when I see clouds like we have here. This is our opportunity if we want to reform the way government is

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done, if we want to reform our state government, this is it, ladies and gentlemen. This is your opportunity not continue down that same path but choose a new one.

At this point, I yield to Senator Roraback.

THE CHAIR:

Senator Roraback, will you accept the yield?

SENATOR RORABACK:

Thank you, Madam President, with pleasure.

I -- first of all, I'd like to ask that when a vote is taken on this amendment it be taken by roll.

THE CHAIR:

It will be done, sir.

SENATOR RORABACK:

Thank you, Madam President.

I rise in strong support of the amendment and would wish for the citizens of Connecticut to know that where there's a political will, there's a political way. And what this amendment demonstrates is that when we put our best minds to identifying a path to prosperity, Connecticut could have a budget which didn't raise taxes to the tune of \$3.7 billion over the next two years and, Madam President, that document is before us.

I thought it was telling that Senator Williams

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extolled or as a selling point said that, you know, the corporate chieftains of Connecticut, the five corporate titans have blessed the Governor's budget; therefore, it must good for the 3.4 million people who live in our state.

The irony couldn't have been lost on any of us, Madam President that before the ink was dry on the nice letter from the president of UTC, he decided to move 200 jobs out of the State of Connecticut by shutting down a division of Hamilton Sundstrand. Quite frankly, I think our state would be a better place if the president of UTC had chosen not to sign that letter and had instead committed himself to finding a way to keep those high paying jobs and taxpayers in our state.

Madam President, our job is not to appease corporate chieftains, and it's a little bit ironic that Republicans tonight are sticking up for the middle class when too often we're tattooed as being the pawns of corporate America. The reality is the corporate chieftain isn't going to benefit by having a cap on his gas tax. He doesn't care if his electric bill goes up a little bit. He can afford a higher income tax. Probably doesn't mind -- first of all, he

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probably doesn't buy many shoes under \$50 or clothing under \$50, but it's the hard working, struggling middle class that we cut a break. And they're the ones that need a break, Madam President. They're the ones who are leaving Connecticut because opportunity is disappearing.

This budget paves a way for opportunity. It paves a way for a responsible financial future, and I urge my colleagues to join me in supporting it.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I rise to oppose this amendment, and I have a few questions, through you, to the maker of the amendment.

THE CHAIR:

Senator Kane, will you prepare yourself please.

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

Madam President, I note in your amendment in

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almost every department, the capital equipment line that we discussed many, many, many hours ago was reduced to \$1. And since you asked the question, through you, about what that meant in our budget, I'm going to ask the question back to you as to what it means in your budget?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Could you ask Senator Harp to repeat the question?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

Through you, in every department that I see here, the equipment line has been reduced to \$1 and so I'm assuming that the equipment either won't be purchased or is moving to capital equipment. And I was wondering if you could explain the \$1 to the body.

Through you, Madam President.

THE CHAIR:

Senator Kane.

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SENATOR KANE:

Through you.

Thank you, Madam President.

Yes, it would be in the capital equipment  
purchase fund.

THE CHAIR:

Senator Harp.

SENATOR HARP:

And thank you.

Through you, Madam President, could you explain  
to us your rationale for doing that?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, thank you, Madam President.

Through you, you know, earlier when I asked the  
question of you, Senator Harp, it was because the  
Governor had stated that he would not borrow for  
operating expenses. This practice has been going on  
for many years, as you know, being the chair of  
Appropriations for as long as you have. So this is  
certainly not anything new. We just did not make a  
statement that we would not be borrowing for capital  
or operating expenses but the Governor is his address

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did so we do have some of that capital equipment in that fund.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

I believe that explains everything. On page 9, under T2-87, I'm wondering if you could explain to us what the Danbury Film Festival Training is for \$12 million?

THE CHAIR:

Senator Kane.

You can stand at ease for a moment.

We're back to order, Senator Kane.

SENATOR KANE:

Thank you, Madam President.

No. Actually as I stated in my opening comments, what we're doing is putting the \$12 million into a block grant that all agencies or all cultural activities have the opportunity to bid on and participate in. So unlike, you know, let's say the New Haven Arts and Ideas which has an appropriated line, we do not. So I don't know where that

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description came from with OFA. We actually have a block grant for all cultural and tourism activities.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President, in your amendment, LCO 58-11, the title for line T-287 is Danbury Film Festival Training so that must be in error?

Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Through you, Madam President.

Certainly, because, again, I'll -- what we've done is instead of appropriating line item by line item to, let's say, Cultural and Tourism Activities that maybe for someone's specific district, we believe that we're going to block grant these types of situations where all of them have a competitive bid process and are able to participate in the monies. We've put \$12 million aside for competitive block grant process.

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Thank you.

THE CHAIR:

Thank you, Senator Kane.

Senator Harp.

SENATOR HARP:

Thank you.

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Through you, Madam President, simply because it's an interest that I've had over time. I'm wondering if you can tell me what immunizations you have cut through your over \$2 million cut to immunizations in the Department of Public Health?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Sure, one second, Madam President.

THE CHAIR:

The Senate will stand at ease.

The Senate will be back.

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Through you, that is a 20 percent reduction in the line item.

THE CHAIR:

Through you.

Senator Harp.

SENATOR HARP:

Thank you very much.

I recognize that -- through you, Madam President,

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that it is a reduction in the line item but it relates to immunizations that we provide, as a state, for our universal immunization program. We are already behind other states in terms of the number that we provide. And the actual cut relates to immunizations we will no longer be providing. And I'm wondering if you can tell us what those are and the rationale for reducing those immunizations, the ones that you don't feel that we need anymore?

THE CHAIR:

Senator Kane.

SENATOR KANE:

No -- through you, Madam President.

It's certainly not that. As you know, I served as the ranking Republican on the Human Services Committee for the last two years. And when we went through our budget, line item by line item by line item, there's some cuts in there that, you know, people on our side of the aisle were squeamish. Certainly, no one wants to cut some of the things that we had to cut but at the same time we cannot continue to spend the way this legislature has been spending. So certainly there are some reductions that even I don't like, and I'm sure some of the people around the

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aisle -- around the circle will not like. So certainly there are some reductions in some line items that I think people on both sides would be unhappy with.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

And thank you.

Through you, Madam President, I'm wondering if you have any cuts that would actually cost us federal dollars? I'm looking at a cut that I wonder whether or not if we actually engage in that cut that we may lose our funding in the Education Department.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you.

Through you, Madam President, yes, we do and those would be the one's that the Governor has, too, reduced so those would be noted in our revenue side as well in a reduction in revenue.

Through you.

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Senator Harp.

SENATOR HARP:

Thank you very much.

So your reduction of, approximately, \$900,000 in the Longitudinal Data Systems is something that will lose us about \$12 million and that is a reduction that you see -- that we will see in your revenue side as well? Is that what you're telling me, sir?

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Through you, Madam President, yes.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

And then on the mastery exams, there is also a significant reduction and the dollars that are left are inadequate for Grades 4, 6 and 8. Can you tell me which grades will not get updated mastery exams?

THE CHAIR:

Senator Kane.

SENATOR KANE:

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Thank you, Madam President.

Certainly, there is a reduction in that line item. I believe the towns would have to pick up that additional cost.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, it's my understanding that the State Department of Education prepares these examinations for the towns so that the towns won't pick them up so that there will be no question of fiddling with the tests. And so through you, Madam President, am I to understand that it's your expectation that each town will pick up the cost and the State Department of Education will be responsible for providing the mastery exam, or will they -- how will that work, or will they do their own mastery exams and, if so, how will that work?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I don't know if I want to answer a question with

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a question but are suggesting that towns fiddle with their mastery tests?

Through you.

SENATOR HARP:

Well, all I'm saying is that one of these -- through you, Madam President, all I'm saying is that one of the ways that we assure that there is no funny business -- and I think that we can all look to about three or four years ago when there was some question in one of our towns and the tests had to be thrown out. One of the ways they assured that that not happen is periodically reconfiguring the examinations and creating new examinations. And so it was my understanding that this is a statewide responsibility and would be difficult for individual towns to undertake but -- through you, Madam President, explain to me how that might happen?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you.

Through you, Madam President, I'm not familiar with towns fiddling with mastery tests. And -- and sounds like you certainly have more knowledge of that

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happening because I've never heard of that previously but, you know, the -- I don't see the correlation between us paying for their mastery tests and them having the ability or the idea to actually fiddle with those same tests but, you know, that is something that I guess in your history or experience you've realized. I haven't seen it. So if you say it's possible, I'll take your word for it but I don't see the correlation.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I'm not going to belabor the point. It's a -- it's a statewide test that is given and it has to be developed on a statewide basis. I can't imagine how the municipalities will participate in funding that but I'm -- I'm going to leave that one alone.

And then I -- we're going to go to the MM&E pilot. And if you can tell me what your budget does with -- through you, Madam President. The MM&E pilot and whether or not the municipal tax is continued or eliminated?

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Senator Kane.

SENATOR KANE:

Thank you, Madam President.

The first softball you offered to me -- that was a joke -- but the MM&E is fully funded. We do make the towns whole in that regard, and we do not impose a local or municipal tax.

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, so -- through you, Madam President, I'm just -- help me with this. The current tax for MM&E that is proposed to be eliminated by the Governor and through this budget is addressed in your budget or is it not?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Yes. Currently, it is \$47 million and we -- we do fund that.

Through you.

THE CHAIR:

Senator Harp.

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SENATOR HARP:

Thank you.

Okay. I can see where this is going.

SENATOR KANE:

Madam President --

THE CHAIR:

Senator, I think --

SENATOR KANE:

That is not a tax, however, it's an appropriation.

SENATOR HARP:

It is an appropriation, Madam President, through you, that offsets the cost of a local property tax and so my question was just a simple one. Are you -- does your budget agree with eliminating the local property tax as the Governor's proposal requires? Should we approve it through legislation?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, I think if I'm understanding you correctly, the Governor has suggested to do away with the MM&E, which is \$47 million to local municipalities, but he has said that he has given them -- well, it's not an

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option. He's told them that they must charge for rental cars, for cabarets, for hotels and the like.

We do not have any of those local options in our budget. I don't believe those monies can equal what the -- the MM&E would equal. I guess your -- your -- the extra one tenth of a percent on the sales tax? No, none of that is in our budget, certainly.

Thank you. Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Madam President, can you tell me what has happened to the statewide digital library and the interlibrary loan delivery service which is funded by the budget that is the underlying bill by our budget?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Again, Madam President, there are some cuts in this budget that people on our side of the aisle were -- weren't even happy with, but at tough times make -- means you have to make tough choices and that one was

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cut.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President, and, Madam President, I'm -- I was wondering if the gentleman can explain to me what his budget does with the Citizens Election Program.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, through you, Madam President, I think a number of us on our side of the aisle and some on your side of the aisle have -- have always argued that we should not use taxpayer dollars to fund campaigns. Why should we use taxpayer dollars to buy our bumper stickers and our lawn signs and our mailers? So we certainly removed the Citizens Election Fund dollars, through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

Can you share with us what you've done with their

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staff?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Through you, Madam President, it's part of our reduction in workforce, through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. Thank you very much. And, I guess I -- I could continue to ask questions. I believe that this budget was well intentioned -- this amendment is well intentioned, but there is several parts of it that -- that don't work that are not accurate. You know, one of the things that I've found over time is that the -- the library system that we have in Connecticut is unique. The people of this state enjoy being able to go to one town or the other to -- to rent books. The state librarian was able within his existing resources to actually find ways to continue that service.

One of the -- I think our immunization program -- our universal immunization program is one of the best in the country. This cut -- and it makes

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immunizations available to all children in our state regardless of income, and it's a public health initiative and it actually keeps all of us safe. To erode this program by reducing the dollars and not knowing exactly the impact of that reduction, I believe is irresponsible. I -- I don't think it was intentionally so, but the reality is that it endangers all of us with some of the childhood diseases that can be contracted. And we've seen how that has happened in other states when they have actually stopped funding and making available certain immunizations.

The cut in the Department of Developmental Services to voluntary services of \$8 million a year basically would assure that families with incomes above Medicaid would have to keep their young people at home. The funding for the Connecticut Home Care Program that was so ardently supported by one of the members of the minority in conversations just -- our discussion just three hours ago, is reduced by \$12 million so that -- far worse than the reduction that was complained about through the debate. There are dollars in here for a Medicaid waiver that propose savings that I believe are unachievable.

And I -- I note that you require a bid for our

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Corrections Medical Services, but the reality is, unlike almost every category of spending that government does, medical spending always goes up by double digits. So I question the ability to get the same level of care for a reduction in nearly double digits.

And so for those reasons, I -- I urge rejection of this well-intentioned amendment. I think that is doesn't work, and it points out how hard it is -- how almost impossible it is to cut this budget in a responsible way and not have a negative impact on the overall economy of our state. And so I applaud you for your effort, but I thank you for pointing out to the people of this state that in order to not have taxes, you would have to make such cuts that we would reduce the quality of life in our state beyond, which any of us would be -- find acceptable. So for those reasons, I oppose this amendment and call for a roll call vote.

SENATOR KANE:

Madam President, if I -- if I may.

THE CHAIR:

Please, Senator.

SENATOR KANE:

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Through you to Senator Harp, I appreciate your comments, Senator Harp, and -- and in the time that I have worked with you, you're a very passionate and -- and dedicated legislator. If those concerns that you mention, are -- are -- we will certainly work on those.

If you look at our budget, we have a surplus in Fiscal Year '12 of 59 -- we have a surplus in Fiscal Year '12 of \$59 million and in Fiscal Year '13, \$123 million. So certainly if there are programs that you know that you have experience with that you feel compassionately about, we can certainly work with you if this amendment is passed.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Franz. Thank you, Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. You actually saw me tonight. I appreciate that.

THE CHAIR:

I did. I looked to my left this time, sir.

SENATOR FRANTZ:

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Thank you. I rise in support of the amendment and, Madam President, I would like to point out a few things about this alter -- alternate budget and that is that this -- this is one that the people of Connecticut who are out there in the real world, in the business world, out there in the jungle and fighting their competitors, fighting competitors not just within the borders of the state of Connecticut but also outside throughout the rest of the country and truly internationally, it's a really, really tough business world out there. I live and I breathe it every day when I'm not here, and I can tell you it's getting tougher and tougher and tougher. This is one that those people who are making business decisions, working at any level within a company, a partnership, can feel very proud of because it's one that really is truly honest and truly honest about our future.

If we continue with a business-as-usual attitude here in Connecticut, which is a very different course than most other states in New England and the rest of the Northeast and certainly many of the states throughout the rest of the country, we know for a fact that we're going down a road that isn't going to deliver us a very bright future because when you do

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have a cost structure that's too big and you have a tax structure in place that is unmanageable, unaffordable, in many cases, or so expensive that it drives taxpayers and companies out of the state of Connecticut then you have an unsustainable situation.

And all of those programs that Senator Harp was just talking about and Senator Kane was responding to, there's going to be very little left in the way of resources to take care of those programs. And the people that are truly the most desperate in need will be the biggest sufferers as a result of that.

This is one that we can all be proud of. It's one that the middle class can be proud of and it's not necessarily the one that those who feel that bigger government is a better thing are necessarily going to be proud of. We started with a shared sacrifice approach to the budgeting process here in Connecticut, and if my math is correct -- our math is correct -- it is roughly 58 percent shared in terms of higher taxes. What we're leaving out of that equation is the fact that taxes have been raised already within the last 18 months in the state of Connecticut significantly. The highest marginal income tax bracket is up 30 percent in the first iteration. This time, it's going up

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another 4 to 5 percent, I believe it is, on top of that. And whether it's affordable or not, it certainly sends out a message that the powers that be up here in Hartford are keenly interested in raising revenues, as opposed to doing what most other states have done here successfully, which is to rationalize the spending and the cost structure of their respective states, get things under control so that, in fact, we can have a bright future.

If you -- if you -- if you look at those numbers again, I think it -- it comes out to be something, like, 75 percent in terms of the increased tax burden on -- on the people of Connecticut -- the taxpayers in Connecticut, and that, frankly, is not very much of shared sacrifice budget approach. This is in the underlying bill. The -- the alternate budget is one that, in fact, does give us a -- a much more reasonable and fair approach, I think, going forward. The -- what I would like -- what I'd like to see is more people from this institution or this -- this particular chamber spending more time with people out there in the private sector to see how tough it is, to see how difficult it is to deliver those pink slips, how difficult it is to justify hiring someone that

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they really desperately need to keep their operations going and keeping them -- keeping them profitable, not necessarily hugely profitable, just barely profitable enough to stay in existence. But they're scared to death to hire people.

We have something in the state we all know very well which is called Sustinet. Whether it was a good intended idea in the beginning, that's a debate for another night, but it's something that carries with it a very nebulous number and undefined cost with respect to an incremental employee. They're scared to death to hire someone because they don't know what the true cost of having that employee on the payroll will, in fact, be.

The -- the -- as far as getting the support of some of the local business leaders up here for the underlying budget bill, I think that the message there, Madam President, was there -- as well the people in the Fairfield County business group -- the message there was, yes, maybe they'd be willing to pay a little more taxes. What was left off in the earlier description of that communication was that there was a condition attached to it and the condition was get your act together up there in Hartford, get your

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spending under control because it's truly unsustainable. We're business people. We go through these numbers. We go through these exercises every single day of our working lives and we know what's -- what's workable and what's not. And the mathematics and our business judgment tell us that this is unsustainable. So if we need a little more in the way of taxes to get through the next year because we are, in fact, coming through this recession, not very quickly, we're still above 9 percent unemployment. Yes, we're willing to pay for it, but, please do the right thing and get our costs under control.

This budget -- this alternate budget in the amendment addresses exactly what they are concerned about, and that's one of the reasons why I stand in -- in favor of it. It's -- it's a virtuous budget. It's one that stands to grow the economy. It stands to grow jobs in Connecticut, and, most importantly, it does guarantee for the longer term, Madam President, a much more steady stream of revenues to the State of Connecticut. So indeed, we will be in a much better position in the future to take care of all of those programs that Senator Harp just talked about, to take care of those people who desperately need us to be

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able to create the kind of revenues to take care of them but at a reasonable level. I stand in favor of the amendment.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

I stand in support of this amendment. It means, in effect, we have two budgets before us, which we have a choice between on this vote. Senator Williams, a few minutes ago, in his summation of the Democratic budget, spoke, I thought, very powerfully. It's the first time I've heard him at full throttle on behalf of that budget. And he made a -- a very interesting point that the Governor who has given us this budget is a strong leader that the state has perhaps been lacking, and I don't dispute that. I -- it seems to me that he is a strong leader. I would say the only thing worse than a weak leader is a strong leader who's taking us in the wrong direction -- and I think that's what we have right now in Connecticut. Not

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only in the wrong direction but precipitously.

He talked about the virtues of having a budget on May 2nd. I heard no one encourage me to have a budget by May 2nd. Every person I heard from in the three town hall meetings I had -- the fourth one was tonight -- but the three that I had, every one of them said don't increase taxes, don't increase spending. They didn't say May 2nd.

That budget, which does not increase taxes and does not increase spending, is before us for a vote right now. As a candidate last fall, I said I would not vote to increase taxes or to raise state spending by one dime. I was told I couldn't make that promise. I said I've been there before. There's two buttons in front of them, you push one or the other, and no one can force you to push a button you don't want to. I also said at that time that we would deliver a no-tax increase budget. I guaranteed it. I thought I'd have to do it even if I had to do it on my own.

Fortunately, Rob Kane did it and Lisa Hammersley did it and the good people from the House that worked so hard on this budget. And they have put before us a budget that, I think, answers our problems. It's not a perfect budget. There is no such thing. But it's a

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platform on which I believe we can build, and it's a budget that I will be proud to run on next fall. I think it is what the voters want. I think it's what they deserve. I'll run on it proudly, and I will run on it confidently that it will earn me support. And I encourage my Dem -- Democratic colleagues to think about the people they represent in Portland or in East Haven, in West Haven, what those folks want and what they say to you, and I don't think it's the largest tax increase in history that they're off -- after.

Twenty years ago, I said before we stood at exactly the same crossroads. And, again, the people were against a state income tax at that time. The only people that were for it were the people effectively underneath this dome, the insiders, the Governor's Office, legislative leadership on both sides that were interested in making deals and, let's say, the business lobbyists, not the business men themselves but the same groups that we see come out this time, the people who are part of this end of the process, not the ones that have their fingernails dirty, not the ones that are struggling to make a payroll, but the ones that represent them up here. Who was right about that? You have to ask yourself

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this question before you cast this vote. Were we right twenty years ago to pass a state income tax? As a great Democrat, Al Smith, used to say, Let's look at the record.

Twenty years we've had of the worst economic growth of any state in this country, worse than poor Michigan, worse than any of these New England states that surround us. Is that a coincidence? Do we want to drive a stake through what's left of the economy in this state? Because that's exactly what we're going to do if we pass a billion and a half dollars in new taxes.

The Republicans, with the good work of Rob Kane, have presented an alternative. It's a platform on which we could build. We have time to do that. We could make the changes that affect the -- that address the concerns that you have. If we don't -- if we don't alter our path, we are inviting a hurricane of economic devastation to hit this state, and we will reap the whirlwind.

I urge adoption of this amendment in the interest of our economy, in the interest of the future of the state and in the interest of those hard working families that we represent.

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Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Boucher.

SENATOR BOUCHER:

Good evening, Madam President.

Madam President, I rise in support of this amendment, this new alternative a no-tax-increase budget. You know the public gets it. Connecticut has a spending problem that the Minority Leader rightfully characterized as a majority that controlled the agenda that would not halt spending. The public has told us they want us to stop, and some have concluded that we cannot solve the massive state budget deficit without tax hikes, that they're just inevitable, and it's just not true. This type of thinking is really what fed Connecticut's appetite for record spending, even during the recession when nearly every state, every town, every city and every household and business has cut back.

This budget does some of the most important things that we can do. It has no tax increases, period. It reduces spending by over a billion dollars

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from the Governor's plan. It preserves aid to cities, towns, schools, no borrowing for day-to-day operations, provides real efficiencies and workforce reductions. It fully restores the property tax credit for homeowners, and it redirects Connecticut's budget to a more sustainable future.

What are other states doing to solve their budget? These economic conditions in other cities have forced many of them to make some severe spending cuts and scaling back a lot of programs, including increasing and implementing hiring freezes and furloughs. California went back to 2007 spending levels when, in fact, their vendors stopped taking their IOUs. In Arizona, about 65,000 adult Medicaid recipients will lose coverage for podiatry care, insulin pumps and most dental services. Some states have cut their departments, such as corrections. 43 states and the District of Columbia have reduced overall wages paid to state workers by laying off workers, requiring them to take unpaid leaves and furloughs, freezing new hires or other similar actions.

We don't have to tell you what New Jersey is doing and has done, and certainly not even New York,

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the governor of New York City and New York state who is enjoying a 77-percent approval rating for his cuts and spending reductions 2 percent less than next year -- their last year. And as you've heard all evening long, ours actually continues to spend in each year.

To grow jobs, we must balance the budget by reducing spending and borrowing, not on the backs of the beleaguered taxpayer. Connecticut can thrive again, but we have to do it by doing it responsibly and not adding to their tax burden.

Thank you very much, Madam President.

THE CHAIR:

Thank you, Senator.

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I rise in support of the amendment. I believe that as I -- I went through my district and talked with the hundreds of individuals, the message I received was clear. No one told me they were undertaxed, and no one demanded more spending. This budget does that. It demonstrates that there is an alternative to the Governor's proposal. There's no tax increase. The budget cuts spending and forces

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government to live within its means just like Connecticut's families. Just as Connecticut families are making their decisions around their kitchen table, our budget does the exact same thing. It also keeps the State's promise to our cities and towns and to educating our children for the future because we retain the current spending levels.

We also deal with the causes that got us into this fiscal mess by helping to relieve many of the unfunded mandates on local government and boards of education. Basically stated, this budget protects and helps Connecticut's middle-class families, plain and simple, and that is what we have before us tonight. We heard eloquently about how the Governor has support of the Fairfield County Business Council and big business. And in the three months that I traveled the state in my district, I didn't hear that, maybe it's because I wasn't in the corporate boardrooms of big business or big insurance, or big labor, or big government. But I think that's what the proposition is before us tonight. That's what the decision on this amendment is. Are you going to stand with Connecticut's families and the working class of Connecticut or are you going to stand with big

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government, big labor, big business and big insurance?

If you're going to stand with the middle class, like I am, then I'd ask you to support this amendment. I would also like at this time to thank my Republican colleagues for working with me to provide Connecticut with this opportunity and for our staff that worked diligently to prepare this budget and to present it for the future of our state.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

I rise in support of this amendment. I'd like to thank the hard work of Senator Kane and the team, Senator Roraback and our staff from the Republican caucus, Lisa Hammersley and the whole group that have worked very hard on line-by-line analysis of this alternative budget proposal, which is now before us and gives the residents of the state of Connecticut a clear picture that there is a way to run state government without the pain of the largest tax history

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in the history of the State of Connecticut.

I'm hopeful that some more of our colleagues on the other side of the aisle will give a closer look at this alternative budget idea. Yes, there are cuts that many of us don't like, but it's no different than cuts that had to be made in home budgets across the state of Connecticut, and I'll bet across the United States of America as a result of this very difficult economy that we've experienced. And yes, these difficult cuts still manage to provide the core services of state government that we would expect -- the residents of Connecticut expect for state government to provide, and we're doing all of that efficiently, effectively, but without painful tax increases.

So dear senators in this circle, please take a second look. Don't dismiss it out of hand. This is a very meaningful debate we're having here today. This is a very meaningful debate because it can change the direction of state government in Connecticut here in May of 2011. So please take a second look.

Thank you.

THE CHAIR:

Thank you, Senator.

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Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President. It's good to have you back again.

THE CHAIR:

Thank you. It's great to be here.

SENATOR SUZIO:

I rise in support of the proposed amendment. I was elected and sworn in about eight weeks ago, and when I won my race back at the end of February, I won in a pretty convincing fashion in an overwhelmingly Democratic district. And I ran on a message of no tax increase, and I won by 58 percent to 42 percent, a district that hasn't been won by a Republican in 40 years. The message obviously resonated throughout the community. And I can tell you the objection I ran into in terms of tax increases was across all income spectrums in every nook and cranny of the community.

I would like to especially address what I concern -- consider to be the small business community and how this impacts the small business community. A few minutes ago, Senator Williams had commented about the business community and business leaders want a budget passed as soon as possible. And I think the good

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Senator was referring to those executives of the multibillion dollar corporations that have been known to outsource jobs out of Connecticut and out of the country, the same executives who make multimillion dollar salaries. He certainly wasn't talking about the small business community, which I know and I am a member of.

When I was a banker in Connecticut, I was voted the top banker for small business in the state of Connecticut back in the eighties. I grew up in an entrepreneurial family, and I -- I'm an entrepreneur by my own nature, and I can tell you that -- that the proposed tax increases in the original budget are very detrimental to the small business community in many ways. Not only in terms of the added tax burden that they have to bare but also in terms of the sales tax increases which make them less competitive with other companies that are not burdened with the same tax charge, especially over the internet, for example, which is becoming an increasing problem for entrepreneurs in small businesses to compete with.

The key to getting our economy going again, which is what we all want, is to get small business going again, and we don't get small business going again by

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adding to their det -- their tax burden and making them less competitive with others out of state with whom they have to compete in today's national and international economy.

I'm very proud of the Republican alternative because it removes the -- the -- those tax burdens that are in the original budget and helps to make our small businesses more competitive with people who are out of state. And by doing that, we know this that small businesses are the engine of job creation more than big businesses, and furthermore, small business owners live in their communities where they -- where they work. They're not just transients. They live there and they -- they are active members in their communities. So what's good for the small business community is good for the community in general.

I believe the Republican budget is definitely has significant advantages, and as a member of the small business community and someone who knows it well, I certainly and strongly urge adoption of the proposed amendment.

Thank you, Madam.

THE CHAIR:

Thank you, Senator.

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Will you remark?

Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

Madam President, I support the amendment. Before I do, I'd like to thank Senator McKinney for his leadership in putting this budget together, Senator Kane, Senator Roraback, Representative Miner, Representative Candelora and the team behind the team, if you would, Lisa Hammersley and Jared Schmitt.

Putting the budget together as a minority party is extraordinarily difficult in that our resources are not quite as plentiful as the resources as the majority party and the Governor's office. And I think that this budget presents a -- a good budget, but more importantly, it is a good budget in which to compare against the majority budget that was put forward. There's a true, true philosophical difference and the difference is simple. Do you believe we need \$1.8 billion of new taxes, or do you believe we need to change the way government works and the expenditures of government? That's the choice, one or the other.

It seems to me we have continued down the path of expanding governor -- of government and expanding our

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expenditures and increasing our taxes year in and year out. For that, what do we have to show, over 9 percent unemployment, UTC, UBS and other companies moving out of the state of Connecticut. As I mentioned a few times at this circle, Marlin Firearms, in my neck of the woods, 330 job, a printing company, another 250 jobs. They're leaving. Why? Because Connecticut is unfriendly. So what do we do? With above 9 percent unemployment, what do we do? We increase taxes on everything -- businesses from 10 percent to that 20 percent. Is that really where we're going? Is that really what we're trying to do? We're trying to suck out of people's pockets taxes to grow government on a budget that this is being contrasted with that is raising spending over a billion dollars in two years.

Most companies I have talked to are shrinking, holding back. I run a small business, a lot like Rob Kane. I actually started mine a lot -- about the same time as Rob Kane, 1995. And I can tell you as expenses and taxes go up you, as a business, need to make cuts. Sometimes that's employment -- but it's definitely a lot of fringe benefits that you do for your boys. That's just the reality. Businesses do

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not have the luxury that state government has, which is to say we don't have enough money, we're going to go tax. Businesses have to drive customers in. And what we do in this state is I can't think of any place that we don't pinch businesses, energy, corporation tax, diesel. No matter what you look at, we tax them and we hurt them.

If you want to drive an economy, you got to flourish it with money so people go out and spend. That's what drives it. Our population has only grown since 1987 at 5 percent and our budgets had grown at 287 percent that speaks volumes. And all the budget does that we're contrasting the Republican budget to is further that growth of government. We've got to stop and it's our obligation to stop it.

So when you look at the difference of this budget, Republican budget as an amendment before you versus the Democratic budget, you'll see it is clear, two different philosophies. The vote seems to me simple. We've tried the other way and Connecticut is stalled. We've tried the other way and our economy is getting tighter. We've tried the other way and we're face with \$6 billion in debt over two years.

Now I heard some conversations that businesses

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are embracing this majority budget. I got to tell you, I'm a business. I'm in the circle. I run a business. I run two businesses. I don't embrace this budget. I embrace the Republican budget because I'm looking for government to do what I do at home and what I do on my business, control expenses. That's our obligation to our constituency. That's our obligation to our children, our grandchildren. That's the obligation that we have to the state. If we don't do it now, I cannot think of another time that we will do this.

I know it's tough, and I know there's some cuts, but it's tough every place. When we cut the campaign financing, what we're saying is, taxpayers can no longer afford to pay for our campaigns. How is that so hard to swallow? How is that so difficult to do -- to say we're not going to take taxpayers money to make signs, to give out pencils. We think your money belongs more in your pocket than they do for pencils that we pass out for voters. What is so wrong with that philosophy? I don't understand it. This is a change. This is a change. So Madam President, I strongly support this amendment. I urge passage.

Thank you.

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THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I rise in support of the amendment before us, and I also want to thank my colleagues in our Senate Republican caucus, Senator Kane, whose knowledge of the budget has grown tremendously and has made our caucus a better caucus as our new ranking member on the Appropriations Committee, Senator Roraback whose steady leadership and long memory has been invaluable as a ranking member of the Finance Committee. Admittedly, his task was a little easier in our budget than that of the Appropriations Committee. But our entire caucus participated in putting this budget together, and I'm proud to be their leader but this was not about one person or a couple of people. This was about 14 members of the Senate Republican Caucus, newly elected and those who've been here for a while, sitting down and pouring over the very difficult task of putting together a balanced budget. Even in good times, it's not easy, but clearly with a deficit as

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large as ours is, it was a difficult task.

I also want to thank the tremendous work done by our staff, but have to point out the extraordinary work done by Lisa Hammersley. Lisa is a new member of our staff, someone I'm proud to have, perhaps, stolen away from the Office of Policy and Management, and she has brought a new level of professionalism and understanding of this budget to our caucus and her work on this was invaluable.

I also want to say that this budget before us is not the work of the Senate Republican Caucus. It's the work of the Republicans in this legislature, the House Republican Caucus. The House Republican leader, Larry Cafero, his entire caucus also participated. His staff has done extraordinary work on this from their chief legal counsel, Deb Hutton, to their budget guru, Jared Schmitt, and they have done an extraordinary job as well. And I think, as the Republican leader in the Senate, we have worked well with the House and have presented a vision for our entire Republican caucuses in our legislature. And that vision, that budget that we as Republicans put forward tonight presents a different direction and a different vision for the State of Connecticut. It is

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a Republican budget that's built on the premise that the people of Connecticut are taxed too much; that our government is still too big and inefficient; and that our State's economy with a 9.1 percent unemployment is too fragile to handle a historic \$1.8 billion tax increase.

Our Republican budget intends to refocus state government on its core functions, eliminate waste in redundancy and begin the process, the very necessary but difficult process of restructuring state government for the long term.

Our Republican budget reduces government spending. We spend less dollars this year than we spent last year. It paves the way for job growth and economic recovery and makes living and working in Connecticut more affordable.

Very briefly, let me tell you the two main things our Republican budget does not do. First, it does not raise taxes and, second, it does not cut aid to our towns and cities. It funds municipal aid at the same level offered by Governor Malloy and offered by the Democrats in the budget before us.

What our Government -- what our Republican budget does do though is right size government through agency

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consolidations and the elimination of unnecessary positions and reductions in managers. We believe our work force is too large, and we believe we need to begin the process of reducing that workforce. A commission of our own legislature has produced a report that says we have 1900 more managers than we need, a surplus of 1900 managers. Our Republican budget calls for an elimination of just under 1400 of those 1900 managers.

At a time when the Governor is at the table seeking a billion dollars in concessions from state employees, at a time when Democrats and Republicans, perhaps the one thing and if not the only thing, the biggest thing we've all agreed upon is that those concessions, although difficult, are necessary, not just for this two years but for the long-term financial stability of our state because the pay and benefits we have are simply unaffordable and unsustainable. We believe that before you do that, you should first make the tough decision to eliminate some of the bloat in the managerial ranks in our government.

I've done town hall meetings. I know members of our Republican caucus have done town hall meetings, as

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the Governor has done. I applaud him for his. I think all of us engaging in those type of town ha -- town hall style meetings is an important step in our democracy. Even at those meetings where there are state employees, what we call the rank and file state employees, they have come up and expressed their desire and their willingness to be part of the solution. They've come up and said they understand that there need to be concessions. But they've always, always at every meeting someone's come up to me, offered me a solution about where they see in our state government where we can spend less money or we waste money or we can do things differently to save money. Some of solutions and some of the ideas have been small, some have been large, but the consistent theme and the consistent frustration of many rank and file state employees is that there's too much managerial gridlock, too many layers. Even the new commissioner at DCF, Justice Katz, has flattened out the agency, understanding that a flatter agency is a more efficient, a more friendly and a more workable agency.

We can't flatten out state government to make it more efficient and more workable if we're not willing

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to let go of some of those managers. Quite frankly, it's something that we're going to have to do. Our Republican budget gets that underway and starts that process immediately. Our Republican budget also relies upon a hard hiring freeze, which the Governor has announced recently and also calls for the not filling of over a 166 vacant positions. We have about 166 vacant positions in state government. Our state is operating well without them. We don't fill those positions.

So clearly, there are workforce reductions in our budget, which we believe right sizes our state government and is important for the future. Our Republican budget understands that while we need to be balanced in two years, and despite criticisms to the contrary, our budget is balanced. Our budget is not contained with gimmicks. Our budget does not contain borrowing. Our budget is also a budget for the long term as well because the next two years while important must set the foundation for the next five to 10 to 20 years.

One very big difference between the vision in our Republican budget and the vision we see today presented by the Governor and the majority party is in

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the delivery of Social Services. We've had this discussion before. Connecticut is one of three states that has a dual delivery system of social services. We deliver services to our elderly, to our intellectually disabled, to people who need help as a state, and we deliver it through a -- an incredible patchwork of private providers, private local community providers, people who we all know in our districts, people who do the hard work in our communities to care for people in our communities who need care. The reality is that those private providers provide services more compassionately, more efficiently and for less money than the State does.

I had breakfast the other morning with people who work for the Kennedy Center in Bridgeport who do amazing work for people with intellectual disabilities, amazing work. They talked about how they had just taken over two group homes from DDS. And within a week of taking over the group homes, there was a state inspector who was writing out on a sheet of paper fines and violations for structural foundational disrepair that could not have happened in the one week's time span where the ownership of these group homes went from the State to the community

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provider. So when the State provides services and the State owns a group home, there's no incentive for the inspector to notice these defects. Quite frankly, the incentive is just the opposite. But when it's owned by a private community provider, a nonprofit organization who pays his employees \$12 an hour while the State's paying 24 to 26, a community provider who actually hires people, goes through the work of training them to care compassionately for people and then sees the State hire that person away and has to go through the process all over again, the incentive for the State is to fine the violations those -- so the State can say, see we do it better than they do. The State has never fully funded our nonprofit community providers.

To his credit, the Governor has appointed somebody in OPM, a former colleague of ours in the House, Representative Deb Heinrich, as a liaison and that's a good start. But our Republican vision for the future looks to have full funding for these private community providers, to have the State get out of the business of delivering those social services that can be delivered in our communities by these providers. Make no mistake, this is not a process,

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and we do not rely on any savings over the biennium, but we start the process. It can't be done in a year. It can't be done in two years. It is a process of three to five years or more. We've all talked about -- and this is not a Republican idea -- we've all talked about Riverview Hospital and the closing of Riverview Hospital. Senator Myers talked about it. Senator Williams has talked about it. An inefficient delivery of services -- I can't find one more -- a billion dollars on average to care for someone there. Now the -- one of the solutions that DCF is looking at is to actually bring more people into Riverview to make it more efficient than it is, but I would argue always more inefficient than what could happen through our private providers.

We are not talking about a vision that says we won't provide for this community. We're talking about a different delivery system. One that is delivered locally, one that in my opinion is delivered more compassionately and one that the numbers say unequivocally is delivered for a lot less money. That's a vision that we, as Republicans, present in our budget that is not presented in the budget offered by the majority party.

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As has been mentioned -- and it's a smaller part of the budget, but when you're talking about cutting spending, when you're talking about increasing taxes, every dollar's important. As Republicans, we fundamentally don't believe you can't ask that senior to pay higher taxes for their nonprescription medication at the pharmacy. You can't ask that family to pay higher taxes to clothe their children. You can't ask those who rely on government services for some cuts in their programs, and at the same time ask those taxpayers to pay for our campaigns, for our lawn signs and our bumper stickers. I'm not here to debate the merits of public financing and whether it's made our system better or gotten special interest money out. I'm here to say unequivocally that when times are this tough that type of spending cannot and should not be a priority and should not be part of our budget. That's a different vision that we have as Republicans.

We have a different vision on how to save money for the cost of prescription medication and pharmacies. I've talked about that earlier so I won't belabor it anymore, but Republicans rely on generic utilization and increasing our utilization rate. It's

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been done in Massachusetts. Your budget relies on a cut in funding to the pharmacies, a cut in funding which even the Secretary of OPM has acknowledged will put small independent pharmacies out of business.

Those are some of the very different ways that we attack this spending in our budget. But let me also say, and I think it's important to note that we recognized, as Republicans, that in the last couple of weeks our revenue estimates have been revised. There is more money than initially anticipated, and unlike your budget, which does not recognize that money, other than to have it in surplus, we looked back at the very difficult spending cuts and restored some of them. We no longer need a Medicaid waiver from the federal government so we can restore and have the funding of Medicaid at the same level as you do. We no longer eliminate the DSH payment as you do. We restore 50 percent of it. That was a big winner. If you look at the treatment of hospitals in the Democrat budget and the Republican budget, the Democrat budget imposes a new tax on hospitals, relies on federal funding. Parenthetically, if that federal funding is eliminated, and Congress is talking about cutting spending, does anyone think the tax on hospitals will

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go away? Answer: No, it won't. A system of a provider tax which creates winners and losers in your budget, and we contrast that with a system that does not have any losers and does not rely on a new tax increase, and does not rely on funding from the federal government which may or not -- may not be there.

We also understood that we made difficult choices in funding of education. So we restored funding to charter and magnet schools to the same level as the Governor had proposed. And there's another -- there's another area where we attacked cutting our expenditures differently than the Governor. There's no doubt that in some areas the Governor has proposed spending less than we did last year -- some programs -- and those are not easy cuts, we get it. But I'll give you another example, and that is the area of scholarships.

I think everyone in this circle knows we have two scholarships, CICS and CAPSC. One for Connecticut kids who goes to public school; and one, Connecticut kids who go to private colleges and universities. The Governor's budget takes a very large cut to the CICS program but no cut to the CAPSC program. Republicans

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took a very different view of those two programs. We looked back historically and found that, in 2007, we had a 30 percent increase in both CICS and CAPSC spending. Times were good. We had a budget surplus. We had a dramatic increase in spending in two programs that are both very good programs. What we said is, in tough, times we can't afford as much -- governor Malloy has acknowledge that with his cut in the CICS spending program -- and said, what if we went back to 2007 levels, included a cost of living increase through 2012, where would we be? And that's where we are in CICS and CAPSC. So you end up at the end of day in the Republican budget over the two years with more spending on CICS than the Governor, slightly more -- a little less than the first year, more in the second year and less spending than CAPSC.

Our -- our review, I would argue, is better in this respect. The kids who use those two programs are no different. You can have young college students from Connecticut here today, one a CP -- CICS recipient, one a CAPSC recipient and you can't tell the difference between them. They're the same kid whose parents don't have enough money, who need scholarships to go to college.

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One could argue that those who go to our public schools have their education in part already subsidized by tax dollars because education at our public universities cost less than education at a private university. But -- but what one can't argue is the effectiveness of the programs and that those who get CICS grants graduate at a much higher rate than those with CAPSC grants. So we believe, given all that information, that the better course of dealing with those two was to make them whole from 2007 to current with a cost of living increase and not to differentiate between the two programs.

Again, both parties have made a very difficult decision to cut a scholarship program, a different way of viewing how you would go about making those cuts.

Madam President, obviously, there's been a lot of talk -- and there -- I -- I think it's okay despite the seriousness of the debate we're having to note some of the ironies.

My friend, Senator Williams -- I don't think he had the letter here but talking about the support of the five major CEOs of the Greater Hartford area and the Fairfield County Business Council, and we don't have to go into all that. But I don't think it's a

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stretch to say I'm not surprised that the CEO of UTC comes out with a letter talking about the need for stability, the need for us to get our fiscal house in order and supportive of the direction the Governor's going in, and then we find out that about week later, the throwback tax, which hit UTC harder than any other corporation in the state, is taken out of the Finance Committee package.

I don't think it's a stretch to be surprised that the four CEOs of the major insurance companies are supportive of where the Governor wants to go and write a letter somewhere around a week after the Governor has, in effect, said Sustinet's dead.

There are give and takes everywhere in life and in our budget and that letter signed by those five CEOs reflected their self-interest. Those CEOs of those insurance companies would rather have John Q. Public pay an increased tax on their clothes and on their shoes and on the cost of medication at a pharmacy and on their gasoline then have Sustinet pass and hurt their bottom line, business.

The CEO of UTC would much rather have taxes on the middle class and the hard working people in the state of Connecticut, even his own employees, than the

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throwback tax which hurts his bottom line. And I've never met the gentleman, but for him to sign this letter and to say Connecticut's heading in the right direction and then a week or two later lay off 20 percent of his unionized machinists in the state of Connecticut tells me all I need to know about him.

But beyond that there's no doubt that the economic impact and importance of those five major corporations who employ over 50,000 people is tremendous. Their impact on -- on the state and the Greater Hartford region is very important. But those 50,000 jobs pale in comparison to the hundreds of thousands of jobs which are created by small businesses across our state. That's not a Republican idea. It's not a Democrat idea.

I've been at events with Senator Blumenthal when he was the attorney general or former secretary of the state with Republicans alike. Everybody knows that 80 to 90 percent of the jobs created in the state are small business jobs. And I think we all know that those five CEOs care more about their bottom line and their shareholders than they do about those 80 to 90 percent of jobs created by small business men and women. And it is that \$1.8 billion tax increase, the

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increase in the sale tax, which hurts business-to-business transactions, which really hits that small business owner.

It is true -- and I think Senator Kane did an excellent job explaining some of our decisions. It is true that some of our decisions in terms of where we spend our money leads to less federal revenue and that is accounted for in our budget. But Republicans don't think you spend federal money just because federal money exists, because that federal money comes from the people of the state of Connecticut. Whether it's local money or state money or federal money, it all comes from taxpayers. It all comes from our constituents. So when I hear the Governor say one of the reasons why I made the difficult decision to support the New Britain to Hartford Hart -- busway was I didn't want to leave money -- federal money on the table, I say you're wasting federal money, which is our money. And that analysis doesn't even take into consideration, by the way, that that federal money is to build the busway. That federal money is not going to be there in the future to subsidize the ridership. That subsidization will come from the people of the state of Connecticut. So we don't

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believe that just because there is federal money means you have to spend it. We believe you need to look at the project and if it's a good project, you do it. If there's help from the Federal government, great; if not, it's still a good project.

So there's a very different philosophy between our vision and the vision presented. It's a vision that believes that our government is too big. It's a vision that believes that nonprofit community providers can provide services better than we can. It's a vision that believes that people are already taxed too much. It's a vision that believes that with 9.1 percent unemployment you can't get people working and create new jobs when you're constantly increasing taxes on the very people that create those jobs. It is a very different vision.

It is a vision which you can and I know at many times will disagree with. I would also say to you because, you know, the press has asked me, you know, Senator, isn't this sort of -- why are you guys debating? Isn't this a done deal? Isn't this a done deal?

Well, that's a sad comment that we would not have this type of debate. Because, quite frankly, the

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differences we have here are important to talk about, are important for our constituents and the people to see that there are different visions and there are different options. But I would say to some in the Democratic caucus you may not like our entire budget, one that doesn't raise taxes, but there's a huge delta between zero tax increases and \$1.8 billion in tax increase. And I would argue therein lies a much better budget for the people of the State of Connecticut. And I don't believe it's too late to get to that budget.

I believe our vision presents a better way, and I'm proud to stand up and support it, but I also believe that if the Republican budget is rejected there is still room to find a better direction, a direction that uses ideas both, from Democrats and Republicans, that moves our state forward.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Good morning, Madam

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President.

THE CHAIR:

Good morning, Senator.

SENATOR LOONEY:

Madam President, speaking in opposition to the amendment, first of all, I would like to commend the Republican legislators in bo -- in both chambers for proposing an alternative budget and for not taking the approach which is always available to the minority party, which is merely to -- to sit on the side and -- on the sidelines and -- and condemn without offering an alternative. And I believe it's -- it is the act of -- it's a responsible legislative act to, in fact, go on record and propose an alternative. However, I believe that we should reject that alternative and when we return to the underlying bill should adopt that.

I believe that some of the cuts that are proposed in this budget are just too severe that undermine critical services in the State of Connecticut that, in fact, have a multiplier effect in disabling the state from capturing federal revenue which is going to be critically important to us in maintaining social services. And I think that that is a -- a fundamental

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policy mistake.

I think that the cuts in the Department of Developmental Services for supplemental payments for -- for medical services that cuts about 13 million and results in the loss of another six and a half million in federal funds and some of the other cuts in the Department of Developmental Services are counterproductive and -- and too severe. Because we have an obligation in the state to -- to meet needs that are not being met in other ways. There are some fundamental obligations that fall to government to meet and are not provided in any other way and it is our obligation to do so.

I believe also that some of the reductions in -- in funding for tax relief for elderly renters is too severe, as is the -- the cut in the Jobs First Employment Services, which also, in effect, may cause us to run afoul of federal law which requires that TANF recipients, 50 percent, be re-employed within -- within two years and that funding helps needy families transition from welfare to work. And I think that that also creates a -- a jeopardy of loss of federal funds.

So I believe that the underlying budget is the --

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is the responsible one. It does make cuts. It does raise some additional revenues, but I think it better balances the fact that there are essential needs and essential programs that need to be maintained and that this alternative budget in some cases juts -- just cuts too large a hole in the safety net.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President. I, too, rise to oppose the amendment before us, but as with Majority Leader Looney, I do want to thank our Republican colleagues for presenting a budget -- a complete budget alternative.

Putting together a budget's not easy under any circumstances and certainly not when we have a \$3.3 billion deficit. So, again, I -- I appreciate the effort that went into this.

I do, of course, oppose this for a number of different reasons. For example, there's about \$1,215,000,000 worth of savings in here which I think

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is -- is very questionable, that includes \$231 million of so-called debt restructuring, which is essentially pushing out the principle payments and debt service for the state into future years, which is essentially the equivalent of borrowing, and that's frowned upon by rating services and agencies; \$550 million in lapse or so-called savings targets, and that's over and above the billion dollars in each year that this budget is counting on for union concessions, in effect, endorsing the course of Governor Malloy on that front, but then taking it a step further with another 550 million in unidentified savings targets. And there's \$434 million in Medicaid savings, 210 with a Medicaid waiver, very questionable as to whether we would even get that waiver, and if we did, questionable as to when it would occur and whether it would even be in the biennium and another \$224 million, Madam President, for Medicaid fraud. And the idea is that 20 investigators would result in \$224 million in savings. Well, at that rate, we might as well add 80 investigators and get a billion dollars in savings. But we know that in point of fact that savings target is wildly inflated. In our budget we're adding ten positions and we're estimating,

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perhaps, \$31 million in savings, a much more conservative estimate.

In terms of health care, there are some cuts here that will hurt middle class families. The cuts in the Department of Developmental Services, in medical services, in volunteer services and also intensive behavioral programs that help keep children with their families that will cut about \$20 million to those programs. We will lose about \$6.5 million in federal funds as a result.

On the education front, I think you've heard before the Basic Skills Exam for teachers that would be eliminated, the Teachers Standards Implementation program that would be eliminated. These are programs that help ensure accountability in our education system. I think we want that. Also we would be cutting funds for the Development of the Mastery Exams for Grades 4, 6 and 8. And -- and when asked about that Senator Kane said that, well, the towns would have to pick up the additional cost. Let's think about that. The towns would have to pick up the additional cost. It sounds like an unfunded mandate to me.

There's another cut in here for measuring student

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progress in our schools. That's a cut of \$900,000, and Senator Kane acknowledged we would lose \$12 million in federal funds. I guess the alternative would be for the towns to pick up the additional cost. We would also be cutting funds for interdistrict cooperation, something that was mandated by the Sheff vs. O'Neil settlement. That's an \$11 million cut, but it could land the court -- or land the State of Connecticut back in court, not a good thing.

In terms of those union concessions, you know, Senator McKinney and others have acknowledged that language in our budget, which was largely replicated in theirs, is a good thing because we want accountability. If there's an agreement, we want that agreement between the state employees and the Governor's to come back the legislature for ratification. That's in our budget. It's also in the Republican budget. That's good. And if there's not an agreement between the parties or if there's a shortfall, then there has to be a plan and we have to be a part of that in terms of having a vote on a plan to -- to fill that shortfall here in the legislature, and that's a good thing.

And the whole argument that was made by my

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colleagues on the other side of the aisle was we should not be simply handing over the authority to the Governor without a legislative check. We should not be giving away our power as a co-equal branch of government. There's -- the people of the State of Connecticut want us to retain that oversight and that -- and provide that accountability. And I think those are all very good points. However, in the Republican budget for us -- before us tonight, they would increase the rescission amount that the Governor has on line items from 5 percent to 10 percent.

In the Republican budget before us right now, they would allow the Governor to make cuts in aid to the cities and towns through rescission authority. Right now according to our law, the Governor cannot use his or her rescission authority to cut municipal aid, the dollars to our cities and towns, make no mistake about it, when we see who votes yes and who votes no, the folks who are voting yes on this budget are handing over the authority to the Governor to cut municipal aid by rescission authority.

Finally, Madam President, in terms of economic development, their budget would cut our Youth Employment program that would eliminate programs

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providing jobs for youth, particularly in our urban areas, at a time when we want our folks to have jobs, especially, in those parts of the state that have the highest unemployment, our cities. It would cut funding for the Jobs First Employment Services. Senator Looney mentioned that helps TANF recipients find jobs. And there's a federal requirement that 50 percent of all the TANF recipients must be employed within two years. This program helps us meet that federal requirement. If we do not meet that requirement, the State could lose up to \$270 million in federal funds per year. So the Republican budget -- sure it spends less, but you know why in part it spends less? Because they are leaving, perhaps, hundreds of millions of federal dollars owed to our taxpayers that we send to Washington on the table. Our budget brings them home. That's fair. We get our fair share. Their budget sends the taxpayer dollars to Washington and then they go to other states but not back to Connecticut. That's wrong.

I find it ironic that some of my good colleagues on the other side of the aisle were making statements that they stand with the middle class against the big corporations. Okay. Welcome to our side. Welcome to

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our side in standing with the middle class.

Unfortunately, so many of the additional cuts that are in your budget hurt middle-class families. And you know what? We're not antibusiness. I mean, you can't have it both ways.

Talk about the importance of business and jobs and then when we note that it's the business community that's supporting our budget, not yours, rail against those business leaders who support Governor Malloy's budget and the Democratic budget.

And some folks talk about corporate CEOs. Well, let's go to the Fairfield Business Council. Let's go to the Bridgeport Business Council. As you all know, yes, there's some large companies represented, but there are many small businesses, medium-size businesses. There's a wide diversity of businesses represented who support our Democratic budget who do not support this Republican budget that's before us here tonight.

So, Madam President, again, I applaud my Republican colleagues for putting this out there. It would have been easy not to do that. However, there are so many fundamental flaws in this budget that I must vote no.

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Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark further? If not the Clerk please announce a roll call vote. The machine will be opened.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. An immediate roll call vote has been ordered in the Senate. Will all Senators please report to the caucus?

THE CHAIR:

Have all -- have all members voted?

If so, Mr. Clerk, will you read the tally -- announce the tally, please.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment has failed.

Senator McKinney.

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SENATOR MCKINNEY:

Thank you, Madam President.

I rise for purposes of offering an amendment.

THE CHAIR:

Please proceed, sir.

SENATOR MCKINNEY:

Thank you, Madam President.

I believe the Clerk is in possession of LCO  
Number 5704. I ask that he call the amendment and  
move adoption.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5704 will be designated Senate Amendment "C."

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

And before beginning my brief presentation on  
this amendment, I would ask that when the vote is  
taken, it be taken by roll call.

THE CHAIR:

It shall be.

SENATOR MCKINNEY:

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Thank you. Madam President and members of the circle, the -- the good news is that towards the end of Senator Williams' speech and towards the end of my speech there were areas of agreement. And I -- I want to thank Senator Williams for the revised language in section 12. There was a time and -- and the House Minority Leader and I, Larry Cafero, met with Secretary Barnes -- and we certainly appreciate his time, we had him for about an hour and a half -- in part to discuss what was an early draft by the administration, which -- which candidly they admitted was extraordinary rescission authority and which I think as a legislator was nothing short of ceding our entire legislative authority over to the Governor's Office and OPM to cut anywhere up to \$2 billion anywhere in our state government. Having said that, and I -- and I -- I also welcome the fact that the Governor accepts that this language is better language as well.

One of the things that I noted is that the Governor has said consistently that he hopes to get a billion dollars in concessions, but in the event that he doesn't, any difference between a billion dollars and what he receives in concessions will not be made

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up in additional tax increases. Just as in our Republican budget, we supported the Governor's -- Senator Williams is right. Governor Malloy asked for 10 percent rescission authority and for that rescission authority to be somewhat expanded beyond what current law. We as Republicans supported that, offered it to him in our budget. There -- and I've said before -- although quite critical tonight -- there areas where we agree. And on those areas, I -- I am unafraid to stand up and -- and applaud him and support him.

In section 12 in our bill, it talk -- in -- in your budget, it says that should the Governor not achieve a billion dollars in concessions in union savings, we will come back to make budget adjustments. This amendment recognizes that the Governor has said that we will come back and reduce our spending, we will not increase taxes. Budget adjustments could be a reduction in spending. It could be an increase in taxes.

So the amendment before you is very simple. It replaces to the two words "budget adjustments" with the three words "reductions in expenditures." It means that in the event we do not receive a billion

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dollars in concessions, when we come back, we will make the reductions in expenditures. We will do exactly what Governor Malloy has said that we will cut or reduce our spending to make up that delta, we will not increase our taxes. And with that, Madam President, I don't know that is a friendly amendment, but I -- but I would hope it is. Thank you.

THE CHAIR:

Will you remar -- remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President. I urge rejection of this amendment.

THE CHAIR:

Thank you, Senator Harp.

Will you remark further? Will you remark further?

If not, Mr. Clerk, will you please announce a roll call vote. The machine will be opened.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. An immediate roll call vote has been ordered in the Senate.

THE CHAIR:

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Have all Sena -- have all members voted? Have  
all members voted?

The machine will be closed. And, Mr. Clerk, will  
you please tell us the tally.

THE CLERK:

Total Number Voting	35
Necessary for Adoption	18
Those voting Yea	13
Those voting Nay	22
Those absent and not voting	1

THE CHAIR:

The bill -- the amendment has failed.

Will you remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I rise for purpose of amendment. I believe the  
Clerk is in possession of LCO 5724. I ask that he  
call the amendment and move its adoption.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5724 which will be dele -- designated Senate,  
Amendment "D."

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THE CHAIR:

Senator.

SENATOR MCKINNEY:

Thank you.

Madam President, this amendment, like the one prior and should this not pass perhaps one more after, all deal with section 12 of the budget.

Section 12 is the portion of the budget which deals with the treatment of any agreement between the Governor and CBAC, and in addition to that agreement should there be one, any difference should it fall short of a billion dollars in terms of how our budget is solved should he not get a billion dollars.

And I know it's late so I probably didn't explain that well, but -- but Republicans believe two things. Well, one, we believe we shouldn't be voting on a budget without knowing where \$2 billion is coming from, but beyond that with respect -- with respect to section 12, we believe that any agreement entered into between the Governor and the state employees bargaining union, once and, if ratified by the respective bargaining unions, must be voted on by the House and the Senate.

Now, I -- I understand and I heard and I respect

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the Senate president who said there will be a vote, but the language in section 12 does not require a vote.

And if I could, through you, Madam President, perhaps to Senator Harp as the introducer of the budget before us, I'd like to ask her a question, through you.

THE CHAIR:

Senator -- Senator Harp, please prepare yourself.

SENATOR MCKINNEY:

Thank you, Madam President. And if, Senator Harp, if you feel I should direct the question to somebody else, feel free to let me know.

But in section 12, Senator Harp, as I read it -- and I'll try to give you my two-part reading of it -- section 12, subsection A, says that any agreement reached through negotiation with CBAC shall be subject to approval of the General Assembly in accordance with section 5-278 of the General Statutes, so that's -- that's the first piece of this is that any agreement is subject to 5-278. And as I understand it, that's already current law; is that correct, through you, Madam President?

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Senator Harp.

SENATOR HARP:

Through you, Madam President, it is.

SENATOR MCKINNEY:

Thank you.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

And -- and further that law allows agreements to be -- to take effect in full force even if we don't vote on them. In other words, the agreement can go on our legislative calendar and if the legislature does not act upon the agreement within 30 days that agreement goes into effect; is that also correct?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, the gentleman's correct.

SENATOR MCKINNEY:

Okay.

THE CHAIR:

Senator McKinney.

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SENATOR MCKINNEY:

So -- so therefore, would -- would the Senator agree with me that without getting to subsection P -- B, subsection A does not require a vote on any agreement with CBAC; is that correct? Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President, it doesn't require a vote, but typically what happens is the -- there is a public hearing in Appropriations, and typically in Appropriations there's a vote. And -- and -- so -- so it doesn't require it, but, you know, it -- in the chambers oftentimes they're not voted on, but certainly they're voted on in the Committee.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. And -- and let me just say I'm not -- I'm not trying to play a game of gotcha by saying it's not required. I'm just trying to understand the language before us and whether or not the language would absolutely require a vote or

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whether it may be the intention to have a vote but one is not necessary. And so that's -- that's just really the sole reason for my questioning.

I would then, Madam President, since -- since section A -- subsection A does not require a vote, we then obviously look at subsection B and that would be specifically B1 and B2. As I read subsection B1 and B2, it requires the Governor on or before May 31, 2011, to present the General Assembly with recommendations as to how to implement an agreement if there is one reached with CBAC, and if it's short of a billion dollars, the Governor's proposal to make up that difference. It then says that on or before June 8, 2011, the legislature shall enact legislation to dispose of those two.

So here's my hypothetical situation, through you, Madam President, and then a question to Senator Harp. If the Governor reaches an agreement with CBAC -- which according to the lead negotiator could happen this week -- and that agreement were put on our calendar prior to May 8th, that agreement could sit on our calendar for 30 days, no action is required by the legislature under this section until June 8th, and that agreement, as I read it, if put on our calendar

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before May 8th, could become effective without a vote of the legislature because we're not required to act until June 8th.

Through you, Madam President, is that a possibility?

THE CHAIR:

Senator Harp, I know that you're not the proponent. Do you mind answering this?

SENATOR HARP:

I -- I don't mind answering --

THE CHAIR:

Thank you.

SENATOR HARP:

-- it. My understanding is that if it comes in after the 8th, then we would have to vote on it, because there wouldn't be the -- the 30-day lapse. If it comes in any time after the 8th and there aren't 30 days, then we would be required to vote on it, or it's -- or else it would not be approved.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank -- thank you, Madam President, and -- and that's all the questions I have. Senator Harp, thank

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you for your answer.

And I -- and I think again, this is not an attempt to play gotcha. I think there was agreement between Senator Williams and I in a brief phone conversation that section 12, as proposed by the Governor, was not the best section 12 for the legislature. And I believe that that section 12 has been rewit -- rewritten to better reflect the role we have, as a legislature, in part because we in the minority have been very vocal about it, and in part because of the leadership of the Democrats in this legislature properly exercising our legislative authority. That's not disrespectful to the Governor. It's respectful to the Constitution and the process that we have.

And so Senator Harp, by saying that if the union agreement -- should there be one and we all hope there is -- is put on our calendar after May 8th, then this language requires a vote, I agree with her. The -- the -- the area of concern and the possible loophole, which I don't think was intended but just part of the language, is that if that agreement comes on our calendar before May 8th, then a vote is not required. The amendment before you simply makes that language

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crystal clear that whether the agreement is put on our calendar tomorrow or any time before May -- May 8th, we will have a vote on that contract in the legislature.

Thank you, Madam President. And if I -- if I didn't -- I believe I did, but I'll probably repeat myself -- ask for a roll call vote on the amendment.

THE CHAIR:

Thank you, Senator.

Senator Boucher.

SENATOR BROUCHER:

Thank you, Madam President.

Madam President, I rise in strong support of this particular amendment. Having been through the process a few years, particularly on the Appropriations Committee, I was there prior to the change in practice of actually discussing, meeting and affirmatively either approving or disapproving some of these contracts. And part of the reason we did that is because a few of us made quite a big deal over the fact that we never ever discussed or even met as a subcommittee for collective bargaining agreements. And after much discussion, the co-chairs heard us and changed that practice during the time that I was there

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so we actually got to meet for the very first time -- it was quite novel -- as a subcommittee to discuss the various -- very important union contracts for state employees that came before us and then later on we actually had a vote.

Of course, that practice didn't continue to the floor of the House and Senate where past practice prevailed and that is you just let a contract sit on the calendar and if there's no action within 30 days then it affirmatively gets passed and moved ahead.

This is not good practice for the State of Connecticut. We are elected representatives. We have a fiduciary responsibility to our voters to be able to do this. This is a unique privilege, an opportunity, to review these contracts, which right now have become the underpinning of an unsustainable growth and what some may see as very generous health care benefits and others that have reached a point now where the State is in serious trouble, both in the way of what is our unfunded pension liabilities, what is in the fact some of our wages and benefits that happen to be some of the highest in the country, if not the highest, second highest maybe next to Massachusetts, but certainly unsustainable and compared to the federal government

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benefits, substantially higher.

I often refer to the fact that one of our employees that worked at the federal level had a drug that they had to copay \$40 a month and when he came and worked for the State of Connecticut that very same drug was a copay of \$8, difference of \$40 to \$8, very direct interesting comparison. So these types of things have passed along one year to the next without an affirmative vote. So this is an important amendment, something that the Governor actually proposed, which I was in tremendous agreement with and it was -- was elated to see that one of our leaders of our state government actually recognized the need to do this. And it is a responsibility we have to the voters.

So in support of the Governor's position, I support our Minority Leader's amendment to do the right thing and have us do our jobs, and that is at least affirmatively vote, have a discussion, an opportunity that local towns and municipalities don't get to do. We should do it here at the State of Connecticut.

Thank you, Madam President.

THE CHAIR:

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Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I rise to oppose this amendment. As I think about it, I don't see how we can get around voting on any agreement that comes before us. I don't believe that they'll be a time and if it comes in even later, we would be required to come in in a special session to actually vote. So if -- if we were having this debate last month, then perhaps the problem that was represented might happen, could happen. It appears to me that we don't have time for it to happen now, and that a vote would be required.

THE CHAIR:

Thank you, Senator Harp.

Will you remark? Will you remark further?

If not, would the Clerk please call and ask a roll call vote and the machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

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Have all members voted? Have all members voted?  
If so, the machines will be locked, and I will ask  
that the Clerk to please tell a tally.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I'm going to try one more time with respect to  
section 12. I believe the Clerk is in possession of  
LCO 5733. I ask that he call the amendment and move  
adoption.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5733 will be designate Senate Amendment  
Schedule "E."

THE CHAIR:

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Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President. Move adoption of the amendment and ask that when the vote be taken, it be taken by roll call.

THE CHAIR:

Roll call will be ordered, sir.

SENATOR MCKINNEY:

Thank you, Madam President.

Actually, first, I -- I misspoke a little bit. This is not a change to section 12, but this in reaction to the effect of section 12, and, more importantly, to our concerns that passage of a budget without knowing where \$2 billion is coming from is not only the right fiscal path to go down, is not only not the right policy of passing a budget, but one that raises serious Constitutional concerns.

There is -- there is no doubt as to the language in our State Constitution. After the imposition of the income tax under Governor Weicker's administration, the people of the State of Connecticut spoke loudly and clearly and overwhelmingly. Amending our State Constitution, over 80 percent of the people voted in favor of a Constitutional amendment that

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required a balanced budget and then that amendment said simply that authorized expenditures cannot exceed anticipated revenue in a fiscal year.

Now, obviously, there has been talk about whether or not people would go to court to question the validity of a budget which is passed with a \$2 billion hole. And there are two legal principles upon which I feel certain everyone who's practiced law would agree. Prin -- principle number one is that our courts, be it the Superior Court or our Supreme Court, want nothing to do with this issue and will look at all ways to not deal with it, whether it's issues of standing or ripeness is the issue properly before us at this time, is the issue moot, political questions, respect for an equal branch of government. That is a principle, but it is a principle which our State Supreme Court recently in determining who was qualified to run for office, felt that when they needed to jump in they had to jump in.

The other principle upon which I'm certain all would agree is that the court, whether it be a judge of the Superior Court or the seven justices of our Supreme Court, would say that the language in our Constitution must mean something. No Justice -- no

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Justice would say that that language was meaningless. So the language in our Constitution which would -- did not exist prior to 1992 that says that authorized expenditures shall not exceed anticipated revenue in a fiscal year must mean something. What does it mean? It's never been challenged. It's never been reviewed. There's no precedent. I would argue that at the very least it means that on July 1 when your fiscal year starts, your authorized expenditures cannot exceed your anticipated revenue. What are authorized expenditures? It's the money we spend in our budget. So at the very least, if July 1 were to come and we did not have a negotiated agreement with labor -- which I don't think will happen, but if we didn't -- and if we didn't have a supplemented plan that made up that difference of \$2 billion, there's no doubt in my mind that our budget would be out of balance and passage of such would render it unconstitutional.

In fact, I spoke to a small group of business people last week from Fairfield County up -- they were up here at the Capitol. The first speaker of the morning was the Governor. The second speaker was the Majority Leader of the House and I was the third speaker, all separately. And before I got there they

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all said that the Governor acknowledged that the budget was a billion dollars missing in each year, pending outcome of negotiations; that the Majority Leader acknowledged that the budget is a billion dollars short in each year, pending outcome of the negotiations. We all know, it's no secret that there's \$2 billion missing.

So without question, if this budget passed right now, today, were law and nothing else were to happen, authorized expenditures would exceed anticipated revenue by \$2 billion. So this budget becoming law and nothing else happening is without question unconstitutional, without question. So then the question becomes, does a balanced budget amendment kick in on July 1 or does it kick in some earlier time? That's an answer I don't think anyone knows. It's never been dealt with by any courts in our state. I certainly can make, I think, a very fair argument that the term "authorized expenditures" since the language in our Constitution is in Article 3. Article 3 are the powers vested in the legislature. It is the Legislative Branch which authorizes spending, not the Executive Branch, not the Judicial Branch, that authorized expenditures. The authority is given when

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the budget is passed.

That could be the right view, that could not -- that could be the wrong view, but what I do know is that that language means something. And what I do know is that if things don't work out for us, if there is not an agreement, there could very well be an agreement between the negotiators for the state employees union and the Governor's negotiators and that agreement could be rejected by a number of a majority of or maybe all of the bargaining units. We don't have to go back in history too long to see that a negotiated agreement between a Governor of the State of Connecticut and the employees' negotiators was rejected by one of the large bargaining units. If that didn't happen that \$2 billion problem becomes a lot more difficult to solve, and I dare say nobody wants it, but it'd be pretty hard to solve by July 1.

So this amendment -- this amendment recognizes the seriousness and the importance of our Constitution. This amendment recognizes that when the people of any state, but the people we represent, go through the extraordinary measure of amending the Constitution that we need to do everything we can to honor it. Without question the very first thing we

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do, as elected officials, is take an oath of office to uphold and protect that Constitution. This amendment provides that level of protection by simply saying that if we do not get a billion dollars a year in concessions and we do not get a package of concessions and budget adjustments which equals a billion dollars, then what we've done here by passing a budget is null and void and we need to go back and pass a budget again.

You -- you cannot -- you cannot make the argument that absent a billion dollars in either concessions or concessions and adjustments that our budget is balanced, you can't. The Governor doesn't. Nobody does.

Given the language of our Constitution, given our oath of office to uphold that Constitution, we need to provide protection in the budget that if the billion dollar hole, per year, is not made up, the budget cannot go into effect because it would be unconstitutional. That's what this amendment does. And I urge my colleagues to support it.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

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Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I urge the body to reject this amendment.

THE CHAIR:

Thank you, Senator Harp.

Will you remark further? Will you remark  
further?

If not, the Clerk please announce a roll call  
vote and the machine will be opened.

THE CLERK:

An immediate roll call vote has been ordered in  
the Senate. An immediate roll call vote has been  
ordered in the Senate.

THE CHAIR:

Have all members voted? Have all members voted?  
This time I will close the machine and ask the Clerk  
to, please, call the tally.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22

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Those absent and not voting 0

THE CLERK:

The amendment fails.

Will you remark further?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

I think we all feel like we're still very much in this great recession. We know that the inflection point has been hit and we are presumably on our way out of the woods, but it's not really happening all that quickly. And I find it hard personally to imagine that we would actually be ahead of plan in terms of our revenues going forward. But over the weekend we received some good news. It was actually the tail end of last week and we heard about it over the weekend that, in fact, we're ahead of our original revenue assumptions to the tune of there being over a \$500 million surplus forecast for this fiscal year, which ends in just about a month or so. And we could be wrong about our -- our opposition to the revenue forecast.

I think it may be a little too sanguine for the health of our budgeting process, but if, in fact,

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we're wrong, I'll be the first one to come and see in your office and tell you, I'm sorry, I was in fact wrong. And along those lines, Madam President, I have an amendment and the Clerk is in possession of it. It's amendment -- it is Amendment 5731, and I'd like to ask the Clerk to call it.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5731 will be designated Senate Amendment  
Schedule "F."

SENATOR FRANTZ:

Thank you, I --

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

I move adoption of the amendment and seek to summarize.

THE CHAIR:

Thank you, Senator.

Will you remark?

SENATOR FRANTZ:

Thank you.

This -- this amendment quite simply does this. What it does is it sunsets every new tax and every tax increase that's in the underlying budget bill that's before us tonight. There -- there's a slight fiscal note to it. It doesn't start until 2014. It's about 6 -- it's about \$877 million, but let's put that aside for the -- for a moment because -- because if we look at this fairly and squarely, that's two years down the road and there are a lot of things that can happen. We -- we can recover in Connecticut, espec -- if we make all the right decisions here, starting with the budget tonight, we can set up Connecticut as one of the most competitive states in the Northeast, certainly in New England, even though we have some very competitive -- newly competitive states around us. There is still time, my friends, to try to do something to make our state competitive and attractive to businesses.

I think the mentality around this building for far too long has been that if you raise tax rates, tax revenues will go up a commensurate amount. But that's a sort of static way of looking at it. If you look at it really world or in a dynamic fashion, you'll know that behavior changes when you do

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something to the tax rate. And there are three components, the way I look at it: You have the number of taxpayers; you have the rate at which those taxes are paid; and then you have the base upon which that tax rate and number of taxpayers is applied.

So if you have a really, really, healthy economic base, for example, financial services or -- or private equity and you have a huge capital base in your state, which is very desirable, and you have a lot of people who are involved in that industry, they're making a lot of money. And they're paying to the state a lot in the form of taxes which turn into revenues that can be spent on state government. Yes, if you do lower T, which is the rate of taxes, you'll probably get a lot more taxpayers. So that's the way to look at it. And we don't know where we're going as a state with respect to revenues. I think you can make a very strong argument that if you do raise your tax rates too high, you do chase away a lot of the tax base and, ultimately, the stream of revenues to the State of Connecticut shrinks. And that is exactly what we can't afford to do in the state of Connecticut because then we get into that downward death spiral where you have to keep increasing the rate of tax on a dwindling

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number of people who -- and corporations and partnerships -- who can pay that tax. And that is exactly where we don't want to be. We've seen that happen to cities. We've seen it happen to states in the past and there may be some other states that will have that happen to them again in this particular downturn.

And in addition that I think if you go back twenty-some-odd years and you look at the previous recessions that we've been through, I think we'd find that there's an interesting pattern here, and that is that we tend to underestimate the revenues that we're going to get. We end up getting more revenues a year, two and three years after we get out of a recession which ends up in surpluses. That money, of course, gets spent. We're so good at that here in this circle, spending money and it grows the budget. Again, we're getting close to 7 percent over a 31-, 32-year period. It's slowed here in the last couple of years and will slow going forward, but it's not enough to address our structural problem.

So I'd like to suggest that we take this amendment seriously and, I think, the fiscal note which is fresh off the press at \$877 million, we can

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more than make up for if we do the right things, lower our tax rate, increase that base, we'll double that is my guess, Madam President, and I humbly request a roll call on this one.

Thank you, Madam President.

THE CHAIR:

A roll call will be called.

Senator Kissel, good evening -- good morning, Senator.

SENATOR KISSEL:

Good morning, Madam President.

I'm happy to stand in support of this amendment as with the previous ones offered by my colleagues on our side of the aisle, and I think that Senator Frantz is -- is right on point.

One of the things that I've seen quite a bit representing a border community is that if we can get our tax structures to a point where we're competitive with surrounding states, then we will make up in volume the monies because -- even though we'll have lower tax rates. And once upon a time, we were actually on our way to embarking along that path. And in the last few years, we've -- we haven't focused on that.

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For example, with gasoline, if our gas stations were competitive with the ones in Massachusetts, we'd have tons of Massachusetts drivers coming over the line and purchasing gas at our stations. So we would have a huge volume increase, and even though our tax rate would be reduced, we would still at the end of the day -- and I hate that hackneyed term but I had to use it -- we would end up with more total revenue. And so we need to think in those terms. How can we, sort of, structure our tax system in such a way that we want to draw folks from surrounding states into our state?

The last point I will make is this. In past years in talking about the budget, it was described as aspirational. That a budget is as much about dollars and cents as it is about where we aspire to be as a State. And I think it's not a bad thing to aspire to eliminate taxes two years down the road, to sunset them. And, you know, as much as the conveyance tax was -- was put out there and saying it was going to be sunsetted and eventually the majority side said, no, we're going to make it permanent. At least it forced us to come back and debate it time and time and time again.

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So in supporting this amendment, at least we'll force that debate down the road, and I'm happy to stand in support of Senator Frantz's amendment.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Daily.

SENATOR DAILY:

Thank you, Madam President.

Yes, I would simply urge rejection of this amendment.

THE CHAIR:

Thank you, Senator Daily.

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I'll try to be as brief as Senator Daily.

THE CHAIR:

I hope so.

SENATOR KANE:

I do support the amendment. And I guess the reason is some of us, not myself, but, some of you -- I should say -- around this Circle certainly voted for

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the income tax in 1991 or thereabouts. And that was told to the State of Connecticut and to its constituents that it was to be a temporary tax, this income tax that they instituted. Then I think in 2002 the Business Entity Tax was said that that would be a temporary tax. And then the Real Estate Conveyance Tax was said to be a temporary tax.

Well, obviously, those taxes have not turned out to be temporary but turned out to be more permanent than they care to admit. So I thank Scott -- Senator Scott Frantz for putting forth this amendment because he's the first person to say, hey, there have been many temporary taxes that we've promoted just like we see here today but none have been sunsetted in the true fashion of the word.

So, Senator Frantz, I give you much kudos for this because this is the first opportunity we've seen that we can truly end one of the taxes that we call so-called temporary.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Kane.

Will you remark? Will you remark?

If not, the Clerk please announce a roll call

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vote. The machine will be opened.

THE CLERK:

An Immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Senator Gomes, would you like to vote? Senator Gomes, would you like to vote?

If all members have voted, the machines will be closed. And will the Clerk please call the tally?

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Would you remark further?

Senator McLachlan.

SENATOR MCLACHLAN: .

Thank you, Madam President.

I rise for the purpose of an amendment.

THE CHAIR:

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Please proceed, sir.

SENATOR MCLACHLAN:

Thank you, Madam President.

The Clerk should have LCO Number 5688. I would ask that it please be called.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5688 which will be designated Senate  
Amendment Schedule "G."

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

In the State of Connecticut, we have what I call a phantom tax, and I mean it's a phantom tax because the taxpayers of Connecticut don't even see the tax listed anywhere. And that tax I refer to is known as the Petroleum Gross Earnings Tax. So when we go to the gas pump each gallon of gas includes a federal tax, a state tax, which the budget underlying this amendment now claims to not increase the State Gas Tax, but the third tax that I call the phantom tax is this Petroleum Gross Earnings Tax. And the amazing

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part about this tax approved by this Legislature is that the tax rises automatically when the wholesale price of gasoline goes up. This Legislature doesn't have to take any action to collect more money. The percentage, per se, on each gallon of gas mysteriously goes up just because of what's happened on the wholesale gas market. And I don't think that's a good idea.

In fact, it's a windfall to the State coffers in these recent months when the cost of gasoline has risen so dramatically. So when gasoline went from \$3 a gallon to \$4.33 a gallon this morning in my neighborhood that meant a windfall tax collection for the State of Connecticut and this Legislature never even voted on it. I think we need to stop that. And this amendment proposes that we cap this mysterious tax so that it stops rising if we have the unlikely and unfortunate increase, continued increase, in gas prices in the State of Connecticut.

So we have three taxes on our gas: federal, state and the mysterious one. So let's cap the mysterious tax. I urge adoption of this amendment.

Thank you, Madam President.

THE CHAIR:

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Thank you, Senator.

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I would urge rejection of this amendment.

THE CHAIR:

Thank you, Senator Daily.

Will you remark further? Will you remark further?

Seeing no one remarking further, I will ask the Clerk to please announce a roll call vote. And the machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members have voted, the machine will be locked. And will the Clerk please give us the tally.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22

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Those absent and not voting 0

THE CHAIR:

The amendment fails.

Will you remark further?

Senator Witkos. Good morning to you, sir.

SENATOR WITKOS:

Good morning, Madam President.

The Clerk has in his possession Amendment LCO 5670. I ask that it be called, and I be given leave to summarize.

THE CHAIR:

Mr. Clerk.

Could you repeat that, Senator, which is the LCO number please?

SENATOR WITKOS:

LCO Number 5-6-7-0.

THE CHAIR:

5-6-7-0, Mr. Clerk.

THE CLERK:

LCO 5670, which will be designated Senate Amendment Schedule "H."

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

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Thank you, Madam President. I move adoption.

THE CHAIR:

I'm sorry.

SENATOR WITKOS:

I just was moving adoption. This is an amendment I think everybody is going to like.

THE CHAIR:

We'll try anything new. It's a new day.

SENATOR WITKOS:

The reason why -- the reason why I say that, Madam President, is because this particular amendment speaks to rate relief on electricity. And that we're doing some fine work in the Energy and Technology Committee. And as a matter of fact the showcase piece of legislation that we're going to have at some point during our session is Senate Bill Number 1. And in the various pieces of legislation that have come before us as it deals with electrical generators, we always focused if there was a tax on the nuclear, the coal and the oil plants. We never included solar. We never included wind, and we never included natural gas. But somehow the natural gas found its way in the bill that's before us. And this amendment moves to strike all that language because if we pass this,

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Madam President, this will have a direct impact on our electricity rates.

We've noticed that electricity prices have gone down because the price of natural gas has gone down. The raw material used to generate electricity in our State. Most of our electricity is produced through the use of natural gas. If we tax it, it will go up. The other bills that have come before this Chamber correctly did not assess a tax on natural gas. This will also correct that mistake.

Madam President, I'd ask that when the roll is taken it be taken by roll call. Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Daily.

SENATRO DAILY:

Thank you very much, Madam President.

I would urge rejection of this amendment.

THE CHAIR:

Will you remark further?

Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

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I would urge adoption of this amendment.

Thank you.

THE CHAIR:

Okay. Acting on approval of the bill. Will you remark further?

If not, the Clerk please announce a roll call vote and the machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members have voted, the machine will be locked. And would the Clerk please call the tally?

THE CLERK:

Total Number Voting	35
Necessary for Adoption	18
Those voting Yea	13
Those voting Nay	22
Those absent and not voting	1

THE CHAIR:

The amendment fails.

Will you remark further? Will you remark further?

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Senator Boucher -- Boucher -- Boucher. Boucher.

Sorry.

SENATOR BOUCHER:

Good morning, Madam President.

THE CHAIR:

Good morning.

SENATOR BOUCHER:

It's a lovely morning to be here.

We all know -- and the public's concern and the State's concern is the -- is jobs as our number one issue. And when discussing this I'm particularly concerned about a nuisance tax, one, though, however, that has been undermining our business sector for some time and has had a lot of discussion and actually bipartisan support to eliminate it.

We've been talking about Connecticut being open for business and the dialogue that we've all been hearing is yes. However, this budget says no. There's been talk this evening about -- and also in the Finance Committee -- of a few large businesses, CEOs that support this budget but further information that suggest that there may be some bottom line reasons to get this approval. But we should all recognize that nearly 80 percent, 80 percent, of

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Connecticut's economy is supported by our small businesses.

The budget bill continues the fiscally troubling trend in Connecticut of narrowing our tax base making it more and more dependent on a smaller group of individuals and businesses. This budget's new higher tax brackets, actually, impose a second progressive income based tax on many Connecticut businesses.

Connecticut limited liability companies, limited partnership, S corporations are pass-through entities that pay taxes on their income through the State's personal or corporate income tax. This is what we're raising from 5 percent just a year and a half ago to nearly 7 percent, 6.7 percent in this particular budget.

Now this Business Entity Tax was created in 2002 by State Legislators in order to fill the deficit budget gap in that particular budget right after September 11th. It was, again, as someone just stated, one of those many temporary taxes that seem to every year continuously be either extended or expanded. It applies to 118,000 businesses in Connecticut and these companies must pay \$250 annually regardless of whether they earn a profit or even

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operate during that particular year. Many of us believe that this tax is a drain on Connecticut's economy and sends a very negative message to small business owners and entrepreneurs.

Madam President, the Clerk has an amendment, LCO Number 5669.

Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5669, which -- which will be designated Senate Amendment Schedule "I."

SENATOR BOUCHER:

Madam President, I move adoption and seek leave to summarize.

THE CHAIR:

Please go ahead.

SENATOR BOUCHER:

And, Madam President, I also ask for roll call vote once we finish our discussion, if we could.

THE CHAIR:

It will be ordered.

SENATOR BOUCHER:

Thank you very much.

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According to the Secretary of State, the previous Secretary of State Bysiewicz, in a news release that she put out on January 23, 2008, small business owners are responsible, as I mentioned, for 80 percent of Connecticut's new jobs and are instrumental in the growth of Connecticut's state economy. This particular tax is a burden on those small -- those same small business owners who are struggling to grow their businesses and make ends meet. This \$250 tax that they pay each year could be paying their electric bill each month, cover advertising costs or be invested in a new product.

I believe and many others feel it's time to repeal the Business Entity Tax in Connecticut. The State has a budget surplus last year and can no longer justify this additional tax on small business owners. What's more, these companies pay a \$250 entity tax, a surcharge, just for doing business as a pass-through. As stated, it is even paid when no business is conducted or they stay dormant during the period of the year.

Many of these businesses feel that this is time for it to be repealed, and by eliminating this we'd be putting this \$250 in the hands of certain small

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businesses that are promoting job creation and send the right message that, in fact, Connecticut is indeed open for business and not just giving it lip service.

Madam President, I hope that my colleagues would join me in promoting this particular amendment so that we will no longer have this particular tax on the backs of a lot of our small businesses that as we just said represent the good majority of businesses in our State.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator McKane -- Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I, too, rise in favor of this amendment. I stated probably four or five hours ago that I was a small business owner. And every year this tax really irks me because for no other reason, just for the fact that I open my door as a business owner, I pay the State of Connecticut \$250. I get nothing in return. No one, you know, provides any service but my business and other small businesses, like mine, pay \$250 a year

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for the privilege of owning a business or being in business. Yet, we are providing jobs, we are providing employment in the community, we are giving back to the community, we are providing economic vitality to our communities. Yet, the slap in the face, dare I say, that this State of Connecticut -- that this State continues to put on small business for \$250 would be a long, long way for us to say we appreciate you, we want you to do business here, we want you to continue to grow, we want you to employ people. Let's repeal this. This is a good idea.

Thank you, Miss Pres -- Madam President.

THE CHAIR:

Thank you, Senator.

Senator Boucher. Oops.

SENATOR BOUCHER:

Thank you, Madam President.

What many may not know in the Circle is that I, too, have been a small business owner, women-owned businesses. In fact, was hired by my present company as they were one of my clients over a period of time and have paid this as well. And our family does continue to pay this as small business owners. We know how hard it is to struggle to make ends meet.

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And that is the reason why many of us believe that tax policy really drives, as we've said many times tonight, the economic health of our State and that it can stimulate our State or strangle it. And that's what jobs -- have jobs and people fleeing the State.

What businesses tell us when they -- what they say that they're looking for from their state government is working together to solve the state fiscal problems and long term liabilities in a responsible, very sustainable way and not on the backs of our small businesses.

Thank you, Madam President.

THE CHAIR:

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you, Madam President.

I'll be very brief but this Business Entity Tax actually applies even if you're not a business. I have a situation that was called to my attention by a constituent. She's a -- it's a former farm family basically. They own land. They basically what you'd call land poor -- not a lot of cash. So she formed an LLC with each of her three sons. She split up the land with one son and another. So she had basically

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had three LL -- LLCs, therefore, she's subject to the tax even though she's not actually in business. She took the LLC for liability protection in case someone got injured on the land that was the reason they did it. And that's a sound reason to do it, but she also has the privilege of paying \$250 times three or \$750 to the State of Connecticut for absolutely nothing.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

Senator Markley.

SENATOR MARKLEY:

Madam President, thank you.

I, too, will rise briefly. I cannot help commenting on this Business Entity Tax. Senator Kane used the term "irked." I think it is the most irksome of all taxes in Connecticut in my experience. I hear about it constantly from constituents. It's a real pain in the neck. It's a kind of an insult to my mind to the business people of Connecticut. They certainly feel it that way. And I would urge passage of this amendment and repeal of this irritating tax.

THE CHAIR:

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Thank you, Senator.

Will you remark? Will you remark further?

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I would urge rejection of this amendment.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark? If there -- I would ask the Clerk to please call for an immediate -- for immediate roll call vote and the machine will be opened.

THE CLERK:

An immediate roll call vote has been ordered in  
the Senate. An immediate roll call vote has been ordered in the Senate.

THE CHAIR:

Have all members voted? Have all members voted?  
The machine will be closed. I will ask the Clerk to please read the tally.

THE CLERK:

Total Number Voting	35
Necessary for Adoption	18
Those voting Yea	14

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Those voting Nay 21  
Those absent and not voting 1

THE CHAIR:

The amendment fails.

Will you remark further? Will you remark  
further?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President, again very much.

I have four kids, three boys who play contact sports throughout the entire year and our five-year-old daughter is a self-proclaimed karate expert so naturally we do spend a lot of time in the local emergency room, which brings me to the subject of hospitals and taxes. And -- and I can tell you, Madam President, I got to know our local hospital, like many of you got to know yours over the years if especially if you had kids as rambunctious as ours, but my wife had to go onto bed rest for 101 days so I -- I sort of lived in the hospital with her for that period of time and got to know this institution very well.

This of course relates to the Hospital Tax that's been proposed in the underlying budget here which from

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my point of view, my constituents' point of view and certainly from the hospitals' point of view, is just an absolute travesty. It's essentially a zero sum game that distributes the tax proceeds from this taxing scheme throughout the hospital system and brings in some federal revenue -- yes, and in that's sense it's not a zero sum game that goes into the General Fund -- but within the hospital industry what it does is incredible to this wonderful institution which is approaching 110 years old.

We know it's a difficult business. It's very competitive and with everything that's happened in Southwestern Connecticut and Southeastern New York in that area with hospital closures the burden that this hospital has been able to pick up for everybody who shows up from all demographic backgrounds is remarkable. And during that 101-day stay at the hospital I got to know this place. It's one huge family that are totally devoted to healthcare and delivering the best possible healthcare that they possibly can to their customers and patients. They do a super job at it.

I have an amendment, Madam President. I believe the Clerk in possession of it. It's Amendment 5746.

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Would the Clerk please call it?

THE CHAIR:

Mr. Clerk?

THE CLERK:

5746 which will be designated Senate Amendment  
Schedule "J."

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam Clerk and thank you, Mr. Clerk.

I move adoption and seek to summarize.

THE CHAIR:

Please go ahead, sir.

SENATOR FRANTZ:

Thank you.

Simply what this amendment does, 5746 Amendment "J," is to eliminate Sections 145 and 14 -- 145 to 149 in the underlying budget bill which effectively gets rid of the Hospital Tax as proposed by the Governor and OPM. And I would strongly urge you to think about this because the loss to Greenwich Hospital would be somewhere in the neighborhood of about \$7 million which would cause irreversible damage. It would cause layoffs. It would -- it would harm 108 years' worth

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of really, really hard work to build this into one of the great healthcare institutions in the State of Connecticut that has done everything right. Let's not punish a winner. Let's not make it into a loser.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Roraback.

SENATOR RORABACK:

Thank you, Madam President.

Typically, at home, I tell people how lucky we are in Connecticut not to be like Washington D.C. But in this particular case, we are so much like Washington D.C. because in order to know what's in the Hospital Tax, we have to vote for this bill first, vote for the budget and then they're going to tell us what's in the tax.

Madam President, I'm looking at an email from the Connecticut Hospital Association to its members saying we don't know -- OPM is still working on what this tax will mean to our member institutions and we won't know for a few days what the answer is. Madam President, I think we are abdicating our responsibility to the --

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not only to the hospitals of Connecticut, but the people of Connecticut by voting for a budget when no one in this Circle knows the answer to the question what will it mean for my hospital.

Madam President, we're putting the cart before the horse. This amendment would eliminate that problem and distinguish us from our counterparts in Washington so I urge its adoption.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Roraback.

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

I stand in support of this amendment. Danbury Hospital is part the Western Connecticut Health System, which now includes New Milford Hospital. We are unsure what the impact on Danbury Hospital is. I've seen communications from them over the last couple of months that have talked about an impact as mid -- as little as \$2.7 million which is where we are, we think, today, and at one point an impact of \$7 million to their bottom line.

This is not a good idea. I mentioned in previous

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discussion on the floor on another topic that we have a very well run community healthcare system and this is penalizing them. I urge rejection of the proposed tax and support of this amendment.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

I rise in support of this amendment. In my Senate district there's two hospitals that would be very badly and adversely affected by the tax increase. The -- and I'm concerned that it'll impair their ability to continue to offer services to the indigent. They're important sources of care to the indigent. They're important sources of medical care for the indigent in our community. And both hospitals use the surplus they generate annually to sustain the capital improvements that are necessary to offer the latest and best medical care to all their patients; and, therefore, I believe that this -- this tax increase is

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adverse not only to the interest of the hospitals but to those to whom they serve, particularly the most indigent in the community. And I support the amendment on the floor.

Thank you, Madam.

THE CHAIR:

Thank you, Senator.

Senator Kelly.

SENATOR KELLY:

Good morning, Madam President.

THE CHAIR:

Good morning, sir.

SENATOR KELLY:

I rise in support of this amendment. We heard earlier this evening that it would be foolish to leave federal money on the table. And in the budget, we're pursuing federal money and risking our healthcare industry. In the Lower Naugatuck Valley, we have Griffin Hospital which is a quality hospital that provides great healthcare to the local community. It also provides jobs.

This bill has included in it winners and losers. In order to get the federal money that it would be wrong to leave on the table -- that's what we heard

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tonight -- we're going to put in jeopardy some hospitals to the benefit of others. Basically, our local community hospital is going to be threatened with its existence. We're going to lose the small ones and probably create larger ones. So the question is do we want to rush to a larger hospital or do we want to maintain quality local services that employs our neighbors? I think the choice is clear. Again, let's support local jobs, local business, in this case, local hospitals. And I urge the adoption of this amendment.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President.

Madam President, urging a vote in opposition to the amendment, and I'm not sure if a roll call had been requested, in any case I will request a roll call.

THE CHAIR:

A roll call will -- a roll call vote will be ordered.

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Will you remark further? Will you remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I rise in support of the amendment and want to thank Senator Frantz for bringing it before us today. He mentioned the success of Greenwich Hospital and he probably doesn't know this but my son, who is now 15, believe it or not, was born at Greenwich Hospital. So we have some connection to that great hospital.

What's unfortunate about -- and I think he used the word "scheme" -- and I think, you know, if you've had seven or eight versions of a tax, I think it's fair to call it a scheme. If you want to know what's a good tax not to pass, it's one that you have to write seven or eight times and you're told as you're passing the budget, we still don't know what that tax looks like because they're still working it out. That, to me, is a good start at a tax you shouldn't vote for.

But, you know, when I was at a meeting down in Fairfield County, Senator Williams, the Speaker, Representative Cafero were there as well. And the

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president of Greenwich Hospital stood up and spoke about how the version of the tax that was before us then cost his hospital around \$11 to \$12 million. Greenwich Hospital, obviously, does not face the same population that, say Bridgeport Hospital does, in terms of uncompensated care. But they also do take care of those who walk in their door who do not have means. A lot of their surplus is built upon more efficiencies and a better business model, which we have worked on.

The argument that has been made is that since Greenwich Hospital has an affiliation with the Yale-New Haven and since Yale-New Haven is a big winner in this scheme of winners and losers that, therefore, Greenwich Hospital is okay. Nobody every checked with Yale-New Haven and Greenwich Hospital to ask if they were okay because Yale-New Haven is certainly not willing to account some of their \$20 plus million of gain to the \$12 million loss for Greenwich. Now that -- those numbers may have changed again because we still don't have a final version. It's just not the way it works. This is a direct loss to that hospital regardless of their affiliations with any other hospitals.

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But the bigger issue here and the fundamental issue here -- and we've talked about this. We talked about this under Governor Rowland. We talked about it under Governor Rell, and we continue to talk about it under Governor Malloy. The bigger issue here is that we are -- we are imposing a tax, relying on the federal government for support and picking winners and losers. Fundamentally picking winners and losers in this respect is not the right way to engage in policy.

When we look at the last scheme I saw, every run, in fact, I've seen talks about how there are fewer and fewer losers but every run also includes the Low Income Adults money, the change from Medicaid to Low Income Adults. That's already current law. We're already counting on that. They're already relying on that. So we eliminate the DSH payment under the Governor's proposal, impose a new tax and hope we get the money from the federal government.

What happens if the money is not there in the future from the federal government? Is anybody really going to stand up and say, well, then we'll do away with the tax? Of course we're not. So we're engaging in a tax scheme that picks winners and losers, punishes those who are successful, engages in a huge

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redistribution of wealth -- which is not the right way to run our hospital system -- and down the road is reliant upon a source of money which may not be there.

So there -- there is a better way to help our hospitals. We've talked about this in the past, and I won't get into it for -- for a lot tonight. But over the years as I've been here, we have seen our hospitals compete with one another. My constituents in Fairfield mostly use Bridgeport or St. Vincent's Hospital. Some might go to Norwalk Hospital. The constituents I represent in Newtown mostly use Danbury Hospital. Years ago Danbury Hospital had a -- had a request in with OHCA to do cardiac surgery. Norwalk Hospital -- others were expanding their services all in a competition for dollars.

We're a very small state. We need to look at our hospital and our hospital resources and the expertise they provide on a macro state level. We need to make sure that they're not competing with each other and make sure that every person in the state can get to a cardiac care unit or a netal -- neonatal care unit or some expertise within a certain drive without necessarily making sure that every hospital can do everything because, candidly, I think that ends up

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decreasing your overall healthcare quality.

So this is a Band-Aid to a much bigger problem, a problem of the -- of the financial stability of our hospitals -- all of them -- but especially those in our heavily populated ur -- urban areas, like Bridgeport Hospital next door to me.

And I just think that Senator Frantz is right. We haven't even seen what the tax is going to look like. We know there'll be winners and losers, but we don't know who and we don't know how much. So let's eliminate the tax now. Everybody said we're coming back before June 8th, there's plenty of time to do it then.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I urge rejection of this amendment.

THE CHAIR:

Will you mark -- remark further? Will you remark further?

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If not, the Clerk please announce a roll call vote and the machine will be opened.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. An immediate roll call vote has been ordered in the Senate.

THE CHAIR:

All members have voted. The machines will be locked. And will the Clerk please call the tally?

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Will you remark further? Will you remark further?

Senator Kelly.

SENATOR KELLY:

Madam President, the Clerk has an amendment LCO Number 5747. Will the Clerk please call the amendment?

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THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5747 which will be designated Senate  
Amendment Schedule "K."

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Madam President, I move adoption by roll call and seek leave to summarize.

THE CHAIR:

Please go ahead and roll call will be called.

SENATOR KELLY:

Thank you very much.

What we have before us is an amendment to eliminate the provisions of the underlying bill that expanded the Nursing Home Provider Tax from 5 and a half percent to 6 percent. I believe that we should support this amendment particularly given the fact of what happened last week with the -- the closure of many nursing homes due to bankruptcy. You know, where are these individuals going to go? What are we going to do?

Right now many nursing homes are in court because

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of the Medicaid reimbursement rates haven't been increased in years. So the State's funding of nursing homes hasn't increased. We're going to start to suck money out of the industry through taxation. And it's no small wonder that the industry is going bankrupt, dislocating seniors and costing people their jobs. Keep in mind that nursing homes have a rightful place in the chronic care continuum that they're a necessary part of providing quality care to individuals as we age. And that presently 33 percent of Connecticut -- clearly one-third -- is a baby boomer moving into retirement. In the next 15 years, there is going to be a larger demand for the nursing home industry than there is today. And it's public policy decisions like we're making tonight that could possibly threaten the nursing home industry as we know it in Connecticut that we have to think long and hard about.

Before we take money out of an industry that's already teetering on bankruptcy, I would ask that we think twice about this amendment, look elsewhere for such revenue and approve this amendment.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

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Will you remark? Will you remark?

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I would urge rejection of this amendment.

THE CHAIR:

Will you remark? Will you remark? If not, the Clerk will announce the roll call vote. The machine will be opened.

THE CLERK:

Immediate roll call has been ordered in the  
Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Still one senator. Have all members voted? All members voted? The machine will be locked. And would the Clerk please call the tally?

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

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The amendment fails.

Will you re -- will you -- ooh, sorry -- I guess  
-- Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

The Clerk has an amendment LCO Number 5666. Will  
the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk, please call the amendment.

THE CLERK:

LCO 5866 which will be designated Senate

Amendment Schedule "L."

SENATOR WELCH:

Madam President, I move adoption and seek leave  
to summarize. I also ask for a roll call vote.

THE CHAIR:

Please go ahead, sir, and we will have a roll  
call vote.

SENATOR WELCH:

Thank you, Madam President.

This amendment essentially reduces the Sales Tax  
increase, the Hotel Occupancy Tax increase, the Luxury  
Tax and the Rental Car Surcharge Tax. And you heard  
me say it before we are a nation of consumers, and

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it's consumption that not only drives the economy of this State but the economy of this country and the economies of the world, especially consumption here in the United States. And so, in these economically fragile times, the last thing we should be doing is increasing the cost to consume here in the State of Connecticut.

Now this bill does have a fiscal note which states that in the Fiscal Year of '12 and '13 there will be a reduction in the revenue gains as found in Senate Bill 1239 but -- but those reductions are still within the \$269 million surplus found in Senate Bill 1239.

I also want to note that looking at those revenue estimates it shows what I had identified as something I believe to be a fundamental flaw with the Fiscal 2013 numbers and that is this: The revenue presumed to be taken in from the increase in the Sales Tax increases in Fiscal Year 2013; therefore, we're not acknowledging the fact that in 2012, we're going to be pulling out of our economy. We are going to be reducing disposable income in this State by more than \$150 million. That ought to have an impact, a negative impact, on what we can take in in Fiscal Year

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2013.

So with that Madam President, I urge passage of this amendment.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I would urge rejection of this amendment.

THE CHAIR:

Will you remark further? Oops. There has been a correction on the board that the LCO number that is up there now is correct and it's 5666.

Is that correct, Senator? Okay. Thank you.

With the correct numbers on the board right now, I would ask that the Clerk please announce a roll call vote and the machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

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Senator Boucher, you want to vote -- please.

Thank you.

If all members have voted, the machine will be locked and the Clerk will announce the tally.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
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:

Thank you, Madam President.

Madam President, the Clerk has an amendment, LCO Number 5664. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Amendment 5664 which will be des --  
designated Senate Amendment Schedule "M."

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THE CHAIR:

Senator -- Senator Boucher.

SENATOR BOUCHER:

Yes, Madam President, I move adoption and seek leave to summarize as well as call for a roll call.

THE CHAIR:

Please go ahead and you will have a roll call vote.

SENATOR BOUCHER:

Thank you very much.

Madam President, this amendment strikes Section 84 to 87, which inclusive in Section 119 in its entirety and renumbers the remaining sections and internal references accordingly. And, in essence, it does eliminate the Estate and Gift Tax. In fact, the Estate Tax was expanded to the Gift Tax in this particular budget.

The reason for this is that we have spent a number of years in this Legislature trying to eliminate a tax that we found really targeted our seniors, and we lost so many of them during the early nineties that the Legislature on both sides of the aisle felt it imperative that we should eliminate it over a period of nine years. While we were getting to

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the highest wage earners, it was reinstated and, unfortunately, we've seen a steady decline of -- of our most contributing seniors who are already paying a very heavy tax burden. They pay a local property tax when their children are grown and gone. They pay a tax on their pensions, a tax on their cars as property. They also pay a tax on their real estate and now also at their death. And this also involves a lot of our farmers and farmland in the State of Connecticut.

And this particular issue is -- has been studied, as I said, extensively because of the impact on our State. In fact, we commissioned an Estate Tax study by the Department of Revenue Services that I have a copy of and many of you have probably seen it dated February 1, 2008. And in there it has some pretty compelling statistics and shows the impact of our residents and, in fact, the net migration outside of -- of our State.

In the year of 2002, while we were eliminating this tax we had generally an average of about 800 to 900 individuals that left our State. After the reintroduction, this number jumped up to 12,800 residents that left the State who, in fact, were then

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later asked in a survey to -- to actually tell us the major reason for their leaving on the way out. And nearly 76 percent actually identified both the Estate Tax and the Income Tax as the major reason for them to leave.

And what's interesting that there's quite a bit of data for everyone to look at if they were to take this report and look on pages 16, 17 and 18 and when a check to see where to they go, we had from the period of 2002 to 2006 nearly 16,170 left the State for, of course, Florida. But don't think that they just went to warm weather climates. They also went to North Carolina in large numbers and New Hampshire as well -- again, places that had a much better climate for their tax dollars.

Additionally, on page 18, it's an interesting place to look because we were talking about that during this particular decade we had a loss of jobs or real flat job growth and we also had a very flat population growth as you can see by some of these numbers. And what was interesting is and when you compare this with states that didn't -- excuse me -- did not have an Estate Tax with Connecticut and also the national average, it was interesting that the

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growth in employment with states with no Estate Tax was a growth of about 2.15 percent and in Connecticut during that same period of time a .95 percent increase in employment. And in growth in population during that time states with no Estate Tax grew at 1.3 percent on average and Connecticut had a .09, a tremendously dramatic difference between the two. And some of the reasons that the State actually tried very hard to make this change.

And if you didn't want to look at that and spend time reading the survey and analysis by the Department of Revenue Services just look at Connecticut Estate Tax filers -- just by the number of filings that they had. When we saw that in 1995 to 2000, we had a 33 percent jump in filers; and yet in 2006 and 2007, we had a decrease of 24 percent in the number of actual filers in this area. And from 2002 to 2007, a minus 63 percent reduction in filers. So, again, this underscores be careful how we designate our revenue estimates because they may fall very short of what we're projecting. Just as referred to previously in the Cosmetic Tax in New Jersey where they had a 69 percent shortfall in what their revenues projections were so the Estate Tax follows that same trend that

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when you target this particular group -- and let's remember that this Estate Tax was negotiated in just the last calendar year to -- to be less burdensome not only removing the cliff but also to make it -- bring it up to 3.5 million.

This particular budget takes it right back where we were before that was -- was negotiated back down to \$2 million which puts it very close to individuals with farms and individuals that have lived on a property for 20, 30, maybe 40 years, and the appreciation has gone up and so would definitely affect a lot more folks than just those the super wealthy as well as the Gift Tax.

So for those reasons, Madam Chairman, I hope that we can get some support for, at least, looking at the concept of maybe going in the right direction and eliminating this very burdensome tax particularly on our seniors when they so many other cumulative taxes as we mentioned such as their pensioned tax, and so on, for the State of Connecticut.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark?

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Senator Daily.

SENATOR DAILY:

Thank you very much, Madam President.

I urge rejection of this amendment.

THE CHAIR:

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

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Have all members voted? Have all members voted? The machines will be locked and the -- Mr. Clerk, will you announce the tally.

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

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Senator Markley.

SENATOR MARKLEY:

Madam President, the Clerk has an amendment, LCO Number 5749. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5749 which will be designated Senate  
Amendment Schedule "N."

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

I move adoption. I ask that when a vote is taken it be by roll call and I seek leave to summarize briefly.

THE CHAIR:

The question is on adoption. Will you remark?

SENATOR MARKLEY:

Thank you.

This amendment would eliminate longevity payments for State employees currently not covered by union contracts and would prohibit longevity payments in

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future contracts.

I believe that the whole issue of longevity payments is one that amazes our constituents who are surprised when they learn that there is an automatic bonus paid to State employees for the purpose of retaining them in service. It's an anachronism that dates back to the days when State service was remunerated at a much lower rate compared to the private sector. It's no longer necessary. We can't afford it, and this amendment would eliminate it. I would urge its adoption.

I thank you for your time, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I urge rejection of this amendment.

THE CHAIR:

Thank you, Senator Harp.

Will you remark further?

Senator Kane.

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SENATOR KANE:

Thank you, Madam President.

I rise in favor of this amendment. We had this discussion probably a week ago or so in the Appropriations Committee, and I remember debating this issue for a good period of time. I will be brief because the Governor himself has said that he is against longevity payments and if I may quote, "I have been critical of longevity payments for some time now. They are a luxury the State cannot afford. I think the Legislature should take up this issue and send me a bill," quote, unquote.

So if the Governor is against longevity payments then this Legislature should be against longevity payments.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

I rise in support of this amendment and, you know, this is one of those issues -- this is one of

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those issues that gets people upset. When -- when our constituents drive to the gas station and see gas coming towards \$5 a gallon, when they see gas stations and business owners in Massachusetts advertising for Connecticut residents from Enfield and other towns come here because it's cheaper, they get upset. It's a gut reaction. It's not fair. This is another one of those issues.

Everybody understands cost of living increases for our State employees. They get those. Everybody understands that when you have employees who go above and beyond, who do extraordinary work or exceptional work should earn merit pay increases based on their productivity and their service to your employee and how hard they work and how well they perform at their job. Nobody understands that in this environment that simply lasting another year at your job entitles you to a bonus.

So here's what I can't understand. The Governor wants to get rid of longevity pay. The Governor, arguably, is solely responsible to negotiate the issue of longevity pay with the union. The Governor is not entitled to get rid of longevity pay for nonunion employees. He is not entitled to get rid of longevity

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pay for the Judicial Branch, nor is he entitled to get rid of longevity pay for legislative management employees -- only the Legislature can do that which is why, not surprising, Governor Malloy said I've been critical of longevity pay get a bill to my desk.

Well, how come every time Republicans offer a bill to get rid of longevity pay Democrats say we want to get rid of it, but we're voting no. Why is that? Is it just a flat refusal to vote for anything supported by Republicans? If so, I think we got the idea of representative government all wrong. So what is the refusal to do this?

Now just parenthetically -- and I don't know how people in the Circle know this. I did ask. It didn't make me very popular -- would it be possible, as the leader of the Republican Senate Caucus, to do away with longevity pay for my staff alone and I was told by legislative management no. We have our own legislative personnel hand -- handbook and policy which talks about longevity pay for legislative management employees, which would be taken care of through the Legislative Management Committee process and then the Legislature. Certainly, the Governor cannot do that.

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So call me a conspiracy theorist, but here's my reason as to why you're saying no. Governor Malloy has said he wants a billion dollars in concessions from State employees. He has not said he wants a billion dollars in concessions from the union. He said he wants a billion dollars from State employees that includes union and nonunion alike. I believe and it is my hope that Governor Malloy is negotiating getting rid of longevity pay for union employees and he will tell them don't worry members of the union, I will make sure I get rid of it for people who are nonunion, too, and that will be a concession. And then the package we get that comes back from the union will included eliminating longevity pay for them and eliminating longevity pay for anybody else. Problem with that is the union who bargains does not have the right to do away with longevity pay for nonunion employees, judicial Branch employees and Legislative management -- or Legislative employees nor does the Governor.

So as we stand here at two o'clock, I will be short but mark my words, we will get a package. We will get a concession deal. I guarantee that concession deal will probably include things, like

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furlough days and longevity pay, for both union and nonunion. We'll be told that's part of the overall concession deal and that's why Democrats say they want to do this. The Governor says he wants to do it, but when we give you a chance to do it, you say no. If I were a Democrat standing up here with this amendment, it would pass -- sad but true. And if there's a concession deal that we vote on and part of that is imposing concessions on nonunion employees and one of those concessions is longevity pay, I promise you everyone in the majority votes for it.

But, you know, and I know it's late but this bothers me. One, it ticks off my constituents. People have been laid off from their jobs and you say just because someone works for the State for ten years, they get their salary, they get their cost of living increase, they get a bonus, just because. It ticks them off when they read that people, like David Carter who is getting hundreds of thousands of dollars and giving himself raises, gets a \$24,000 longevity pay. But the -- but, you know, that's obviously the rare instance. But it just frustrates them that bonuses are given out for no reason, and it totals almost \$40 million a year. So on behalf of my

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constituents, I fight for this issue.

But on my behalf, I'm frustrated. How many times do we get up, as members of the Minority Caucus, we offer an idea. We're told our Democrat Governor likes the idea. Our Democrat Governor comes out and says put a bill on my desk. The Democrat leaders are asked by the press. Yeah, we understand, yeah, we should get rid of longevity pay. What needs to be worked out is one big deal. What does that mean? How can you be for getting rid of longevity pay and vote against getting rid of longevity pay time and time and time and time and time again?

It is frustrating and maddening and makes me question the integrity of some which I do not want to do, but how can you stand up and say we want to get rid of this, the Governor wants to get rid of this and when we offer it, you say no. What is that about?

So that's it. It think the only answer is this wants to saved for the concession package because it's never been about concessions for just union employees. It's been about concessions for State employees. And I guess we'll see if I'm right about that at a later date.

But -- but vote against this amendment and you're

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voting for the policy of longevity pay. Please do not publicly in your districts or up in Hartford or anyone el -- anywhere else say you're for getting rid of longevity pay and vote against this amendment because that's just not right.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator Harp, for the second time.

SENATOR HARP:

Thank you.

At the risk of being shot for speaking for the second time, you know, I really believe that it's important that, at least, we put the context of this debate -- or we put this debate in some context. You know, I asked some folks around here who receive longevity pay -- why they thought that it was important to receive longevity pay. And what I was told was that right at the height of one's earning, usually after you've been here for about 10 years as we've heard, you no longer get merit increases because you've come to the end of your range. And yet -- and folks get longevity and so what they argued was that if you're going to eliminate longevity -- and I think

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I believe this is true, too -- then you either need to extend the range beyond where it currently exists or provide for an opportunity to get a merit increase.

They recognize that having longevity does suppress the need for someone to work up to their capacity but if they're hard workers they have come to the end of their range and the job over them is taken by someone who is of a similar age, there's no place to go and there's no way to move beyond that.

So I think that if we're going to seriously consider eliminating longevity, we need to look at our ranges and we need to look at whether or not we give our supervisors the ability to incent behavior through some merit pay. So I think just saying to eliminate longevity is just half of the answer. I think that it has to be far more thoughtful and that there need to be options for our employees beyond their ranges and opportunities for a supervisor.

If you think about it a supervisor has no real way to incent behavior through some sort of merit, then we are stuck with what we have. And I think this is an opportunity if we're going to change it at all to change it and make a better system on behalf of our employees and on behalf of their overall morale. So

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that's another reason why I oppose this amendment.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Seeing none, if you -- if not, the Clerk please announce the roll call vote. The machines will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Senator Bye?

If all members have voted, the machine will be locked. Mr. Clerk, will you please tell us the tally?

THE CLERK:

Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	20
Those absent and not voting	2

THE CHAIR:

The amendment failed.

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Will you remark further?

Senator Suzio.

SENATOR SUZIO:

Thank you, Madam President.

Madam President, the Clerk has an amendment, LCO Number 5780. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5780 which will be designated Senate  
Amendment Schedule "O."

SENATOR SUZIO:

Madam President, I move adoption by roll call vote and seek leave to summarize.

THE CHAIR:

The question is on adoption. Will you remark?

SENATOR SUZIO:

Thank you, Madam President.

Madam President, if there's any bill or any amendment that the Republicans have presented tonight that might have bipartisan support, I would hope it would be this bill. This bill is very unusual in that it has no cost to it that in the biennium.

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Let me give a little history. Meriden is currently the host of the Edison Interdistrict Magnet Middle School. The district historically received a grant of \$4250 for students attending that school. This compares, by the way, to a grant of \$6,750 for students from other districts attending the same school with the same textbooks, the same teachers, the same classrooms, the same curriculum. Nonetheless, the district receives a substantially lower reimbursement.

Last year, the Legislature when it adopted the budget basically adopted a schedule which would reduce the grant funding for the Meriden students attending Edison school from the \$4250 to \$3,833 and then down to \$3,000. The current budget that has been proposed basically maintains the -- or defers the reduction of the \$3833 grant down to the \$3,000 level for two more years during the biennium and then, unless further action is taken, it would be reduced down to \$3,000.

Meriden, itself, is a priority school district. It's a district which has a very high population of socioeconomically disadvantaged students. The cost of the tuition for sending our students to Edison is

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increasing each and every year but, at the same time, the grant funding from the State is decreasing which we feel is very unfair to -- to the district itself especially in light of the fact that other students from other districts are receiving \$6,750 for -- per student compared to our \$3,833.

So, therefore, I respectfully request in light of the fact this will have no fiscal impact during the biennium, I would request my colleagues across the aisle, who I know care about helping those who are less fortunate, to support this amendment. And I ask for a roll call vote.

Thank you very much, Madam President.

THE CHAIR:

Roll call vote will be ordered. Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I urge a rejection of this amendment. Last year the Wintergreen School was in the same situation as the Edison School and both were funded at the lesser amount but Wintergreen actually achieved the statutory requirement for a magnet school status and receives

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the full amount. And I think by having Edison funded at the -- the \$3,800 and change for all future years basically eliminates any incentive for them to become a fully functioning magnet school with children who come in from outside of the district.

THE CHAIR:

Thank you, Senator.

Will you remark further? Will you remark further?

Seeing none, the Clerk -- the Clerk will please announce the roll call vote. The machines will be opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Have all --

Senator Gomes, if you're in the Chamber --  
Senator Gomes. Thank you, sir.

All members have voted, all members have voted.  
The machine will be closed.

Mr. Clerk, will you announce the tally?

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Total Number Voting	36
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	22
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Will you remark further?

Senator Kane.

SENATOR KANE:

Madam President, good morning.

THE CHAIR:

Good morning, sir.

SENATOR KANE:

I rise for the purpose of an amendment.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madam President.

The Clerk is in possession of LCO 570 -- 10. I'd  
ask the Clerk call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

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LCO 5710 which will be designated Senate,

Amendment Schedule "P."

THE CHAIR:

Senator.

SENATOR KANE:

Thank you, Madam President. We're certainly getting through the alphabet, aren't we?

THE CHAIR:

We sure are.

SENATOR KANE:

I move adoption and seek to summarize.

THE CHAIR:

The question is on adoption. Will you remark, sir?

SENATOR KANE:

Thank you, Madam President. Yes, I will and I would ask there be a roll call vote be in order.

THE CHAIR:

So will be ordered.

SENATOR KANE:

Madam President, this amendment is another policy question, another policy issue. Probably similar to along the lines of longevity and some of the other issues we've debated. But I think this in one that

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truly warrants a debate rather than just an up or down vote by party line. I think we really have to take a look at the policy of the Earned Income Tax Credit.

The Treasury inspector for the federal government came out with a report on February 7th regarding improper Earned Income Tax Credit payments. And the report found that there was \$70 billion in fraud and improper payments to Earned Income Tax Credit. So we believe -- or I believe on this side of the aisle that the Earned Income Tax Credit is not the way to help those who are on the lower scale.

To pay for this repeal what I suggest the other half of this amendment is to put back the exemption on clothing for clothing and footwear under \$50. And I think this is where you would help individuals far greater than the Earned Income Tax Credit.

Think about something for a second right now. If you go into a clothing store, under our current law, you can find a shirt, a pair of sneakers, a jacket what have you for let's say 49.99 and retailers will price that product at 49.99 because it is under the \$50 threshold. And people will buy those products and continue to feed the economy and then, of course, clothe their children and their families.

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I -- I will warn you, I will say -- or I will suggest that if we pass this legislation today and we take away that exemption for clothing under \$50, all bets are off. So now that \$50 shirt -- or the 49.99 shirt or pair of sneakers is probably \$55 or \$60 or \$65. I'll guarantee you prices will go up on those garments because now those stores can charge the higher price because they don't have to be under that \$50 threshold because the tax is going to be charged no matter what. So you might as well make a few extra dollars on the retail end because their costs are rising with the electricity and all the other costs we have associated here in the State of Connecticut.

So if you want to help lower income families, if you want to help individuals, don't take away this exemption when the majority of the purchases they are making are clothing and footwear under \$50 for their children. Let's take away the Earned Income Tax Credit because it's wrought with fraud anyway.

So Madam President, I will not go farther. I will say that this is a policy issue. This is an important issue to help middle and lower income class families, and I believe that we should pass this amendment.

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Thank you, Madam President.

THE CHAIR:

Thank you, Senator.

Will you remark further? Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Speaking in opposition to the amendment. First of all, I believe that the clothing exemption is a -- is significant but narrowly based benefit. The Earned Income Tax Credit, on the other hand, is a broad base benefit for low income families, and it really will serve as a significant economic stimulus in communities in the State, not only larger cities, but also many medium sized communities as well, like Meriden, like communities outside of the major cities of great -- of large population centers. It's not only Hartford, New Haven, Bridgeport, Waterbury and New Britain but also Danbury, Meriden, Windham, Norwich, New London.

We have communities all over the State with large numbers of people who currently qualify for the federal Earned Income Tax Credit, and we are the only State in the region that does not have a State Earned Income Tax Credit. The underlying bill provides for

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that.

I wanted to applaud the Governor for -- for proposing that. And that is something that does provide a much more significant benefit, and it is targeted again only to people who work, to those who are employed.

President Reagan praised the Earned Income Tax Credit as the -- the best social program initiative ever passed by Congress. It was something that was passed in a Republican administration under President Ford. In most of the states that have adopted it, it has been bipartisan and that is something that we need to do this year in a difficult time. And it is the best way to cushion some of the economic blows that low income people receive.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

It was indeed a Republican proposal once upon a time. I remember when I was in college, it was known as the negative income tax proposal that came from

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Milton Friedman, if I remember. And in those days when -- in the bull sessions one has and being the only conservative to be picked on in my college, I spent many hours defending it with my liberal friends who saw -- who in a rather paternalistic way thought it was a bad idea to actually give the money directly to -- to the people that were in need but wanted to control the services as they were provided.

So there's an interesting argument to be made for it, and I made it 40 years ago. One thing I'd say about it is this -- whatever the arguments may be for it, this is not the time for us to do it in this State. We simply can't afford it. There's been -- there's been some fat periods when it might have been worth considering.

But the second thing I'll say about it is even in those days, it was always considered as a federal proposal. It was never thought that states would be taking this up on their own. And there's one huge difference between state and federal spending, which is, federal spending, as we're finding out, is bottomless. It's not only theoretically bottomless, it's effectively bottomless because the federal government can increase the money supply as much as

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they want to. Whatever we might think about debt limits and borrowing, and so forth, it's just a matter of adding zeroes. There may be consequences and we may live to find out about those consequences.

But it's not a state program to my mind. And we -- we don't have it and we're the only state in New England that doesn't have it. That's true. We once were one of the few states that didn't have an income tax until we passed one. We would not be considering this, in my opinion, if we didn't have an income tax. It's one of the unintended consequences. I'm sure if 20 years ago you had said on the floor passage of this income tax will lead us to straight transfer payments, shifting wealth from one side to another, people -- the proponents of the Income Tax would have denied it. So that's an argument against the Earned Income Tax -- the Earned Income Credit.

Let me say a word in support of the clothing exemption. Senator Kane remarked earlier in the evening that we've had it forever in Connecticut. It may seem to him that it's been forever. I was here when we passed, actually, in 1985 and at that time it was clothing under \$75. It's been picked away at a little bit. And let me say that in my legislative

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experience, there was no tax cut that we initiated that I received more compliments and more thanks for than this one. And I don't know how Senator Looney can say that it is narrowly based when it affects everyone but nudists, I suppose, in the State of Connecticut. And it's a benefit to everybody but by keeping it under \$50 I think it is particularly a benefit to the people who need that help the most.

So Madam Chairman -- Madam President, let me say I think this is a very well thought out amendment, and I will proudly support it and would encourage other members of the Circle to join me.

Thank you.

THE CHAIR:

Will you remark further? Will you remark further?

If not, will the Clerk please announce a roll call vote? The machine is opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Have all -- if all members have voted -- all

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members have voted, the machine will be closed and the Clerk will announce the tally.

THE CLERK:

Total Number Voting .	35
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	21
Those absent and not voting	1

THE CHAIR:

The amendment fails.

Would you like to remark further?

Yes, Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

The Clerk has a wonderful amendment, LCO Number 5737. If the Clerk will call the amendment please.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5737 which will be designated Senate  
Amendment Schedule "Q."

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

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Thank you, Madam President.

I will move adoption of this amendment. I would ask that the vote be taken by roll call, and I seek leave of the Chair to comment on it.

THE CHAIR:

The -- the question is on adoption. Will you remark?

SENATOR MARKLEY:

Thank you, Madam President.

I -- I made Senator Prague laugh with my comments before. I hope I might make her happy with this amendment. I think it's the best one I have it in me to offer this evening. When I was in the legislature before, when we had surpluses as chairman of the Human Services Committee one of the things that Representative Jim Fleming and I did was increase the Personal Care Allowance for nursing home patients because we had the money to do it. Over the years, it has reached \$69 a month. I -- I think you all understand what that -- that allowance is but, briefly, nursing home residents who are on Medicaid, all their assets have been exhausted and all their income is turned over to the government, but they're allowed to retain, under current law, \$69 a month for

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their own use. And that money goes to pay for their clothing, to pay for a hairdresser, to buy gifts for grandchildren, pay for cable TV, to buy pizza whatever; \$69 a month it doesn't seem like much to me.

I have found since I've been out over the last couple of months that one of the things I have heard -- let's say the most impassioned and moving request for -- is that we not reduce that \$69, as the Governor has suggested to \$60, and it seems like a -- when I -- when this was brought to my attention, I thought it's really a very small amount of money from the State's point of view. It's a big amount of money only for the people that are benefiting from that \$9 extra a month. And there must be a way to -- to save that much money and to be able to keep the Personal Care Allowance at \$69.

In looking at the budget and reading the newspaper, one of the things that came to my attention and that I found -- oh, disheartening, I guess -- is that the Constitutional Officers have drivers and press secretaries that -- that receive high salaries. And in looking at it we realized the Personal Care Allowance which has -- is a \$2 million total yearly amount in the budget is actually only a million

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dollars to the State of Connecticut, a million dollars of it is covered by the federal government because it's a Medicaid program.

So what I've proposed in this amendment is the elimination of the drivers and the press secretaries for the five Constitutional Officers and the application of that money to the Personal Care Allowance to maintain the \$9 a month additional for nursing home residents. I think it's a hard amendment to say no to, and I hope you will join me in supporting it.

Thank you.

THE CHAIR:

Thank you, sir.

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I will rise in support of Senator Markley's amendment. This is so critical to individuals in nursing homes. Just think of yourself, your asset limit is below \$1600, you're no longer in your home, you've been placed in an institution, and now we're going to take out of the last \$69 of income, \$9. May not seem a lot to anybody in this room, but if all you

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have -- all your discretionary spending for a month is \$69, a cut in \$9 is significant particularly when we're talking about people who are holding very dearly to themselves their independence, their control and their dignity. That's what I think this amendment is talking about.

We can't find in a \$20 billion budget, a million dollars to allow our seniors with \$1600 and \$69 a month in income, \$9? We can't forgo a limousine driver? What kind of Legislature are we?

I think this is a great amendment. I think it's easy to support. I think the seniors that are in nursing homes will applaud our efforts, and it will give them a certain modicum of independence, control and dignity.

Thank you.

THE CHAIR:

Thank you.

Will you remark further?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I urge rejection of this amendment.

THE CHAIR:

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Thank you, Senator.

Will you remark? If not, the Clerk please announce a roll call vote. The machine is opened.

THE CLERK:

An immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

All mem -- oh, sorry -- sorry, Senator.

If all members have voted, the machines will be locked and the Clerk will announce the tally.

THE CLERK:

Total Number Voting	35
Necessary for Adoption	18
Those voting Yea	14
Those voting Nay	21
Those absent and not voting	1

THE CHAIR:

The amendment fails.

Will you remark further? Sen -- Senator Markley.

SENATOR MARKLEY:

This -- Madam President, the Clerk has Amendment 5809 -- LCO Number 5809. If the Clerk will please call the amendment.

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THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5809 will be designated Senate Amendment  
Schedule "R."

THE CHAIR:

Senator --

SENATOR MARKLEY:

Madam --

THE CHAIR:

Markley.

SENATOR MARKLEY:

Thank -- thank you. Madam President, I move adoption, ask that there be a roll call vote on this and seek leave to summarize the amendment.

THE CHAIR:

The question is on adoption. Will you remark?

SENATOR MARKLEY:

Thank you very much, Madam President. Thank you for your patience.

This is a wonderful amendment because it is my last amendment of the evening, and it is for an issue which is near and dear to my heart, which is not building this busway from New Britain to Hartford,

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which is driving me around the bend. I think it's a waste of money. I think it's a boondoggle --

THE CHAIR:

Senator Looney, why do you rise, sir?

Please proceed, sir.

SENATOR LOONEY:

Yes, thank you, Madam President. Madam President, would maintain on the point of order that this amendment is not germane to the underlying bill and would cite the Rules and Precedents of the General Assembly on germaneness in our rules, in particular, Item Number 33, 39 and 50 among the Rules and Precedents of the General Assembly since the underlying subject of the -- of the bill is the General Fund Budget and Tax Package.

This particular amendment deals with the issue of attempting to, in effect, reverse and repeal an act of the State Bond Commission that has already taken place.

THE CHAIR:

Senator Markley, I'll give you a moment to state your claim for not -- for germ -- not -- for germaneness rather.

SENATOR MARKLEY:

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I suspect that if Senator Looney thinks I'm wrong  
I probably am -- but -- I --

THE CHAIR:

Sir, that means you're pulling this amendment?

SENATOR MARKLEY:

No, no, I'm just -- that's a matter of --

THE CHAIR:

I tried, sir.

SENATOR MARKLEY:

That's simply my opinion. I would yield to  
Senator McKinney, however.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

If I could be heard briefly on the issue of  
germaneness.

First of all, Madam President, it's clear from  
masons in our precedents that we, in the Senate, take  
of a view of germaneness that is broad. I recall many  
debates on germaneness when former senate president,  
Senator Sullivan, talked about that slender reed of  
connection between the amendment and the underlying  
bill. There is that connection and relation.

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The un -- the amendment before us would do away with funding for a bus way. That funding is provided through with special transportation obligation bonds. Those special transportation obligation bonds are funded through our Special Transportation Fund, which is part of the budget we're passing today. So if we pass this amendment, we will save money to our Special Transportation Fund not only over the course of the biennium but future spending on that as well.

But make no mistake the bus way is supported not only with federal dollars but also with State dollars. Those State dollars are Special Transportation obligation bonds, which are funded through the Special Transportation Fund, and as I understand what we're doing tonight is we're passing a budget which is not just the General Fund but also the Special Transportation Fund.

I certainly think that, as we've stated in germaneness Senate Precedent Number 4 -- 4-61, amendments relate -- that are reasonably related to the bill. This is certainly reasonably related to the bill, and I would argue that this is germane.

Thank you for the time.

THE CHAIR:

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We'll stand at ease for a moment please.

(Chamber at ease.)

THE CHAIR:

Senate come back into session please.

While the rule of the germaneness is liberal, it isn't without limitations. The underlying bill deals with the expenditure of operating dollars and the generation of revenues for the State. It doesn't reference either the busway project or the bonding of the State -- of the State generally. There is no revel -- relevance or silver thread that would connect this amendment sufficiently to the underlying bill which would make the amendment germane.

After reviewing Precedents 33, 39, 50 and 5, the point is well taken, and the amendment is ruled out of order.

Senator Markley, why do you stand, sir?

SENATOR MARKLEY:

Madam President, I wish to say I respect the ruling of the Chair and would not ask it be challenged. I will say that in my frustration with this busway if I am driven to an act of civil disobedience, it will be upon Senator Looney's head.

THE CHAIR:

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Well, I thank you very much, Senator Markley, on that one.

Will you remark further? Will you remark far -- further? If not -- oh, Senator Suzio. Thank you.

SENATOR SUZIO:

Thank you, Madam President.

Madam President, the Clerk has an amendment, LCO 5826. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 5826 which will be designated Senate  
Amendment Schedule "S."

SENATOR SUZIO:

Madam President, I move adoption by roll call and seek leave to summarize the amendment.

THE CHAIR:

The question is on adoption. Will you remark?

SENATOR SUZIO:

Thank you, Madam President.

Madam President, I believe that my colleagues across the aisle have basically seen the budget debate as largely a choice between two necessary evils: the evil of the biggest tax increase in Connecticut

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history or gutting the -- the safety net of social services. I believe that that perspective is a mistaken perspective. I do believe that there's an alternative that has not been considered or debated that should be considered and that is what we in the banking industry and finance world call debt restructure. This would allow us to balance the budget without a record breaking tax increase and without destroying the safety net of social services offered by the State.

A -- a debt restructure would allow us to eliminate the increase in the Corporate Surcharge; it would allow us to avoid the increase in tobacco and cigarette taxes; it would allow us to maintain the Sales Tax Exemption for many sales tax items particularly those clothes under \$50; it would allow us to allow us to eliminate the sales tax increase altogether; it would allow us to eliminate the Diesel Tax increase; allow us to eliminate the tax on electric generators and allow us to avoid the increase in the Income Tax; also it would allow us to restore the full Property Tax Credit instead of just reducing it down to \$300; it also would keep the Sales Tax exemption on nonprescription drugs for people who are

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sick.

This is not a gimmick. It's a commonly used technique in the finance world. It's a technique that's been used by millions of Americans when they refinance their mortgage, to lower their debt payments and it's commonly done in the business world as well.

Now, I'm not talking about increasing the debt to pay for the budget deficit. I'm talking about restructuring the existing debt to allow for a lower debt service burden on the -- on the State during these next two years while we go through recovery.

The beauty of a restructured debt situation also is it's self-liquidating. It would pay for itself within a specified period of time. There would be no residual hangover from it. Clearly, the choice is not limited to just either increasing taxes or gutting the social service safety net. There is a third alternative, one that would allow us to avoid the catastrophe of the biggest tax increase in Connecticut history imposed on our taxpayers and preserve the social safety net.

By -- in my proposal that's before you, I would propose a debt restructure that would save the State of Connecticut in the next two years approximately a

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billion dollars per year in debt service. And that's the mechanism that would allow us to avoid the catastrophic tax increase which is before this body. And I would urge adoption of the amendment so that we can avoid the biggest tax increase in Connecticut history and at the same time preserve the safety net of social services to Connecticut citizens.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator --

SENATOR SUZIO:

Oh, and I would like a --

THE CHAIR:

Will you --

SENATOR SUZIO:

I'm sorry, Madam President, if I may. I would like a roll call vote please. Thank you.

THE CHAIR:

A roll call vote will be ordered, sir.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, this is a very intriguing amendment, and I have a question, through you, Madam

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President, for the proponent of this amendment if I could?

THE CHAIR:

Prepare yourself, Senator.

SENATOR BOUCHER:

Madam President, is this, through you, much like having two credit cards and you have \$100 on each credit card and one credit card has an interest rate of say 10 percent and the other credit card having an interest rate of 5 percent and you choose to take your 10 percent interest rate credit card, close it and add that \$100 to the credit card that currently is sitting with \$100 at 5 percent? Through you Madam President.

THE CHAIR:

Sen -- I'm sorry -- Sena -- Senator Suzio -- oh, my God.

SENATOR SUZIO:

Thank you, Madam President.

Through you, Madam President. Yes, it is very similar to that in that the -- the saving is inherent frequently in the rate of interest but also in the term of payment. In a short term debt situation, like a credit card payment situation, people are oppressed by the payments they must meet on the next month or

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pay an exorbitant rate of interest.

By stretching out the payments over years, you reduce the burden and make the -- the debt itself more bearable, as well, as you would allow in a household situation like you're talking about, Senator Boucher, you would allow the household to basically not have such a traumatic situation, financially speaking, being caused by the burden of a credit card debt that has to be paid off much more rapidly than a mortgage debt situation. So it could save significantly.

And, again, by the way, I would say that millions of Americans have done this. In fact, the Obama administration in Washington D.C., has special programs that urge the refinancing of home mortgages recognizing that people today are maxed out and that -- and that's refinancing their mortgage debt itself can help them avoid foreclosure and continue on with life as normal.

So the State of Connecticut is no different. Approximately \$2.2 billion of the budget does consist of debt service and about a little over a billion dollars is principle. And that's what I'm advocating be restructured to save the State the money during the next two years and allow us to avoid increasing taxes

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by at least that billion dollar amount.

SENATOR BOUCHER:

Thank you for the answer.

Through you, Madam President. So does this in any way increase the level of borrowing to the State?

Through you, Madam President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

No, it would not. It would at the end of two years, all things being equal, the amount outstanding to the State -- by the State would be exactly the same as it is today.

THE CHAIR:

Senator.

SENATOR BOUCHER:

Thank you, Madam President.

Yes, it seems that this issue has been characterized many different ways and there's some concern about it but if, in fact, as the proponent has just stated that you're taking the same amount of debt, reducing the interest rate and changing the time horizon on it then it might be something that we

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should possibly consider at this time.

Thank you, Madam President.

THE CHAIR:

Senator.

Will you remark further? Will you remark  
further?

If not -- oops, sorry. Senator.

SENATOR SUZIO:

I might be able to convince my colleagues not to  
propose more amendments, if I could get this approved.

THE CHAIR:

I don't think --

SENATOR SUZIO:

-- tongue in cheek --

THE CHAIR:

-- I can make that deal with you, sir.

SENATOR SUZIO:

-- tongue in cheek, Madam President.

THE CHAIR:

Now you confused me -- if not, would the Clerk  
please call -- oops, sorry. Senator Daily, I  
apologize. See it wasn't just Senator Frantz that I  
didn't see.

SENATOR DAILY:

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This is a tricky corner. I would urge rejection of the amendment.

THE CHAIR:

Thank you, Senator Daily.

If the -- would you remark further? If not, Clerk, will you please announce a roll call vote, and I will open the machines.

THE CLERK:

The Senate is voting by roll call. There's been an immediate roll call in the Senate.

THE CHAIR:

No? If all people -- if all members have voted, the machine will be locked. And ask the Clerk to announce the tally.

THE CLERK:

Total Number Voting	34
Necessary for Adoption	18
Those voting Yea	12
Those voting Nay	22
Those absent and not voting	2

THE CHAIR:

Amendment fails.

Will you remark further? Will you remark further?

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Senator Fasano.

SENATOR FASANO:

Thank you, Madam President.

I know it's getting early in the morning here.  
We have exhausted our amendments up to this point.

THE CHAIR:

Thank you.

SENATOR FASANO:

You're welcome.

And now we're back to the underlying bill which  
is the bill put forth by the majority party.

May I say, Madam President, I did not have the  
opportunity to speak against the bill. I'll try to  
move things along, and I am not going to take a lot of  
time except to say that I know that this bill is going  
to pass.

I really do believe that this is the wrong way of  
heading. And I guess what bothers me the most about  
this is I had some understanding that when the  
election for governor was commencing and ending that  
there was going to be a different look and the look  
was going to be openness and bipartisanship and I  
looked forward to that. But I would say that the  
minority party was not engaged in any of those types

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of discussions, and that does bother me. It bothers me because I think that we deserve, at least, some part of a conversation that goes to the budget, and there was no conversation.

That being said, Madam President, I also believe that you're a product of your own environment and you tend to look at things in one prism because that's based upon the factors for which you grew up. And that's why you bring as many people to the table as you can because everybody has a different perspective of what is the right answer. And although we can agree to disagree and although we -- philosophically, we can disagree on policy. It is always worthwhile to have the conversation and always worthwhile to have the debate.

And other than the debate in this Chamber, as far as the architecting this budget, there was no policy exchange. And I think the State of Connecticut was shorthanded in that regard.

Madam President, I look forward over the stumbling block to work on other pieces of legislation together. I also look forward that hopefully as the economy turns and we do increase the revenue that we do engage in further dialogue on how we can make what

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I feel is a very oppressive budget better.

There's no question in my mind as a person who runs a business, no question in my mind, that this budget is going to have a negative dramatic effect upon businesses. I know people in this Chamber don't agree with me and you're entitled to that but I don't know how many people in this Chamber run a business. I don't know how many people in this Chamber have to worry about payroll. I don't know how many people in this Chamber have to worry about cost. I don't know how many people in this Chamber stay up at night wondering how they're going to make the bills at the end of the week. I do. I do and that is tough and it's a big burden so when you add these taxes, Madam President, I think it adds to that.

So with that, Madam President, I am discouraged in one sense, but I have hope and optimism in the other. So Madam President, I will be voting no on this budget.

Thank you.

THE CHAIR:

Thank you, sir.

Will you remark further? Senator Looney.

SENATOR LOONEY:

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Thank you, Madam President.

Just briefly in support of the budget. I think it does represent a balanced approach to the State's crisis; that it does make substantial cuts. It raises some additional revenues. If we had a budget that relied to a greater extent on taxes I think it would seem punitive and damaging to our economy. If we went entirely on the cut side, I think we would be, in effect, undermining what is part of the State's basic responsibility in so many policy areas.

So I wanted to commend the Governor for his leadership in presenting us with a balanced, comprehensive, responsible budget early in the process that -- that we have worked on since then. Especially wanted to thank Senator Harp and Senator Daily, their counterparts in the House for all their extraordinary work as well. I wanted to thank our President Pro Tem, Senator Don Williams, for his great work in -- in helping to negotiate significant, difficult, complex aspects of this -- of this budget.

Everything that has been done has been done in an atmosphere knowing that we are in a time of painful crisis that we share with many states around the country. And this budget, I think, Madam President,

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does reflect a reasonable response to that crisis that -- that does put us in a situation where we are not undercutting the essential State's mission, but, at the same time when revenues are added, they are added in a responsible way especially, I think, in making the Income Tax somewhat more progressive than had been, maintaining that the top rate will be the rate that the Governor originally proposed leaving us at a lower top marginal rate than in many of our -- of our neighboring states. So it is a delicate balance, but I think it is a successfully maintained balance.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further?

Senator Williams.

SENATOR WILLIAMS:

Thank you, Madam President.

I concur with Senator Looney, and I also want to thank the Governor, Governor Malloy.

Thank you, Madam President, Senator Looney, Senator Harp, Senator Daily and everyone who was involved with this budget here today.

You know there's an old expression that

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everything has been said but not everyone has said it. It's ten minutes past three in the morning. We've been debating for over 11 hours now. Everything has been said and everyone has said it.

So, Madam President, it's time to move this State forward and pass this budget.

Thank you.

THE CHAIR:

Thank you.

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

THE CLERK:

Immediate roll call has been ordered in the Senate. An immediate roll call has been ordered in the Senate.

THE CHAIR:

Senator Coleman -- would you join us in a vote please? Thank you.

Have All members voted. Have all members voted, the machine will be closed. And the Clerk will give us the announced tally.

THE CLERK:

Total Number Voting

36

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Necessary for Adoption	18
Those voting Yea	19
Those voting Nay	17
Those absent and not voting	0

THE CHAIR:

The budget has been adopted.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Would move for immediate transmittal to the House  
of the Emergency Certified Bill --

THE CHAIR:

Seeing no objections --

SENATOR LOONEY:

-- 1239.

THE CHAIR:

-- so moved -- so ordered.

Senator Looney.

SENATOR LOONEY:

Yes, thank you, Madam President.

For purposes of an announcement, the meeting of  
the Executive and Legislative Nominations Committee  
public hearing and meeting that was scheduled for  
later today is cancelled, as is the meeting on