

PA13-184

HB6704

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H – 1175

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
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Is there objection?

We stand in recess subject to the call of the Chair.

(On motion of Representative Aresimowicz of the 30th District, the House of Representatives recessed at 9:10 o'clock p.m., to reconvene at the Call of the Chair.)

(The House reconvened at 12:08 o'clock a.m.,
Speaker Sharkey in the Chair.)

SPEAKER SHARKEY:

Will the Clerk please call Emergency Certified
Bill 6704.

THE CLERK:

Yes, Mr. Speaker. The Clerk is in possession of
Emergency Certified Bill Number 6704, AN ACT
CONCERNING EXPENDITURES AND REVENUE FOR THE BIENNIUM
ENDING JUNE 30, 2015, introduced by Representative
Sharkey and Senator Williams.

SPEAKER SHARKEY:

Representative Widlitz, you have the floor.

REP. WIDLITZ (98th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY: Good morning, madam.

REP. WIDLITZ (98th):

I move for acceptance of Emergency Certified Bill, House Bill 6704, and move for adoption.

SPEAKER SHARKEY:

The question before the Chamber is acceptance of Emergency Certified Bill 6704, and adoption.

Will you remark, madam?

REP. WIDLITZ (98th):

Yes, thank you, Mr. Speaker.

Mr. Speaker, the Clerk has an amendment, LCO 8471, may he please call and I be allowed to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 8471, which will be designated House Amendment "A".

THE CLERK:

Yes, Mr. Speaker. LCO Number 8471, designated House Amendment Schedule "A", introduced by Representative Widlitz and Senator Fonfara.

SPEAKER SHARKEY:

The Chairwoman seeks leave of the Chamber to summarize. Is there objection? Is there objection? Seeing none, you may proceed with summarization, madam.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Mr. Speaker, before we get into a discussion of the -- the budget itself, we have to adopt the revenue projections. The Finance Committee has just recently met a short time ago and has voted to approve the revenue projections which will amount to in Fiscal Year '14, \$18.6 billion, and in Fiscal Year '15, \$19 billion. I move adoption, Mr. Speaker.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "A".

Will you remark, madam? Would you care to remark further on House Amendment "A"? Would you care to remark further on House Amendment "A"?

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and good morning.

Just briefly, through you, a question to the proponent of the amendment.

SPEAKER SHARKEY:

Please proceed, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

As we just concluded our revenue estimate meeting a few moments ago as Representative Widlitz said, I just want to verify then that this number that's before us -- these numbers that are before us are the same numbers that we adopted in our Committee meeting just a few hours ago.

Through you.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you, yes, that is correct.

SPEAKER SHARKEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And, through you to Representative Widlitz, so that would mean then and I'm missing the line, but there's a line regarding federal grants which has been significantly changed from previous years where we adopted revenue estimates. And it was explained during our revenue estimate meeting in the Finance Committee that that is a result of the fact that the budget proposes to move certain federal revenues off

of the books to keep us under the spending cap. Is that correct, through you?

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

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

SPEAKER SHARKEY:

Representative Williams.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

And I thank Representative Widlitz for her answer. Ladies and gentlemen, I would urge rejection of the amendment and its rather atypical to vote against revenue estimates because oftentimes, excuse me, I'm getting (inaudible) with these numbers, as is so often the case, we are adopting numbers that the Office of Fiscal Analysis and other non-partisan staff put together, and this is not a reflection on the work that they have done, but my urging of this rejection is based on the fact that we are taking such a large amount of money out of our federal revenue accounts and moving it off the books simply so that we can keep ourselves under an artificial -- well, under the spending cap. In my opinion, and this is not even an

opinion, it is a fact that we have never done this before. We asked the Office of Fiscal Analysis if the State of Connecticut has ever changed the rules so drastically with regard to how we handle federal revenues. They said we have not done it, this is the first time we're doing it and I would urge rejection. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on House Amendment "A"?

Representative Widlitz.

REP. WIDLITZ (98th):

Yes, thank you, Mr. Speaker.

I would just like to call to the member's attention that we are the only state in the country that does not budget 100 percent reimburse federal funds in this manner. By moving those numbers off-budget, we are allowing the people of the State of Connecticut to access as many federal funds as we possibly can. We have been criticized in the past for not pursuing federal funds. A lot of that was because we couldn't under our existing spending cap. So by moving those off-budget, the people of Connecticut get

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the benefit of getting the tax dollars that they send to Washington back again to a great extent. So I would urge people to adopt the amendment. Thank you.

SPEAKER SHARKEY:

Thank you, madam.

Do you care to remark further on House Amendment "A"?

Distinguished Minority Leader, Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Mr. Speaker, a few questions to the proponent of the amendment.

SPEAKER SHARKEY:

Please proceed, sir.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

I did not intend on speaking at this time, certainly not during the adoption of the revenue estimates, but I need to understand something. I believe that Representative Williams asked a question of Representative Widlitz with regard to how in this budget these very revenue estimates that we are about to adopt, how we treat federal funding. And I believe

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Representative Widlitz explained that. And I guess my question is, through you is, as someone who has been her for some time, have we ever -- what I notice in the revenue estimates, there are some portion of federal revenues that we are counting and there's others that we're not. Is that correct?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

So this money, revenue, coming in from the federal government, some of it we count and some of it we don't. Through you, Mr. Speaker, could the gentle lady please explain which amounts of federal money we count and which amounts we don't.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

The reason we are doing this particular item this year, we are -- we are expecting more federal funds coming in through the Affordable Care Act and reimbursement for Medicaid. If we -- this is an opportunity to -- to receive federal funding, reimbursement for expenses that we are -- we are paying out for our Medicaid population. This is the first time we are doing this. There will be increased federal funds coming in. Were we to keep this under the spending cap as it exists, we would be squeezing out other programs because of the federal dollars coming in. That really is not a benefit to our -- the taxpayers of our state.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, though I appreciate the gentle lady's explanation, with all due respect, I'm not sure it answered my question. Let's take the spending cap for a second and put it aside. My question is simply this, with regard to the revenue

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estimates that are before us, which ones are we counting and which ones are we not?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, we are counting the -- we are counting the funds that are -- the revenues that will be used to offset the appropriations on not -- on the -- on the part of the budget that is under the spending cap.

Through you -- not the part that is moved off budget. Through you.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Okay. And forgive me, the gentle lady knows far much more about finance than I do. And maybe some of you folks who certainly don't serve on the Finance Committee are in the same boat as me. And maybe many of the people, if they're up watching at home or watching this on tape delay sometime in the future don't know anyway, so I want to try to make this as simple as possible.

We, as the State of Connecticut, get money from Washington, federal revenue. We get some money for education, we get some money for transportation, we get some money for Medicaid, we get money for a whole bunch of things from the federal government. In many cases in order to get the money, we have to spend money. In other cases, they just give us the money. In some cases if we spend one dollar, they give us a dollar back. In other cases if we spend a dollar, they give us 50 cents back. In some cases we spend a dollar, they give us 25 cents back. So we get all sorts of money from the federal government.

Yet in the revenue estimates that we have before us, in -- we're taking some of that federal money and we're treating it one way. And we're taking other federal money and we're treating it another. So my question, through you, Mr. Speaker, is which federal money are we treating as a net appropriation and which federal money are we not?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, under the spending cap, we are counting the Medicaid payments in DMHAS and Department of -- in DDS, I'm sorry. We are including the Workforce Investment Act and other small grants. What we are not counting under the spending cap is the -- the amount of Medicaid reimbursement and federal education dollars.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, why did we choose some of those things to count under the cap and some of those things that you mentioned not to be under the cap? Is there a rationale or did we just pick them?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, this is the first time that we are doing this so we are looking to -- because we are looking at more federal reimbursement coming in for Medicaid, we are moving that into this off-budget

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area so that we may access these federal funds without squeezing other programs under the spending cap.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

What we've just established, ladies and gentlemen, is this is the first time we're doing this. The first time, never did it before. Now what confuses me I guess is in April when the Finance Committee came out with their budget, the Appropriations Committee came out with their budget, we had federal monies coming into the State of Connecticut as envisioned or predicted by those budgets in April, in the Finance Committee and the Appropriations Committee. And in those documents we treated federal money one way and other federal monies a different way.

Through you, Mr. Speaker, comparing the document that's before us, the revenue estimates that bear upon the budget are -- that's going to be before us soon, how do we treat differently the federal money as you and I have been discussing in this document

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differently from the document the Finance or
Appropriations Committee passed in April?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, would the Minority
Leader please repeat that question. I'm not sure how
to answer that.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Sure, be glad to. Maybe I'll put it another way
because this stuff confuses a lot of us, myself
included. When I asked you the question which federal
revenue are we counting under, as you said, the cap
and which are we not, you listed I believe all the
federal money, all of it, that we get to reimburse
Medicaid. And I believe you said education funding,
federal money that we get to reimburse education
expenditures we're also not treating as under the cap.
Is that correct?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, the person who has been dealing with the spending cap issues, which I think may perhaps be able to explain this to you a little more thoroughly is the esteemed Chair of the Appropriations Committee. The spending cap actually was on the Appropriation side. I'm doing my best to answer your questions in relation to the revenue, but, through you, Mr. Speaker, I would like to yield to Representative Walker who perhaps can answer that question better for you.

SPEAKER SHARKEY:

Thank you, madam.

I -- you are answering a question so you're not allowed to yield under these circumstances. If the distinguished Minority Leader would be willing to have --

REP. CAFERO (142nd):

I would, Mr. Speaker, but -- and frankly anybody who can answer the question I'll be glad to hear from. But I want to -- because what I'm asking does deal with revenue. You see we have before us revenue estimates, that's -- that's what we're adopting. And

a question started this whole discussion off that how come all the federal revenue we get in from Washington I can't find it here. Where did it go? And the answer was for the first time we're going to treat some, not all, some federal dollars differently than we've ever treated them in the past. I got that. And I believe, I could be wrong, I heard Representative Widlitz say the federal revenue that we're going to treat differently than we ever did in the past is the federal revenue we get under Medicaid and educational funding. I think that's what I heard. So let me stop there and just ask to Representative Widlitz, is that correct?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz, would you care to answer that question.

REP. WIDLITZ (98th):

Yes, Mr. Speaker. That is my understanding, yes, through you.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

And then what I followed up with was in the revenue package passed out of the Finance Committee I believe in April, did the revenue package take into consideration federal revenue in the same manner you just described how we're taking it into consideration in the package we hope to do tonight?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz, would you care to answer that question?

REP. WIDLITZ (98th):

Through you, Mr. Speaker, no, it did not.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

And may I ask the gentle woman to please explain how you did it in April and how we're doing it today. What's the difference?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, the decision was made to, like every other state in the country, take advantage of the federal reimbursement of Medicaid, in particular, and to move it off-budget so that we would have -- we would not be squeezing the programs underneath the way the cap is currently used.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

I'm sorry.

SPEAKER SHARKEY:

I'm sorry. Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

And I thank the gentle woman for her answer. I got that part of it. I got that part. I guess what I'm asking is why did we do it one way in April, what was our thought process then, because as you just described with regard to the document before us, we're doing it a different way now. What -- what has changed? What is the difference?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, we had not budgeted that way before and we also had not anticipated the extent of the federal funds that would be coming in through the Affordable Care Act that would give us more federal funds coming in for Medicaid dollars. So we took a look at what other states were doing and we determined that Connecticut is the only state that has not been all along moving their Medicaid reimbursement dollars from the federal government off-budget.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

I realize the rules and I don't mean to imply that the gentle woman is intentionally not answering my question. Maybe I'm misstating it, maybe I'm not making clear. Ladies and gentlemen, what I'm trying to get at is this, in the document before us as described by Representative Widlitz, we are treating the way we receive certain federal dollars one way. Representative Widlitz said that money we now get for

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Medicaid from the feds and for educational expense -- expenditures from the feds, we are net appropriating. Other money that we get from the feds we are not. I get that. First time we've ever done it, I get that part. I get why we decided to do it that way. My question was in April we did it a different way and I'm trying to understand what was the difference. For instance, today you said money that we get from Medicaid we're net appropriating. For Medicaid from the feds we're net appropriating. And money we get for education from the feds under this document we're net appropriating. In April we did something different. What did we do in April different from what we're doing today?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, the money that we are moving off-budget is 100 percent federally reimbursed. As we move through the budget process, it was an advantage to us, I hope I'm making this clear, I guess I'm not because you're still pursuing it, the advantage was moving it off-budget to take advantage

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of the funds that were 100 percent federally reimbursed so that we would not have to squeeze out other programs underneath the cap. As we receive money from the Affordable Care Act that is increasing federal dollars to support the Medicaid program, we would have to be squeezing all of that underneath the cap as it exists. So I hope I'm -- I hope I'm explaining that to you appropriately.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Mr. Speaker, in the April document passed by the Finance Committee, did we net appropriate education funds that we received from the federal government?

SPEAKER SHARKEY:

Representative Widlitz, would you care to answer that?

REP. WIDLITZ (98th):

Sure, Mr. Speaker.

Through you, no, we did not.

REP. CAFERO (142nd):

Thank you.

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SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

In the document that's before us do we now net appropriate education funds we receive from the federal government?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, only the 100 percent refunded ones.

Through you.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

So that's one difference. Thank you. Ladies and gentlemen, let's get on with this. But -- but here's a key point, that it has been established in this dialogue, and I will even go back further than April, I'm going to go back to February, in February we all sat in our seats, I right here, when the Governor from that dais presented his budget. And the Governor explained to us when he presented this budget that he

believed the same thing that Representative Widlitz has said, that there's certain things that in the past we've treated one way that he believed we should treat a different way.

And as you know in the Governor's budget, and we're talking about the same dollars, by the way, the Governor felt that we should redefine the spending cap because he believed that we should not account for federal dollars that we get. Now I don't happen to agree with that, but I respected the Governor's opinion and I respected the Governor's acknowledgement that we have never done it that way but he would like us to do it that way. And our Constitution says you can change, you can do things differently when it comes to things under the spending cap. You can do that, but there's a way you have to do it. You have to have a three-fifths vote in both Chambers and a declaration signed by the Governor, but you could do it.

In fact, we've done it many times in this Chamber. It's called either breaking the spending cap, or as the Constitution puts it, redefining it. And the Governor, as is his right, suggested we redefine it do to exactly what Representative Widlitz

says we're doing here. So from February to April, same dollars, we made another decision. We said we're going to take a certain amount of that money and net appropriate it. And as I recall in April, everyone agreed that that was different from what we did before, which is all right to do. But in order to do it, as we said in April, we'd have to refine that we're doing it that way, which, according to our Constitution, says you need three-fifths vote of each Chamber.

We can do it, we have done it, but that's the Constitution says we have to do it. Fast forward mid-May, just a couple of weeks ago, we said we want to spend the same amount of dollars, we want to do exactly what Representative Widlitz says we're doing, but all of a sudden we don't have to redefine the cap. And just a couple of weeks ago we acknowledged that that amount we were talking about, that amount of federal dollars that we were now going -- we were going to treat differently was about a half a billion, \$500 million each year.

Fast forward to tonight, same amount of money is being involved, federal money and state money, except we've decided yet again to treat it even more

differently. We're going to include more stuff to net appropriate. So what we're doing tonight, just with regard to revenue, is different than we've ever done it before. And not only is it so different than we've ever done it this way before, we as a State through our Governor and our various Committees have acknowledged in the span of February to today that in order to do this thing we've never done before, at first we had to abide by certain rules and now we don't.

That doesn't make sense to me. That doesn't make sense to me. I get that we can change our mind. I get that we could redefine things. I get that we could say, as I think Representative Widlitz said very well, we believe as a State that we should maximize our federal dollars and not have it taken off the back end of programs we do. I get that. Then that requires a change of the rules. And our very Constitution spells out you could do that and here's how you change the rules. And I guess what I don't get, it's brought to light by this document before us, is why we're not following the rule book. We're not. I don't get it. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on House Amendment
"A"?

Representative Shaban of the 135th.

REP. SHABAN (135th):

Thank you, Mr. Speaker.

I rise quickly to oppose the adoption of this amendment. You know, we just had a Finance Committee meeting about an hour or two ago and I asked a pretty simple question of the OFA guys and saying, hey, is this off-balance sheet device GAAP compliant? And, you know, they -- the obvious question, well, it came to me because I think that was the first thing our Governor said -- I think that was Executive Order One or Number Two, he said we're going to try and move the State over to GAAP compliance. And the answer was a little puzzling because at first it was like, oh yeah, well, it's GAAP compliant but, well, that's only because it is a policy decision where we're going to take money and move it off the balance sheet.

Now I think most folks who understand GAAP, and I'm hardly a GAAP expert but I understand enough of it, know that off-balance sheet transaction in a -- off-balance sheet accounting is problematic. I mean

the general -- the general idea of the Generally Accepted Accounting -- Generally Accepted Accounting Principles is to realize your income once it's realized, it's usually on an accrual basis. Once you have money coming in, it shows on your books. You show it on your balance sheet. And once that money is spent whether actually spent or burdened, you show it on your books, you show it on your balance sheet. And that's how you do GAAP. That's a broad-brush method, but that's how it's done and that's not what we're doing here.

And the rationale, I mean it's funny because I've tried to wrap my head around this because at first you're like, well, you know, if we're going to spend a hundred and they're going to give us a hundred, well, maybe that makes some sense. Well, it really doesn't especially if you're running your own business, whether big business or small, private business or public, you've got to show where your money is coming from, where your money is going, and how you're spending it or else you're not GAAP compliant.

Here we're saying we're going to take advantage of this new mechanism, not with all of the federal money just some of the federal money, and we're going

to try and get us more federal money. And the way we're going to do it is we're going to spend more of our state tax dollars by moving stuff off-balance sheet so we can get more federal tax dollars to spend and at the same time ignore the methodology by which we spend, we're just going to ignore it.

That is frankly voodoo and it concerns me because I don't think we're compliant, well, I don't think we're being honest with our taxpayers. So I rise in opposition to the amendment and, Mr. Speaker, when the amendment is called I ask it be done by roll call if it hasn't been asked already. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

It has not been requested up until now, all those in favor of a roll call vote on this amendment please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

The necessary 20 percent has been met. When the vote is taken on this amendment, it will be taken by roll.

Will you remark? Will you remark further on House Amendment "A"?

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Representative Walker of the 93rd.

REP. WALKER (93rd):

Good evening, Mr. Speaker.

SPEAKER SHARKEY:

Good evening, madam.

REP. WALKER (93rd):

Mr. Speaker, there are two sides to this -- there are two parts to this, I shouldn't say, two parts to this bill that we have before us. There is the revenue side and then there's the appropriations side. Mr. Speaker -- Mr. Speaker, we have been working for several weeks on this -- we have been working for several weeks on this bill in the Appropriations Committee. The appropriation portion of

A VOICE: We're on the amendment.

REP. WALKER (93rd):

We're on the amendment. Oh, Mr. Speaker, I reserve my comments after the amendment has been adopted.

SPEAKER SHARKEY:

Thank you, Madam.

Would you care to remark? Would you care to remark further on the House Amendment "A"?

If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll call, members to the Chamber please. The House of Representatives is voting by roll call, members to the Chamber please.

SPEAKER SHARKEY:

Have all members voted? Have all members voted? Will members please check the board -- will the members please check the board for your name to determine if your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Yes, Mr. Speaker. Amendment House "A" to House Bill 6704.

Total number voting	140
Necessary for adoption	71
Those voting Yea	92
Those voting Nay	48
Not voting	10

SPEAKER SHARKEY:

The amendment passes.

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

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Mr. Speaker, regarding the underlying bill, a tremendous amount of work was -- has gone into putting this document together and there are some people I would like to express my appreciation to. The first one is our -- my Co-Chair, Senator Fonfara, my Ranking Member, Senator Frantz and Representative Williams.

And we did have many meetings where we screamed together, we shared ideas, and we tried to reflect the concerns of our entire -- our entire House Chamber and the Senate Chamber I should say. For staff we had many, many, many hours spent by our LCO Attorney Anne Brennan Carroll, our OLR people Rute Pinho and John Rappa, and OFA people Michael Murphy, Chris Wetzell, Evelyn Arnold, and our wonderful finance staff Billy Taylor and Mary Finnegan who helped us pull all of this together.

Mr. Speaker, it's -- it's kind of hard to speak in glowing terms about any tax package or finance package, but we really listened during the public

hearings. We tried to react to what we heard in public hearings, to take into the consideration the opinions of our colleagues, and we do have some very positive notes in a very difficult year. First of all, this is a budget that has no increases in incomes -- income or sales tax. There is a sales tax exemption restored at the end of this biennium for clothing and shoes.

We were able to expedite the phase-out of the electric generator tax. That was a top priority for a good number of people in our -- in our caucus. We have a tax amnesty in this package which encourages people to come forward with the assistance of the Department of Revenue Services. We have a new source of sales tax revenue in the state. Since Amazon.com is moving to Connecticut, we will be collecting sales tax on purchases made through Amazon. And most important, we were able to eliminate an auction on electricity customers that had very mixed reviews in this Chamber. And we worked very hard to pull numbers together to try to do that.

So I think all in all, this is a budget -- this is a finance package that reflects a lot of progress from where we started in the year. And be happy to

answer questions a little bit later, but there are, as Representative Walker said, two parts to this budget. The other part is the appropriations budget, and through you, Mr. Speaker, I would like to yield the microphone to Representative Walker.

SPEAKER SHARKEY:

Thank you, madam.

Will you care to remark on the bill as amended?

Representative Walker, distinguished Chair of the Appropriations Committee.

REP. WALKER (93rd):

Good evening, Mr. Speaker. I get a little excited about talking about appropriations and sometimes I jump up a little too soon.

SPEAKER SHARKEY:

We all feel that way, madam.

REP. WALKER (93rd):

Appropriations can really do that for you. Mr. Speaker, yes, this has -- this has been a long road and this process began back on February 6th when we got the budget from the Governor. And in that process we had several Committee meetings over the -- the previous weeks. We had over 540 hours that we spent on this budget before us, and that was more than 67

days -- 67 eight to nine hour days where we actually worked together with everybody on the Committee.

Our Appropriations Committee has 54 members that -- and staff that worked tirelessly to try and bring together a budget -- the budget that you have before us. We -- we looked through this -- we focused on many of the things that were important to what we heard from all the people as we did our public hearings. The end product that we have in front of us includes many critical investments that people have said, which is education, municipal aid, safety net products, employment, gun violence prevention and children safety, and arts and cultural economy. We made also significant cuts in this budget. And those are very clear. In December 2012, I know you remember the fact that we presented a deficit mitigation package that we provided more than \$540 million worth of reductions in the budget.

The budget before us over the next biennium is proposing an additional \$2.7 billion in cuts consisting of current services and policy revisions and reductions excluding Medicaid. The growth rate in this budget is approximately 3.6 percent in FY14 and 2.2 percent in FY15. The increase to the bottom line

cannot largely -- can be largely attributed to the cost increases, not spending increases. These include increases in health care, negotiated raises in utility, rents, and costs of day-to-day operations in our government. Medicaid alone costs more -- more than significantly 12 percent in 2014 and 15 percent in 2015.

Mr. Speaker, I want everybody to understand that this appropriations budget was done by multiple people. The Appropriations Committee Sub-Chairs are now here to give us our highlights of the things that go -- went on through our Subcommittees.

So at this time, Mr. Speaker, I would like to yield to Representative Matt Lesser, the House Chair of the Legislative Subcommittee.

SPEAKER SHARKEY:

Representative Lesser, would you accept the yield?

REP. LESSER (100th):

I will, Mr. Speaker.

Mr. Speaker, I want to thank the good Chairwoman of the Appropriations Committee for starting the discussion of this out. Also for her patience with me and my good Co-Chair, Senator Beth Bye, who are both

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new to the Appropriations Committee, as we were to the Legislative Subcommittee. We started looking at this portion of the budget from a current services standpoint and really focused on trying to achieve savings in two key areas. The first was energy and the second was in printing costs. And we'll see particularly printing costs reflected in both FY14 and FY15.

We're also hoping to work with the Executive Branch, the CEFIA, and the Department of Energy and Environmental Protection to really examine energy usage in this building, the Office of -- the Legislative Office Building, and the Old State House. I look forward to answering questions about this. The number of different changes reflected in the budget, we have decided not to take up a reflection -- a recommendation of the Governor to create a new Commission on LGBT Affairs, choosing instead to look at specifically the issue of LGBT bullying. And we also have funds in the budget for increased security in this building. I look forward to any questions. And at this point, I would choose to yield to my good friend, Representative David Kiner.

SPEAKER SHARKEY:

Will you remark?

Will you remark on the bill as amended?

Representative Kiner.

REP. KINER (59th):

Thank you, Mr. Speaker. Good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. KINER (59th):

Mr. Speaker, I had the honor of Co-Chairing General Government A, and I would like to start off by thanking my Co-Chair Senator Duff, Ranking Member Senator Kane, and especially the Ranking Member from the House, Representative Terrie Wood, for her participation, input, especially at the public hearings, the working group, and at our Subcommittee budget presentations, which leads me to our budget.

Ladies and gentlemen, General Government A consisted of the Office of Governmental Accountabilities, which is OGA, and that is made up of State Elections Enforcement, Office of State Ethics, Freedom of Information Commission, Office of the Child Advocate, Office of the Victim Advocate, Contracting Standards Board, Board of Finance -- I'm sorry, Board of Firearms Permit Examiners, Judicial Review Council,

Judiciary Selection Commission, the Governor's Office, Lieutenant Governor's Office, Secretary of the State, and the Department of Banking.

For the most part these line items, these agencies remained pretty similar to the previous budget that we adopted. Some of the highlights and changes from the Governor's proposal, the Governor's Office, he's flat-funded. Lieutenant Governor's Office, we saved 213,000 in Fiscal Year '14, 227,000 in Fiscal Year '15. The Secretary of State's Office, the biggest highlight and change that we made, we transferred the Connecticut State Library to the Secretary of the State's Office.

And our biggest change came in the Office of Governmental Accountability. Ladies and gentlemen, we retained the current structure and do not create Office of Hearings. You might remember that the Governor had proposed consolidating a lot of these agencies, these watchdog agencies. We left them independent. We preserved their independence, their integrity. And that is our work in General Government A.

At this time I would ask the Speaker to call on Representative Frank Nicastro for the next part of the budget.

SPEAKER SHARKEY:

Thank you, sir.

The Chair will recognize those who will be presenting as they line up on the board in the order that we have identified. But it will -- it will be up to the Chair to actually call on those individuals. So the yielding to each other is not necessary.

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

Representative Nicastro.

REP. NICASTRO (79th):

Thank you, Mr. Speaker.

Mr. Speaker, I had the opportunity to Co-Chair the General Government B along with Senator Maynard. But I would like to just a moment to thank the other side of the aisle because Senator Kane and Representative Giuliano, we all worked hand in hand. Nothing went or nothing was approved or nothing was done without the other side of the aisle present and everybody voting. I'm proud to say that on all matters on my Committee, all 12 members were unanimous

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on everything. We worked hard, but it was worth the effort.

The budget as we know has been handed out, but I would like to point out some key factors. The PILOT money for the third -- for the years '14 and '15 will be there at the same level as it was this year in 2013. The Fund Colleges and Hospital PILOT money will remain at the 2013 level for '14 and '15. The Pequot grants will remain at the 2013 level for years '14 and '15. And also, Mr. Speaker, we're providing funding for municipal aid.

There was some changes made, as you well know, we reorganized the Department of Construction Services. We merged it with the Department of Administrative Services. Mr. Speaker, in making this revision and merging these two together, we will find the cost savings of \$1.1 million both fiscal years '14 and '15 for a total of \$2.2 million. The State Comptroller's Office had several changes made to it along with the Attorney General's Office.

Mr. Speaker, I'm available to answer any questions afterwards, but I feel quite frankly and quite honestly that we've done a good job at this level here. The Treasurer's Debt Service Account, the

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Governor proposed reducing that fund, as you well know, by \$20 million each year. We reduced it an additional \$15 million, so it's \$35 million each year for the fiscal years '14 and '15.

With that, Mr. Speaker, I'd like to yield to Representative Genga.

SPEAKER SHARKEY:

And the Chair will recognize the Sub-Committee Chairs in order, but -- yielding is not something that is allowed under our rules, per se.

Will you care to remark further on House -- on the bill as amended?

Representative Henry Genga.

REP. GENGA (10th):

Thank you, Mr. Speaker.

I had the pleasure to be the Subcommittee Chair of Regulation and Protection and want to thank my Co-Chair Joan Hartley, members of the Subcommittee, and members of OFA in particular Grant Gager who was our coordinator who provided us with all kinds of information whenever we needed it in a very timely manner.

I'd like to summarize now the eight areas under the jurisdiction of that Subcommittee. First in the

Military Department there was an additional \$25,000 added for a Medal of Achievement. This is an honor that would be awarded to the -- through the National Guard for someone deserved it as -- due to their criteria for public safety. In the area of Department of Special Services -- Emergency Services and Public Protection, we continued the restaffing of the background and specializing licensing and firearms unit. They will be staffed with civilians and put five more troopers out on the road. Continued the consolidation of the dispatch centers from 13 to 5, again a great management decision which will put more troopers on the road and create efficiencies and cost reduction. \$2 million was added for the forensic lab in order to catch up on a long backlog which in a very sensitive area, DNA testing. That's to allow consultants so that the department can move ahead.

In addition, \$4,235,000 was allocated in the first year, \$1,400,000 in the second year, to implement the results from the Gun Violence Prevention and Child Safety Laws that we passed earlier this year. In the insurance area, \$25,000 was allocated for additional advertising and marketing to promote the consumer affairs program. In the Office of Health

Care Advocate, the Committee decided to maintain a full staffing level because we felt there would certainly be a return in that area through the new insurance regulations. In Department of Consumer Protection and the Office of Protection Advocacy for Persons with Disabilities, there were no changes.

In the Commissioner for Human Rights and Opportunities, the transfer of nine people from the various agencies who would be running the affirmative action programs were retained in those agencies and not moved to CHRO. An additional two attorneys were provided for CHRO. Those attorneys we felt were needed to help that committee meet its full responsibilities in a timely fashion. In addition, two representatives were added to monitor the Metropolitan District Commission Affirmative Action Program.

Last, in the area of worker's compensation, funding was provided to allow E -- electronic filing for worker's comp claims. This would help move an awful lot of the work in an efficient manner, reducing again costs, and doing things in a timely manner. That's my report. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Representative.

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

Representative Flexer of the 44th, you have the floor, madam.

REP: FLEXER (44th):

Thank you, Mr. Speaker. Good morning.

SPEAKER SHARKEY:

Good morning, madam.

REP. FLEXER (44th):

The Conservation and Development Subcommittee budget before us this evening preserves many of the priorities that was approved by the Appropriations Committee budget. It maintains support for the Office of Consumer Counsel, the Department of Agricultural, the Department of Housing, and the Agricultural Experiment Station. It makes minor changes to the Department of Energy and Environmental Protection budget, and changes to the Department of Economic and Community Development budget including increased funding for statewide marketing. And finally the Department of Labor budget adds \$1.1 million in increased funding for Jobs First Employment Services.

I want to thank this opportunity to thank all of the members of the Subcommittee for their hard work, especially our Ranking Members Senator Clark Chapin, and our good friend, Representative Craig Miner. And I want to thank our former colleague, Representative Bryan Hurlburt for his work, and our Senate Chair Bob Duff. The Committee should be proud of their work product that largely stands here before us this morning. Thank you.

SPEAKER SHARKEY:

Thank you, madam.

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

Representative Pat Dillon.

REP. DILLON (92nd):

Thank you, Mr. Speaker.

I'd like to thank the -- the Ranking Members and the -- all the members actually on the other side of the aisle of the Subcommittee who had extraordinary (inaudible) and -- and the Appropriations Chair and our staff, and my Senate Co-Chair Senator Terry Gerratana who is just an incredibly hard worker.

There are a lot -- there's a lot of material in this Subcommittee and I guess if I were to

characterize it, I would say there -- the policy decisions that we were facing and which we made were first of all that there are a number of functions and dollars from the Department of Development Services and from Department of Public Health to the new Office of Early Childhood. Second we were -- we were implementing particularly in the Department of Mental Health and Addiction the recommendations of the Task Force on Violence -- Violence Prevention and that largely includes mental health initiatives. In addition, we funded really for the first time since the Office was created with State dollars the -- the Violence Bureau in the -- in the Department of Public Health which was actually created in 1993 but there had been a couple of things going on on the federal level with that and the CDC.

The third, and this is in some way difficult was the difficulty of all of us I think to make policy at a time of change and to make estimates about the -- the uptick of vulnerable populations because many people in the Department Mental Health and Addiction are some of the most vulnerable people in our state. And what the uptick would be by the Health Exchange. There was some assumptions that we were making about

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expansions of LIA, about changes on the federal level, and about how quickly our Health Exchange would be operational. For that reason there is a difference between -- among all of the different departments and the grant accounts in mental health and in addiction and substance abuse. That I would say are the most decisions that we had to make, although I'm sure that there will be others. Thank you.

SPEAKER SHARKEY:

Thank you, madam.

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

Representative Greg Haddad of the 54th.

REP. HADDAD (54th):

Thank you, Mr. Speaker and good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. HADDAD (54th):

Mr. Speaker, I'd like to present a report about the transportation portion of the budget. But first I'd like to thank the members of the Subcommittee and especially my Senate Co-Chair Senator Hartley, and the Ranking Members, Representative Gail Lavielle and

Senator Clark Chapin. I'd also like to thank our analyst from OFA, Anne Bordieri.

Mr. Speaker, the transportation portion of the budget contains the budgets of the Department of Motor Vehicles and the Department of Transportation. These budgets are largely current service status quo proposals. There are some notable improvements. One would be the continuation of the resources for the Department of Motor Vehicles to continue to increase the services available through their internet, that's with their CIVILs project. In the DOT's budget, resources are maintained for the ADA paratransit program and for operation of the New Haven - Hartford - Springfield line and Shoreline East.

Mr. Speaker, this budget also fully funds the DOT's pay-as-you-go line item without resorting to borrowing. The pay-as-you-go program allows the DOT to avoid incurring debt service on smaller equipment purchases used for highway and bridge maintenance. This was a priority that was identified in our Subcommittee and a change from previous versions of this budget. And I'd like to thank our leadership for making that commitment. That concludes my report, Mr. Speaker, good evening.

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SPEAKER SHARKEY:

Thank you, sir.

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

Representative Abercrombie.

REP. ABERCROMBIE (83rd):

Good evening, Mr. Speaker.

SPEAKER SHARKEY:

Good evening or morning, madam.

REP. ABERCROMBIE (83rd):

Oh, yes, it is. It's Sunday everyone. I had the pleasure of serving as the Subcommittee Chair of the Human Services Committee and I would like to take this opportunity to thank my Ranking Members and all the members that served on it, Representative Adinolfi and Senator Markley, and my Co-Chair Toni Harp. Under this Subcommittee our departments are Department of Children and Family, Department of Social Services, and the Soldiers and Sailors and Marine Fund.

Thee were only a few changes to our Subcommittee's final report from what came out of Appropriations. Some of those were in DCF which were some reduced expansions in some of the programs. In DSS, some of the programs were also reduced like

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Medicaid fraud where we didn't think that we would be able to achieve those savings in the first year, but in the second year we increased them. Established the clinical pharmacy program, a reduction in the first year with an increase in the second year. And an increase in prevention of reduced hospitalization, we had a decrease in the first year and an increase in the second year.

And then the biggest change under the Human Services Subcommittee is the -- a new program that will start January 1st, and this new program will be called MCLIP which stands for Medicaid Coverage for Lowest Income Population. And the participants in that are our LIA population right now, and with that we will be getting 100 percent from the federal government. With that, Mr. Speaker, thank you very much.

SPEAKER SHARKEY:

Thank you, madam.

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

Representative Roberta Willis.

REP. WILLIS (64th):

Good morning.

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SPEAKER SHARKEY:

Good morning, madam.

REP. WILLIS (64th):

Nice to see everyone.

SPEAKER SHARKEY:

You too, madam.

REP. WILLIS (64th):

First of all I would like to thank my Co-Chair, Senator Beth Bye, and my Ranking Member, Representative Tim LeGeyt, and my Ranking Senator Member, Senator Markley. It is a hardworking and very conscientious Committee, and I am pleased to serve with all of them. But it wouldn't be possible for us to be so effective if it wasn't for a great staff. So I want to thank support staff of Alan Shepard, Sarah Bourne, and Neil Ayres.

I would like to thank the Governor for his proposal to change the way we do financial aid here in Connecticut with the new Governor's Scholarship Program. Under this program it establishes the scholarship program as a single consolidated state financial aid program for Connecticut residents who are undergraduates in in-state public and private higher education institutions. The program replaces

the State's existing graduate student aid programs. The scholarship awards are based on a student's expected family contribution as determined by the FAFSA, the federal FAFSA, which is the application for federal student aid. This award now, the way we're going to be doing financial aid is based totally on the student's need. The focal point of it is -- is the students and that's the way it should be.

In the other area of financial aid, with increased enrollments at our community colleges and our four State universities, I am pleased to report to all of you that we are able to provide additional funding to address the faculty shortage which will mean more faculty members at our four State universities and our community colleges. We'll provide academic counselors and we will also be able to provide additional support for a new college readiness initiative. I thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

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

Representative Andrew Fleischmann.

REP. FLEISCHMANN (18th):

Thank you, Mr. Speaker, and good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. FLEISCHMANN (18th):

I'd like to present the Elementary and Secondary Education Subcommittee report, and start off by thanking the tremendously skilled analysts at the Office of Fiscal Analysis, Sarah Bourne and Alan Shepard, who helped guide our work, my Co-Chair Andy Maynard of the Senate, always a pleasure to work with, Ranking Members Noreen Kokoruda and Senator Clark Chapin, very supportive and really there was a very bipartisan atmosphere I felt in our Subcommittee.

In terms of our recommendations, I'm happy to say with regard to the State Library, Connecticut remains strong. We restored \$200,000 so that your library card works across the State. The Office of Early Childhood, excellent proposal from the Governor's Office that was tweaked by the Subcommittee, but essentially maintained. State Department of Education, we added \$3 million for vocational agricultural programs. We added \$1.2 million in both years of the biennium for adult education. We restored both public and nonpublic transportation

grants for education, that's \$20 million in the public arena and \$2.9 million for nonpublic.

ECS, we respected the -- the really wise proposal from the Governor's Office to increase what we're doing for schools by approximately \$50 million in the first year and over \$100 million in the second year of the biennium, tweaking the ECS formula and not folding the PILOT grant into that formula. We provide funding to support critical initiatives like the roll-out of the new evaluation system and the roll-out of the Common Core Standards and make clear in the budget that we have dollars specifically for those purposes.

Finally, when it comes to the Teachers Retirement System, we uphold the State's share of the obligation to make sure that retired teachers get the health care they need by providing 25 percent of the State share -- of the total share of TRB health accounts. And with that I conclude the report of the Education Elementary and Secondary Subcommittee. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on the bill as amended?

Representative McCrory of the 7th District.

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REP. MCCRORY (7th):

Thank you, Mr. Speaker, and good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. MCCRORY (7th):

I'm here to present the Judicial and Corrections Subcommittee. First I'd like to thank my Co-Chair, Senator Harp, and the Ranking Members, Representative Klarides, Representative O'Neill, and Representative Miner. The Judicial and Corrections Subcommittee consists of the Division of Criminal Justice, Department of Corrections, Judicial Department, and the Public Defender's Office.

Real quickly in regards to the Criminal Justice Department, we found that over 50 percent of the cases in the State of Connecticut were -- were domestic violence cases so, therefore, we added two domestic violence positions in the Division of Criminal Justice. In regards to the Department of Corrections, we were able to find \$2.75 million in savings in the effort to manage better the overtime costs. We added \$250,000 for additional teachers, and \$500,000 for residential programs.

In the area of Judicial Department, we increased the judge's salaries in Fiscal Year '14, \$1.8 million and \$3.7 million in Fiscal Year '15. In addition, in the area of Public Defender's, we have to be fair with the public defenders as we did with the Department of Criminal Justice, so we added two domestic violence positions at a cost of \$108,000. And that concludes my report, thank you very much.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on the bill as amended?

Representative Walker for the second time.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, that concludes the presentation from our Subcommittee Chairs. And I think that it's very good for the people to understand that we take this position and this responsibility very seriously. I would be remiss if I did not thank very quickly the -- the OFA staff, Alan Calandro, Chris Ashburn, Chris Perilla, Michael Murphy, and the Clerk, Susan Keane, who the Administrator for Appropriations, Susan Keane. But I especially want to thank my Ranking Members,

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Senator Kane and especially my best friend, Mr. -- Representative Craig Miner who provided us with a lot of presentation and thoughtfulness in helping us deliberate with this Appropriations budget.

This is important for everybody to understand that we do this as a team and there are members from every -- every different aspect of the State of Connecticut. So it's important that we hear everybody and we listen to everybody, especially through our Subcommittees. It was tough and we did have to do a lot of cuts, but I think we maintained the integrity of the things that we hold near and dear to bring back to our communities and make sure that Connecticut thrives. So with that, Mr. Speaker, I move the bill -- the amendment.

SPEAKER SHARKEY:

Thank you, madam.

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

The distinguished Minority Leader, Representative Cafero.

REP. CAFERO (142nd):

Thank you so much, Mr. Speaker.

Good morning to you. Good morning, ladies and gentlemen of the Chamber. Obviously today is budget day. I've often had the opportunity to speak before this Chamber on this day and share with you my belief that a budget tells a story. It tells a story about the State of Connecticut. It's not just a collection of numbers or certainly shouldn't be, it should tell our story, our story about where we are and where we want to go. And that storytelling and the story it tells, I should say, is very important not only certainly to us but to the people we represent here in the State of Connecticut, and frankly the people throughout the country. Because truth be told, we often talk in this Chamber about attracting people to Connecticut. We're proud of Connecticut, we want people to know about Connecticut, learn about Connecticut, come and live in Connecticut, create jobs in Connecticut, start businesses in Connecticut, get their education in Connecticut, work in Connecticut, raise a family in Connecticut, vacation in Connecticut.

We want various independent financial agencies to look favorably on Connecticut because that plays into the story that we tell. And that story begins on days

like tonight when we adopt a budget, a two-year budget, a biennium budget. It tells the world what Connecticut is and where it will be for the next two years. So I think it's important for us tonight to understand the budget because we need to understand our story and how we're projecting it out to the world.

So first and foremost I'd like to ask a few questions, if I may, Mr. Speaker, to whoever is the appropriate person, be that from the Finance Committee or the Appropriations Committee to answer, if I may, through you, sir.

SPEAKER SHARKEY:

Please proceed, sir.

REP. CAFERO (142nd):

Thank you, sir.

Ladies and gentlemen, we sort of touched upon this discussion when we brought out the revenue figures. We referenced what we call a spending cap. And as most of you know and for, again, the folks at home who might be watching or will watch at some point, the spending cap was a creation done in 1991 at the same time we here in the State of Connecticut for the first time adopted an income tax. As you all

might recall, that was a very controversial move especially for a state who never had an income tax. And people were concerned that adopting an income tax was a license to spend, that it would continue to go up and up and up.

And the folks at the time who were part of this General Assembly were sensitive to that criticism and they put forth a spending cap, a Constitutional spending cap before the voters so that the voters had, at least in their mind, a check on how much this General Assembly could spend. Over 80 percent of the people who voted when that spending cap was before them voted in favor of putting into place a spending cap. And that's a Constitutional spending cap. And when you say that, we know that the Constitution here in -- the Connecticut Constitution is the law of our land, the law of the State of Connecticut, the highest law of the State of Connecticut. And being a Constitutional amendment, it's not something that's easily avoided. We took that very seriously, I would hope we still do. We're actually nicknamed the Constitution State. We have a proud history of upholding our Constitution and believing in the rule of law.

And what we said is each and every budget must be capped as far as how much it could spend over what it spent in the previous year. And it recognized that sometimes we would have to spend more than the cap allowed because there might be emergencies or other reasons that this General Assembly in its wisdom needed to break that spending cap. And everyone recognized that could be a possibility and actually provided a methodology right in the Constitution as to how to do that. It calls for the Governor making a special declaration that this is an emergency and we have to break that spending cap, we have to spend more than the cap said we should.

In addition to that special declaration, it called upon each Chamber of this General Assembly to - - if they wanted to break that spending cap, exceed that spending cap, spend more than was allowed by that spending cap, it had to do so by a supermajority, three-fifths of the vote. Simple math would tell you that that means at least 22 Senators out of a body of 36 would have to vote because it was such an extraordinary move would have to vote to break that spending cap. In the House of Representatives, 91 out of 151 people would have to make that extra special

move to break that spending cap. And since 1991 when it is adopted -- when it was adopted, this General Assembly has on occasion said, you know what, we need to break that spending cap. And each and every time we did that, we follow the rules. We had the Governor write out a declaration giving his reasons why he felt it or she felt it was necessary to break that spending cap. And in each and every case, in each Chamber those three-fifths had to vote, at least 22 Senators in the Senate and at least 91 Representatives in the House.

So now we come to 2013, and as we start our journey in understanding our story of our budget, we should start with that basic rule, that Constitutional rule, and ask ourselves are we following the rules, are we abiding by the cap, and are we spending within that spending cap. So, through you, Mr. Speaker, the budget that's before us I would ask to, I believe Representative Walker who I was told would be the person to ask questions about the spending cap, is the budget before us -- does the budget before us break the spending cap?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, no.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Now, of course, I take Representative Walker at her word. She is an honorable person, however, I must ask a secondary and possibly tertiary question. And the reason I must ask that is when we brought out the revenue estimates, we all learned together just a few moments ago that we're doing something this year that we never did before. And what we learned is in the past, in answering the question whether or not we broke the spending cap, we'd have to calculate that and use a formula. And when we used that formula, we included as money we've spent federal revenue, money that we receive from the federal government. And we learned a few moments ago that this year for the first time we're going to do things a little differently that we've ever done them before.

Certain federal revenue, not all but certain federal revenue that we're taking in, we're going to

treat differently, we're going to net appropriate, if you will. Other federal revenue that we take in from the federal government we're not going to treat that way. I still, frankly, and I don't know if you agree, don't understand why we take some one way and some the other but that might be explained as we go along. So understanding that this is the first time that we are treating the accounting of federal revenue in the manner in which we are accounting it, the first time in 20-plus years, over two decades, I have to, as all of us need to do, compared to what we're -- what we're used to.

So, through you, Mr. Speaker, I would ask if we were to account for federal revenue like we did in the budget we're currently in, in this budget that's before us, would we break the spending cap?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, no, we would not. May I first -- I just want to point out to the gentleman, through you, Mr. Speaker, the good gentleman from Norwalk, that if you go to the section -- the way we

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discuss it in section 20 -- 69, it talks about the fact that we are mirroring this action from an action that we did in 2001 with the Medicare Part D premiums. What we did was we took that out and directly funded the Medicare Part -- Premium D with the federal dollars and that is what we're doing with the -- the federal dollars that we have coming before us.

This -- the cap was not designed as a barrier in securing money from Washington, it was -- it was designed to help us keep -- the State spending in check. What we're doing is we are using the federal dollars that we are getting for the Affordable Care Act, which is a new program, it is going to create the new program that we will be using. And the new program that we will be using I call it MCLIP, I don't know the whole term for it, but it is basically a new Medicaid program that we will be doing which will be covering people up to 133 percent of federal poverty level. And the funding from the federal government will be 100 percent at that time.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

And I appreciate the good gentle woman's reference to what we had done in the past. I believe there was a year given, 2001. But I also harken back to what Representative Widlitz asked -- told us all, and that was that this is the first year we're including certain federal revenue in the manner in which we're accounting for it. So, for instance, though the good gentle woman pointed to an amount of money in 2001 that we net appropriated, up until this year did we ever net appropriate federal funds received for education dollars?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I do not believe we have done that.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

So, through you, Mr. Speaker, if this year we did not -- if we did what we've always done and not net

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appropriated federal education dollars, would we break the spending cap?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, if we -- if we did not net appropriate, then we would not be able to participate in the funds -- the program, therefore, we would not be going through the cap.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

I don't quite understand that. I guess what I'm asking is, we've just learned that last year and every other year we have not net appropriated federal funds we receive for education. This year we're doing so. My question is simple, if we did it this year like we did it last year with regard to those funds, would we break the spending cap?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, if we did not have the new program that we will be having in January of 2014, then we would. But, through you, Mr. Speaker, we are going to participate in the Affordable Care Act that the federal government has offered to all the states. It is something that we feel is important for all of the people in Connecticut for up to 133 percent of federal poverty. And I do want to clarify, I apologize, I misspoke earlier. We do, in education Title -- IDA and Title -- Title 1 monies are net appropriated too.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

I want to ask another question, we're talking about spending. In this budget, two-year budget, in the first year of it which starts July 1st, how much more money, by percentage, are we spending in 2014 than we did this year in 2013?

Through you, Mr. Speaker?

SPEAKER SHARKEY:

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Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I'm trying to get my -- find my numbers, through you, Mr. Speaker, we are going to spending approximately 2.2 percent, I believe, if you just give me one moment, let me get my papers. Through you, Mr. Speaker, FY '14 we'll be spending 3.6 percent and FY '15, 2.2 percent.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

.Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Now this is the first budget document that we're seeing since April when Finance and Approps put out their budget. And when they did I recall Representative, excuse me, Walker at the time and Representative Harp at the time having a press conference. And when they put out that budget, they indicated that the budget that came out of Appropriations over a two-year period spent about 9.6 percent more over the two years than we're currently spending.

This calculation comes to about 5.8 percent more. Is the reason that percentage is less than it was back in April is because we're not counting the money that we did count in April as an appropriation?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I thank the gentleman first because I think it's important that we understand this. What we will be doing is the -- the now existing LIA program for low income adults which only reimburses at 50 percent and does only up to 60 percent of poverty, will cease as of December 2013. Starting January 1, 2014, we will begin the 100 percent net appropriation from the federal government for the Affordable Care Act which will go forward from there. And that's where the increase really starts to increase because of the fact that we are now going into 100 percent federal funding.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

That exactly what Representative Walker said is true, but it was true in April as well. So I guess my question once again is why did we have a higher percentage increase reported to us in April for the same amount of money we're spending here in June? Is it because of the difference in the way we're now accounting for that money under the document that's before us?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I don't know. When I look at, through you, Mr. Speaker, I believe that we did not fully account for the 100 percent federal funding in our budget when we went through this because that was something that we were trying to determine and we were looking at some of the other options that we had with federal dollars. I think it's important that we make sure that we go for as much of the federal funding that we have coming to the State of Connecticut. And I believe that we have also

identified other federal dollars that we need to look at.

Through you, Madam Speaker -- Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

And I thank the gentle woman for her answer because that is the answer. What you just heard was in April we treated the same thing differently than we're treating it in June, same money, same program, all the history that we know. But I think what we heard Representative Willis -- Widlitz, excuse me, Walker say is that at that time in April we thought of it differently, and since April we've changed the way we care to treat that money which is totally legitimate, totally legitimate.

Had we treated the money as they wanted to do in April or in every other year, we'd break the spending cap. But because sometime between April and today we decided, somebody did, to think of it differently, we can now say we didn't break the spending cap. Now that tells a story, it's part of that story we're telling. It tells the people of the State of

Connecticut that when we want to do something, we do it. We can change our mind. The disturbing part of the story for me is we have rules on how to change our mind and we ignored them. We ignored them. Now maybe it wasn't possible to follow the rules, I get that, because the rules call for certain things to happen. And maybe for one reason or another they couldn't happen. Maybe there couldn't be three-fifths of the people or 22 votes in the Senate or 91 votes in the House, maybe there could be. So what we did, I'm hearing in the story, is we just changed the rule or ignored it or did it a different way. And that little fact is part of the story that we're telling to everyone out there.

The other part of a story that a budget tells is the way we raise revenue. It says to people this is how we are going to tax you, whether it's personally or by sales tax or by business taxes. And that story gets told and people react to the story, they judge for themselves whether Connecticut is an attractive place to be or not. Now I remember two years ago the story we wrote in 2011 for our two-year budget then was one in which we said to corporations we need money, we're in some fiscal troubled times, and we're

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going to assess a surcharge on you, a tax. And when we told the story two years ago, we said we're only going to charge that tax for two years, businesses. It was called the corporate surcharge tax. We said we need the money because we're in tough times, but we're only going to do it for two years. It's going to sunset. It's going to stop. So businesses out there we're telling you the story, so plan accordingly. Suck it up for two years because then we're going to stop taxing you. You won't have to pay that extra money.

So, through you, Mr. Speaker, to Representative Widlitz, the Finance Committee deals with revenue, did we keep that promise or does this budget extend that tax beyond the time we said we would have it?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you, that tax is extended into this next biennium.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

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Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Part of the -- other part of the story we told two years ago is we had a sales tax, it was six percent. And we said to everyone out there we're going to have to raise that tax from 6 percent to 6.35 percent because we were in tough times and we had to make certain financial decisions. And some of those decisions affected our municipalities. Remember that? And we wanted to give them some hope, so we said listen we are increasing the sales tax, but a portion of that additional .35 percent, we're going to take and we're going to put in a special fund just for you guys, the municipalities because we want to give back. So that fund is going to be for you, said we when we increased that sales tax.

It was called the municipal revenue sharing account. There was no sunset on that, see it was going to go on in perpetuity because we wanted to make a promise and tell a story to municipalities that we want to give you a steady revenue stream. We don't want you to just come with your hand out every year and beg for this or that or ECS money, we want to give

you a steady stream that you could count on. That was two years ago.

So I guess my question, through you, Mr. Speaker, does this budget that's before us eliminate that municipal revenue sharing account?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ: (98th):

Through you, Mr. Speaker, yes, it does, however, we have also made -- held our municipalities harmless in this budget and we have had to make some difficult decisions. I would also mention the M.O.R.E. Commission which is working very diligently to provide assistance to municipalities and we hope to make progress very -- in the very near future on helping municipalities raise additional revenue.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

God, I hope so too. I hope so too. But I hate breaking promises. And I hate breaking promises not

only personally but also as a state, as a government, when we tell that story because it hurts the story we tell. It says the people out there, wait a minute, they said they were only going to tax corporations for two years and they extended that. They said we were going to have a municipal revenue sharing fund and they ended that. We keep changing our story and that's not a good thing. That's not a good thing.

Now I note, through you, Mr. Speaker, in section 92 of the budget it talks about GAAP, Generally Accepted Accounting Principles, my God have we heard a lot about that in the last two-plus years. GAAP this and GAAP that and GAAP compliant and GAAP funding and the GAAP deficit and GAAP, GAAP, GAAP, GAAP, GAAP. And you know I have to concede something, I say it really quickly, it rolls off my tongue, and a lot of times you get so confused by it that you wonder yourself, do I really know what the hell it means? But anyway, we're for GAAP. We were going to two years ago get on a straight and narrow and do things right. In fact I remember that was the Governor's first executive order and I've heard that there's money in this budget and we're GAAP compliant and GAAP this and GAAP that.

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Now section 92 of the budget indicates, and I'm paraphrasing, that we're delaying GAAP for two years. Through you, Mr. Speaker, is that true?

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you. Another promise not kept. You know, in the days leading up to tonight we do a whole bunch of bills and we do them sincerely and with pride. Some -- many of the bills we have all sorts of programs and many lately especially in the last couple of days, as a matter of fact, in the last several hours regarding energy and renewable energy. And just a few hours ago we passed a bill that doubled -- doubled the amount of money that went into the conservation load management fund. I remember that because I remember Representative Mushinsky talking about how pleased she was that we were doubling the amount of money into this fund from \$90 million to \$180 million. And she believed, as many did, that

it's a strong commitment, it's telling a story that we're serious about conversation and load management in the State of Connecticut, energy efficiency, energy savings, new ways of doing stuff that hopefully will make us energy independent.

And then I look and I note in section 105 and 106 and 107 of this budget that some of the money we put into this were taken out. As a matter of fact, if you add it all up, it's about \$35 million that we're sweeping, that we're taking out and we're putting into the general fund.

Through you, Mr. Speaker, do I have that correct, to Representative Widlitz?

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, we are taking \$5 million from the regional greenhouse gas initiative fund in the second year of the budget, however, it is our intention to -- to continue the discussion on that and hopefully before we have the implementers before us, we are -- we are working to not make that reduction in RGGI. You are -- you also mentioned I believe the SEFIA funds. The plan is in the first

year of the biennium to use \$6.2 million of that fund, and in the second year of the budget 24.7.

We had to make some very difficult decisions in this budget. There were some items in the budget that we were negotiating right down to several hours ago. There is significant amounts of money in the SEFIA fund and we are taking a small proportion of that to use in the budget to avoid doing some other things that were less desirable.

Now I would say to the Minority Leader and to everyone in this Chamber, we had to make some very difficult decisions in this budget. We did the best we could. We have every intention -- by putting the bulk of those numbers in the second year of the budget, we are -- we have the intention of actually not going there unless absolutely necessary. So I hope that answers the gentleman's question.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

It does. Thank you, Mr. Speaker.

What I guess I heard is that, yes, Cafero, you were right. That's the story we tell, and it's a difficult story and an ugly story and one that's

contrary to what we say we want to do. And hopefully, according to Representative Widlitz, we can tell another story later on maybe, hopefully, but we haven't told that story.

If you look in section 102 of the budget, you'll see another transfer. You see we often talk about our special transportation fund and how much we need to invest in our roads, in our bridges, and our transportation because it's the lifeblood, the arteries that keep Connecticut alive. And yet if you look -- that's the story we want to tell, and yet if you look in section 102, we take \$76.5 million out of it because we got to put it in the general fund. That tells a story too. That tells a story too.

Now in looking over this budget, I note in section 86 something that was a bit of a surprise to all of us. See section 86 is the revenue part, it's the part where we sit down and make our budgets at home or in business, we say how much money are we going to take in this year and from where. And we do the same thing in the State. And lo and behold we put down on that ledger sheet in the receipt column, in the revenue column, money from this thing called keno. And it came as a surprise to me and many others

because thought we had all heard about keno in the past, this entire legislation session, in all of the Committees, keno never came up. It was never talked about. Keno is a game of chance. It is one that is done, as I heard beautifully described in the Finance Committee meeting that took place a few hours ago, that it is done through retailing outlets like restaurants or bars where you put just a card and you pick numbers and if they come up, you win money. And we think, here's our story, that we're going to make money from that game.

Now the last time we discussed this several years ago we knew we had a problem. See we had a problem because we have Indian casinos too in the State of Connecticut and we have an agreement with them on how to split up the money. And the last time we talked about keno, we didn't have an agreement with them. And our Attorney General, who is now our United States Senator at the time, said be careful folks. If you're going to do this keno thing, you got to have an agreement with the Indian tribes.

So, through you, Mr. Speaker, my question is we are counting in our story, this budget, revenue, money, coming in from this game called keno. And as

we adopt this budget, have we as the State of Connecticut entered into an agreement with the Indian tribes?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, there is in that section of the bill to which you refer a 12.5 percent of the gross revenue from keno, should we do this, and I expect that we -- we will, this is in negotiation currently with the -- with the two Indian tribes that we have in this state. In order to negotiate, we need to express the -- we need to express in our budget that we have a commitment to distribute to each of the tribes 12.5 percent of the revenue that would be gained from such an expansion of the -- of the lottery game, keno. So that enables us to go forward with the negotiations with something real behind us and that is under consideration at this moment.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Mr. Speaker, what if the tribes was 20 percent, what happens then?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, I would not try to answer any questions about what would happen in a negotiation. It is a negotiation, we have the -- we have the money in the revenue budget. I'm sure that is based on some discussion that has already been held, but it would be a negotiation and I certainly couldn't comment on what would happen if. I wouldn't know the circumstances of that.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Through you, Mr. Speaker, this budget references SEBAC, the agreement that was entered into a couple of years ago between all the state employee unions. Does

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this budget document that's before us honor that SEBAC agreement?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative, to whom are you directing that?

REP. CAFERO (142nd):

I guess that would be an expenditure, so I would ask that to Representative Walker.

SPEAKER SHARKEY:

Thank you, sir.

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. I thank the gentleman.

Through you, Mr. Speaker, yes.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

And through you, Mr. Speaker, to Representative Walker, if it honors the SEBAC agreement, does that mean that no employee currently for the State of Connecticut who wants to remain working for the State of Connecticut can be laid off, is that correct, over the next two years?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I do not believe so.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

And through you, Mr. Speaker, does this document that's before us take into account the pay raises that are owed to our state employees for the next two years?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Mr. Speaker, that was part of the negotiation that was made through the SEBAC agreement.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Through you, Mr. Speaker, that amount is not reduced from what was negotiated, it wasn't delayed, we keep that promise. Is that correct?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, yes.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you.

Through you, Mr. Speaker, my final question, if I may, to Representative Widlitz, we all know that in years past we, back in 2005 I believe, set forth the schedule by which our gross receipts tax would increase from year to year. That's the percentage tax that goes on in the case of gasoline and our gas tank, the wholesale price of gasoline. And that is sort of what we often refer to as the hidden tax. We have 25 cents per gallon, and in addition to that the State gets currently seven percent of the wholesale price of gasoline up to a cap of \$3 of that wholesale price. And that is scheduled to go up on the first day of the

biennium budget to 8.1 percent. Does this budget prevent or stop that tax increase?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker -- I'm sorry, excuse me, Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you to the Minority Leader, that is scheduled to go in by statutory formula that has not been changed through this budget.

Through you.

SPEAKER SHARKEY:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Speaker, many people have a lot to say here. But I think we just got a snapshot, an overview of the story that this budget document tells. And with all due respect, I don't think it's a nice story. It's not a good story because we start out on a broad scope saying we broke the biggest promise we could break, the promise we made in our Constitution where we said we could cap spending and we set out a formula for

that. And we said if we're going to break it or we have to in an emergency, there is only a certain way we can do it, in an extraordinary way. And we've abiding by that rule for 21 years, but because it didn't fit or we couldn't get around it we are ignoring it. Ignoring it.

We also learned that we made several promises in our story two years ago whether it was in raising taxes or ending taxes that were going to happen. And we're breaking those promises too. We learned that we have a scheduled gas tax increase in one of the worst economic times in our State's history. And unlike in the past when we recognized that and prevented that gas tax increase from going into effect, we don't touch it here. It's going to go up. We learned that a lot of these funds that we have put aside money for good reasons, reasons that many of us fought for, are being swept. The promises made for those funds are being taken away whether it's for conservation load management, whether it's for municipal sharing. It seems to be a story of broken promises.

And we come back every two years and we bemoan the fact whether in this city in this building or back at home. We scratch our heads and say unfortunately

our unemployment rate is higher than the national higher. And unfortunately we don't have the economic growth that we thought we would have. And we wonder why when this is the story that we tell, we wonder why? Ladies and gentlemen, we have an opportunity and had an opportunity to tell a very different story, to recognize our faults of the past and change them. To do those simple common sense things like spending no more than you take in and relying on things that are solid, reliable, proven, not keno.

We were a state that used to keep its promises to our municipalities, to our citizenry, to our job creators, and we're breaking them. We were called the Constitution State and we're even breaking that. Ladies and gentlemen, if we are going to restore the State of Connecticut to the grandeur we all know it can be, to its greatness of the past, we have to recognize what we're doing wrong and stop doing it. And communicate that new story, that bright story, to all that will listen. This was our opportunity and we have failed. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

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

Representative Williams of the 68th.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker, and, good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. WILLIAMS (68th):

Mr. Speaker, I listened to the debate with a lot of interest and I think Representative Widlitz is right, this is -- this is tough stuff. We find ourselves in a really bad situation as a state, and it's not any individual person's fault here in this room. There --

SPEAKER SHARKEY:

Representative O'Neill, for what reason do you rise? If you would pause for a second so we can get your microphone on, sir. Please proceed, sir.

REP. O'NEILL (69th):

Yes, thank you, Mr. Speaker.

In light of the discussion that just occurred, I would like to inquire of the Speaker what vote level will be necessary for the passage of the bill upon which we are now involved? Will it be the 60 percent

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that's called for under the Constitution for exceeding the cap or will it be some other number?

SPEAKER SHARKEY:

It will be a simple majority, sir.

REP. O'NEILL (69th):

In light of that, Mr. Speaker, then I would like to make a Point of Order that I believe that the appropriate level that we should be using for the vote here tonight on this bill should be the 60 percent number.

SPEAKER SHARKEY:

If you could elaborate on the reason for that for -- so that the Chair could understand the basis for your opinion, sir.

REP. O'NEILL (69th):

Well, the discussion that just transpired indicates that the budget is being changed in such a way that the numbers are not being accounted for in the same way that the budget was accounted for previously by the exclusion of hundreds and hundreds of millions of dollars of federal aid that is not going to be counted as revenue and not going to be apparently counted as part of the expenditure package for purposes of calculating the cap. And that because

of that change, we are basically exceeding the cap, we are not rebasing the cap. And that what we are finding ourselves doing is avoiding the cap, but I don't believe that we are doing successfully. I don't believe that the net effect of the changes that are being put into the calculation complies with the cap, complies with the budgetary process that we've been following for the 21 years or more since the cap was adopted. So I believe that the 60 percent level is the appropriate level that we should be utilizing to pass the budget that we are talking about here tonight.

SPEAKER SHARKEY:

Thank you, sir.

The Chamber will stand at ease for a moment.

(Chamber at ease.)

Will the House please come back to order.

The good gentleman raised a Point of Order that in his opinion the bill that's before us requires a three-fifths vote of this body for passage. It's the opinion of this Chair the bill complies with the statutory spending cap that's enumerated in section 2-

33a of the General Statutes. That statute requires a three-fifths vote only if the General Assembly seeks to exceed the spending cap. But because this budget bill does not exceed the spending cap -- the statutory spending cap, a three-fifths vote is not required. Therefore, the Chair rules the gentleman's Point of Order -- to be out of order -- your Point of Order, excuse me, I want to be a little more clear, that your Point of Order is not well taken. Thank you.

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

At this point, I would appeal the Ruling of the Chair.

SPEAKER SHARKEY:

The Ruling of the Chair has been appealed. I didn't see who seconded it, seconded by Representative Cafero. The rules on an Appeal of the Chair is that each member of the Chamber is allowed to speak once and only once on the subject of the Ruling of the Chair on the appeal at which time a vote will be taken.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

And is that to be a roll call vote?

SPEAKER SHARKEY:

It can be a voice vote. It's not -- it doesn't need to be a roll call vote.

REP. O'NEILL (69th):

Well, at this point then I would request that the -- when the vote is taken that it be taken by roll call.

SPEAKER SHARKEY:

All those in favor of a roll call vote on the appeal of the Ruling of the Chair, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

The necessary 20 percent has been met. When the appeal of the Ruling of the Chair is taken -- the vote is taken on the appeal, it will be taken by roll.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

It is my understanding that members can speak but once, and I would like to speak if I may to the appeal?

SPEAKER SHARKEY:

If you can pause for a moment, sir, there -- there are several people on the board who I believe were expecting to speak on the bill. I would ask that they clear the board if you've requested to speak on the bill so that we have only on the board those who wish to speak on the appeal of the Chair's Ruling.

And with that, Representative O'Neill.

REP. O'NEILL (69th):

Yes, thank you, Mr. Speaker.

I believe that the Ruling is incorrect. I believe that the amounts of money that are called for to be expended through the budget of the State of Connecticut, by the government of the State of Connecticut, that are not exempted from the spending cap that are called for within the document that's before us exceeds the amount of the spending cap based on the calculations that have been done in the past based on the basis of the spending cap that has been done in the past. Moreover, as far as the application of a Constitutional provision, I would cite *Mason's* section 511, subsections 1 and 3, wherein it says that a -- when a Constitution calls -- requires a majority of the entire membership or of all the members or any other number of proportion should take a particular

action, that vote must be obtained, a vote by of less than that number although a majority of those present and voting, is not sufficient.

In addition, section -- subsection 3 states that Constitutional provisions as to the number of votes required for the final passage of bills are mandatory. Again I would note that the discussion that occurred on the floor between the Republican Leader and the Chairs of the Finance Committee and Appropriations Committee clearly indicate that we are expending monies in a way that will ultimately take us over the spending cap, and that we need to adhere to the Constitutional provisions and that *Mason's* requires that of us. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on the appeal?

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen of the Chamber, we are appealing the Ruling of the Chair. With due respect to good Speaker, we believe he has ruled in error. And we believe the best case for why he is ruled in

error has been made tonight. Our Constitution is clear with regard to those things that could be excluded from the cap and those things that are included from the cap. You'll note from the Constitution and even the statutory language that supports it that the -- those things excluded from the cap do not -- do not include federal revenue. They might in other states, we might be the only state that does, but that's the fact.

And the best evidence of that fact is not what we say on this side of the aisle, it's what's been said in this Chamber in this session and in sessions past. I can only point to the February budgetary address when our own Governor admitted that in order to exclude the calculation of federal funds for purposes of the spending cap, we would need to redefine or amend how we define the spending cap. That same fact was repeated during the processes of the Appropriations Committee and the Finance Committee when they came out with their budgets. That fact was well reported throughout the months with regard to whether or not the 22 votes necessary, that three-fifths necessary to amend how we define the spending

cap was present in the Senate and the 91 votes was present in the House.

That fact was underscored when it was well documented that there were not enough votes to achieve that amount. And then soon thereafter we had this new way of accounting because it avoided the question. Well, if you've done something the same way all along and always treated it a certain way and needed a three-fifths vote when you did include it that certain way when you went beyond the spending cap. And you admit that fact in February by our own Governor and by our Democratic Legislators throughout the session, when it has been well-documented in the press along. And all of a sudden with the same numbers you change and say, no, that's why we believe that we need the three-fifths vote. And that's why we're appealing the Ruling of the Chair. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Representative Aresimowicz

REP. ARESIMOWICZ (30TH):

Thank you, Mr. Speaker.

Mr. Speaker, I'm standing to urge the Chamber to sustain the Ruling of the Chair. The budget before us

fully complies with our statutory spending cap so no three-fifths vote will be needed. Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Staff and guests to the well of the House, members take your seats -- yes, let me explain. What the -- what the vote will look like when we actually take this vote. Those who are voting green, if you -- if you wish to -- wish to appeal the Ruling of the Chair. If you are in opposition to the Ruling of the Chair, you will vote green. If you wish to sustain the Ruling of the Chair, you will vote red. Green is for the appealing, red is for sustaining the Ruling of the Chair. That's clear? If that's clear, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all members voted? Have all the members voted? Members please check the board to make sure your vote is properly cast. If all the members have

voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

On the appeal of the Rule of the Chair, H.B.
6704.

Total number voting	139
Necessary for adoption	70
Those voting Yea	48
Those voting Nay	91
Absent and not voting	11

SPEAKER SHARKEY:

The appeal fails.

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

Representative Williams.

REP. WILLIAMS (68th):

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

SPEAKER SHARKEY:

Good morning, sir.

REP. WILLIAMS (68th):

As I was saying, this is -- this is tough stuff and I agree with Representative Widlitz that we're being asked to make some very tough decisions here tonight as sadly this Chamber has been asked to do

several times in the last few years. Nobody likes being in this situation, Democrats, Republicans, Senators, Representatives, nobody wants to be in the situation that -- that we find ourselves in, the very undesirable situation to have to make tough choices between which programs to cut and which taxes to raise, et cetera. It's not a desirable situation and I don't pretend to think that it is.

The thing I think that separates some of our viewpoints on -- on how to resolve this matter though is whether we continue to do the same thing that we've been doing over the last several years, we've continued to do the things that we have said that we haven't been doing. We've continued to borrow to pay operating expenses and you're seeing that here in the bill that's before you. We have used one-time revenues and sweeps to prop up this year's budget and saying, well, we'll figure it out next time, we'll figure out how to plug that whole in the biennium budget. We're -- we're undoubtedly imposing new taxes as Representative Cafero said, we are imposing an extension of a corporate tax surcharge and other taxes that we're continuing, the generation tax, albeit for a shorter amount of time.

We're breaking promises that we've made and there's no question about it. We made a promise years ago to the business community that we were going to sunset the corporate tax surcharge after just a few years and, of course, that has continued. Many years ago we made the promise that we were going to have the real estate conveyance tax be a quote, unquote, temporary tax, and that is still on our books here today.

And in many ways you can't blame businesses and individuals from looking at Connecticut and saying, well, when is this going to change, when are you guys going to stabilize your economy? So many of us believe that the way to get out of this mess is not to break those promises, but to grow the economy, to give the business community confidence that there will be an opportunity for them to invest here and create jobs, that we're not going to continue to whack them every time we get into a jam and tell them it's only going to be a temporary thing, and telling them it's only going to be a two-year thing. And if you talk to people on the street, that's what they say investors, small business owners, that's what they say all the time, that we're unpredictable. That you can't

predict what we're going to do here in the Legislature because every time we get into an economic jam, we're going to continue to do the same thing, we're going to continue to raise taxes, we're going to extend taxes that were supposed to sunset, we're going to make things harder for people to do business -- make it harder for people to do business here in the State of Connecticut.

And so at the same time that we are going back on our promise to cities and towns that we were going to share sales tax revenue with them, which we just made that promise two years ago in our last biennial budget. At that same time and in that very same section we're repealing the luxury tax on -- on boats which is the only tax, by the way, that's being repealed in the budget that's before you. Think about that. We're telling cities and towns that they have to do without a promise that we made to them two years ago and at the same time we're repealing a tax on a luxury product. And I'm all for reducing taxes and I'm all for encouraging investment and growth, but it doesn't seem like the appropriate time for us to cut that tax while we're telling towns and cities that are already struggling with high energy costs and high

labor costs, et cetera, that we're going to go back on a promise that we made to them just two years ago. It shouldn't be a surprise that people look at us kind of funny when -- when we do that.

We're in this budget also repealing or actually reinstituting the sales tax exemption on clothing and footwear, but we're not doing it until the next biennium. It actually seems like kind of a funny place to do this, right? We're not going to do it in the next two years, we're going to do it in the next biennium budget. We're making that policy change here right now. Must make people think, well, if you don't have the money to do it right now, are you going to have the money to do it in two years or are you going to continue to postpone that as you, the Legislature, have continued to postpone the elimination of taxes that were supposed to sunset. I can't imagine that people have a whole lot of confidence given our track record as a legislature that we're going to eliminate that -- that we're going to reinstitute that sales tax exemption in two years given some of the other things that -- that I had just laid out.

As Representative Cafero said earlier, the keno issue is, I guess it's intriguing. I'm not exactly

really excited about balancing our budget with new entertainment sources and new gaming. I think we should be balancing our budget by growing the economy in areas of manufacturing and growing small businesses. But the very idea that we are balancing our budget on keno not knowing whether or not there is an agreement but yet on the hope and prayer that there will be an agreement and that the agreement will be to our liking and the agreement will be the way that we want, it's a little troubling. It's a little troubling. Frankly I don't know that I've ever even played keno. I'm sure it's a great game for those who want to enjoy it. But I don't know that we can guarantee in the next few years that keno is going to be here under the terms and conditions that we want, but we're throwing this out there on a wing and a prayer, and I'm not sure that I'm really comfortable with that.

You know, a few hours ago we -- we increased some charges on people's electricity bills here in the State of Connecticut, on the electricity bills of ratepayers. I voted for the bill as did -- did so many of you here in this room. I think it's a good bill. I think it's a good step in the right

direction. But we increased charges in the conservation and load management fund, in fact, we -- we put into law, or if this bill becomes law, there's a potential that the conservation and load management fund charges will be doubled on ratepayer's bills -- will be doubled.

I think in the long run that was a good policy move because I think that those investments in conservation, as Representative Reed said so many hours ago, will -- will yield good results not just for the customer that benefits from them, but for the entire system. So I think that was a good move. The conservation load management fund currently brings in about \$90 million a year, and if we double that, that means it will bring in \$180 million a year. That fund is managed by the SEFIA is the organization, the quasi-public agency that manages that -- that fund as they also manage another fund called the energy efficiency fund which brings in about \$30 million. They have similar goals, not -- not completely analogous, but they have similar goals.

So what we did here today is we asked ratepayers to double their contributions into these very laudable goals and then here in this very same budget, we're

taking money out of one of those funds with a very similar goal administered by the very same agency in the very same day. Well, I guess it's not technically the same day but we've all been here long enough we can just -- let's just call it the same day for the sake or argument. But in the very same day that we doubled people's electricity bills to pay for a laudable goal, we are poised right now to turn around and take money out of a fund administered by SEFIA with a similar goal. I don't know that the ratepayers of Connecticut can feel really comfortable that we're doing the right thing here. I don't know that the ratepayers of Connecticut can feel like -- the bill of goods that we sold them was that we were going to invest those dollars in conservation and load management and energy efficiency will actually be used, when in the very budget bill that we're about to pass hours later we're yanking some of those funds away and using it to balance the budget. Think about that. Even -- even though they're the same people, ratepayers and taxpayers are the same people, we are taking ratepayers dollars off of their electric bill and using them to balance the state budget. We are cross-subsidizing one public policy initiative with

another. We're saying ratepayers have to pay more because the budget is out of balance. And for some of you that story is very familiar because this Legislature has done that in the past. Nobody liked it, but we did it.

So, Mr. Speaker, we have the opportunity here tonight I hope to at least right that wrong. The Clerk is in possession of LCO 8594 and I would ask that it be called and I be allowed to summarize.

SPEAKER SHARKEY:

The Chamber will stand at ease.

(Chamber at ease.)

Now that the amendment has been filed and distributed, will the Clerk please call LCO 8594, which will be designated House Amendment "B".

THE CLERK:

Mr. Speaker, LCO Number 8594, designated House Amendment Schedule "B", offered by Representative Cafero, Representative Candelora, and Representative Klarides.

SPEAKER SHARKEY:

The gentleman seeks leave of the Chamber to summarize the amendment. Is there objection? Is there objection?

Seeing none, you may proceed with summarization, sir.

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Just briefly what this amendment does it actually eliminates sections 106 and 107 of the bill before us -- of the underlying bill and it transfers -- eliminates the transfer of the Clean Energy Finance and Investment Authority to the general fund. We actually seek to pay for that expenditure by eliminating new hires in state government next year. Actually this bill would -- this amendment rather would actually post a surplus if it were adopted, and I would move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption. Will you remark?

REP. WILLIAMS (68th):

Thank you, Mr. Speaker.

Just briefly, ladies and gentlemen, we -- we have seen here tonight again how difficult this budget

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situation is. We get it, we know it's hard. We know that over the years it's been really difficult. We can change the culture that we have created here in this Legislature of -- of breaking the promises that we made because we have to fund a lot of the things that we see in state government. We can change that culture here today and -- and again earlier today we passed a bill. We asked ratepayers to contribute more for a cause, and then what we're saying to them in the underlying bill is we're taking that away from you. This amendment seeks to rectify that. And, Mr. Speaker, I would ask that the vote -- when the vote is taken it be taken by roll.

SPEAKER SHARKEY:

The question is a roll call vote. All those in favor of a roll call vote on this amendment, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

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

Would you care to remark further on House Amendment "B"? We have several people who had

requested to speak on the underlying bill. If those who were interested in speaking on the underlying bill could clear the -- clear the board, we'll focus just on those who wish to speak in favor of the amendment - - or on the amendment. Thank you.

Representative -- Representative Walker of the 93rd.

REP. WALKER (93rd):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. WALKER (93rd):

Mr. Speaker, I rise against the amendment. I understand the desire to try and find savings, but one of the things that we learned especially through the Subcommittee process that many of our departments in government right now are struggling with the staffing that they had. If we truly believe that it is important that our government serve the people of Connecticut in the appropriate way and make sure that it efficiently is -- is achieved, I believe that we must maintain adequate staffing in all the agencies. So because of that, Mr. Speaker, I ask my colleagues to reject the amendment.

SPEAKER SHARKEY:

Thank you, madam.

Do you care to remark? Do you care to remark further on the amendment that's before us?

If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will members please check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take the tally.

Will the Clerk please announce the tally.

THE CLERK:

House Bill 6704, House Amendment "B".

Total number voting	142
Necessary for adoption	72
Those voting Yea	48
Those voting Nay	94
Absent and not voting	8

SPEAKER SHARKEY:

The amendment fails.

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

Representative Miner of the 66th.

REP. MINER (66th):

Thank you, Mr. Speaker. Good morning.

Mr. Speaker, if I might ask a few questions to the Chairwoman of the Appropriations Committee, please.

SPEAKER SHARKEY:

Representative Walker, please prepare yourself. You may proceed, sir.

REP. MINER (66th):

Thank you, Mr. Speaker.

Mr. Speaker, in a number of areas in this budget there are line items that are labeled non-functional change to accruals, if the gentle lady could describe to the Chamber what that means.

Through you, please.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes, good morning, Mr. Speaker.

I thank the good gentleman for his question.
That is referring to the GAAP compliance.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

So those -- those dollars in the budget that is
proposed are accrued and go where?

Through you, please.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I'm sorry. Could you
please ask the good gentleman -- better still ask --

SPEAKER SHARKEY:

Representative Miner, could you rephrase your
question, please.

REP. MINER (66th):

Certainly, Mr. Speaker.

If I understood the answer correctly, these are
an attempt to achieve GAAP compliance. And my
question is those accruals are deposited where as a
part of this budget?

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, in the general fund.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so are, through you, Mr. Speaker, are those expenditures that are made in each area or are -- or are those dollars that are held in an attempt to balance what I think is historically accrued as a -- a GAAP deficit?

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Through you, Mr. Speaker, I gather it is the latter than, it's an accrual in an attempt to balance what has occurred previously as an obligation.

Through you.

SPEAKER SHARKEY:

Members I know the hour is late and folks are trying to stay awake, but it's -- conversations are making it hard to -- for the folks here to hear each other. If you could keep your conversations limited, please, or take them outside in the hall so we can hear.

Representative Miner, could you rephrase your question. I don't believe Representative Walker heard.

REP. MINER (66th):

Certainly -- certainly, Mr. Speaker.

So the line items that are labeled non-functional change to accruals, as I think the gentle lady has described, are an attempt to keep us in balance with our GAAP accounting. And so are those dollars that are not expended within those areas but held kind of in escrow to achieve a balance?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes. Through you, Mr. Speaker, that is correct, I believe. Yes.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so in the budget there's also on page 25 a transfer of GAAP funding in the first year of the biennium which is \$40 million, if the gentle lady could describe for the Chamber what that is for.

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I would like to know if the good gentleman is referring to T-830 or T-831 in the budget.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner, could you clarify that.

REP. MINER (66th):

Certainly, Mr. Speaker, it would be T-831.

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, the good gentleman is asking if, I want to make sure I'm getting this correct, the transfer of GAAP funding of minus \$40 million, what exactly -- why are we deleting \$40 million in that. Is that what I'm -- I'm getting from the good gentleman?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Yes, Mr. Speaker, that's correct.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

I'm sorry. Through you, Mr. Speaker, is the good gentleman from Torrington asking me where -- I'm sorry, Litchfield -- sorry, Litchfield, asking me if this money is being transferred to another line, is this money being used in another way, or why are we reducing the \$40 million in that line.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Will the good gentleman from Litchfield reply to her request -- or her question.

REP. MINER (66th):

I'm moving around a lot here at five after 3:00. Yes, Mr. Speaker, through you, the labeling here says transfer GAAP funding. And so I think that would indicate that there actually is a transfer from somewhere to somewhere and that's what I'm trying to find out.

Through you.

SPEAKER SHARKEY:

Thank you, sir.

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I believe the good gentleman is asking me if the reduction is there what is being placed in lieu of the \$40 million.

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

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

I'm going back to Torrington. Yes, Mr. Speaker, that's correct.

SPEAKER SHARKEY:

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Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I believe the good gentleman if we are using -- if the directed \$40 million from the tobacco master settlement agreement to help to fulfill the requirements for the Generally Accepted Accounting Principles.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so those dollars will be held in escrow so that we are not accruing a GAAP deficit on an ongoing basis, is that correct?

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And if I stay in the same block of numbers on the same page, however, if I go to T-829, in the second year of the biennium it would appear that there is a \$10 million I'll call it a lapse. If the gentle lady could explain to the Chamber from what fund in the municipal account that will come and from which town.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Mr. Speaker, that is \$10 million that will come from the MSA to the general fund to cover the Municipal Opportunities and Regional Efficiencies program.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so, through you, Mr. Speaker, the MSA would stand for what, please.

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I believe that is mortgage savings -- it's fees from the mortgage -- mortgage savings account -- the mortgage foreclosure account.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so it appears here as a reduction and that's what I'm trying to figure out. Is it -- a statement has been made here earlier that municipalities are to be held harmless. And it would appear to the naked eye that there is a reduction in the second year of \$10 million. Is that not the case?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, those are fees that will be accrued through -- through the Municipal Opportunities and Regional Efficiency program.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

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REP. MINER (66th):

And if I could, through you, is that program currently functioning and is -- how does that operate? Is that each municipality participates in that?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Mr. Speaker, that is correct. These are -- this is one of the products that the regionalization program that M.O.R.E. Commission has developed and that is correct.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so as we stand here or sit here this evening, the budget -- one of the -- I didn't mean for anybody to sit but as I -- as I look at this, am I correct that this is a not yet determined source from where these savings will be achieved? And when we think about municipal aid, there will be a reduction within those lines somehow, but it's anticipated that it will be through cooperation rather than mandate?

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Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Mr. Speaker, yes. The M.O.R.E. Commission has -- has put together some incentives, programs that can be shared between different municipalities or towns. And like we've talked in other times, using backroom operations, basic functions that are shared amongst many towns. And by doing this collectively, we can help them to save some of their operating dollars and that's why you see a reduction in this line item because through that they will be able to achieve savings that they will be able to -- to transition into their own city funding or municipal funding or regional funding.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And so presumably we will see legislation in the next year or so identifying how this savings in the

second year of the biennium will be accomplished, is that correct?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes. Thank you, Mr. Speaker. And thank you -- thank the gentleman from Litchfield for the question. That is correct. And I would expect that you would probably see it in a lot sooner than that.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And I do know that there has been participation by some municipalities in this process. I guess what I am wanting to be somewhat cautious about is that we talk about regionalization in a very positive light more often than not. But there are some problems with it, and more often than not, people are apprehensive. And so this certainly does make a representation as part of the budget that if -- without some cooperation and without some savings, it would appear that the

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budget has I'll say a \$10 million hole. And so I'm not expecting a response, but when the gentle lady said perhaps sooner than later it makes me wonder whether or not there will be a legislative process by which we will authorize these types of relationships or have we already gotten that in place and will there be a hearing process where municipalities across the state will be able to weigh in on whether they think these are a good idea or not.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I believe the good gentleman is probably aware of some of the meetings that the M.O.R.E. Commission has had over the weeks. And I believe some of the -- the expectations coming out of it are going to be very similar to something that we call in the General Assembly, in the agencies like smart units where they do share in some of the services amongst each other. I believe that probably in some of the implementer language will help to explain some of the details that will be rolling out with the M.O.R.E. Commission as we go forward over the

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next couple of days. But the -- the broader breadth of these types of savings will also be seen over the months through the M.O.R.E. Commission as they meet amongst the -- some of the municipalities and towns. And I do believe that the good gentleman from Litchfield is -- has been aware of some of them. And I think that it will be a very good benefit for the State of Connecticut.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And I thank the gentle lady for her explanation. I -- I am hopeful that it is a good outcome for the State of Connecticut. But at the same time, I recognize that this budget represents changes from the Governor's budget. For instance, I think there's been a reinstatement of transportation costs for parochial schools and the like. And so we all know that chief elected officials and finance directors watch this stuff very closely because they know that an adjustment at this time of year in their budget in terms of a revenue shortfall might mean a tax

increase. And while I think this does represent that it would be in the second year of the biennium and not the first, they certainly would have an opportunity through their budget process to make adjustments. I just hope that whatever might show up in an implementer kind of allows them a long enough lead time to work into this.

I'll move on Mr. Speaker to a number of sections, I think 22 and 23, the deal with the FAC process. And I know the gentle lady and I and some other members of the Committee have had numerous conversations about what kind of discretion we as a Legislature want to afford the Administration in an effort to maintain balance in the budget. It appears in these sections that they are generally associated with our ability to capture as much federal aid as a result of the expenditure decisions as we can.

My question, through you, Mr. Speaker, is while in the past I think there has been some resistance to this type of a freedom, is the Chair of the Appropriations Committee more comfortable this evening that the Administration would communicate about changes in staffing, changes in programming prior to them actually occurring so that she and the other

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members of the Appropriations Committee would know on the front end what the intentions are of the Administration rather than on the back end through some public hearing next year?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, could the good gentleman repeat that question because I just want to make sure I got exactly what he is looking for.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner, can you repeat that question.

REP. MINER (66th):

I -- I think I can. Through you, Mr. Speaker, over the last couple of years we've had these conversations about how much discretion the Legislature is willing to afford the Administration when it comes to making what I think we would generally consider inter -- inter-budgetary decisions between one agency and another, staffing, programming, and the like. While this seems to indicate to me and

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my read that -- that you would almost -- they would almost have to be working on a similar program but may actually do it through a different agency. And this language would afford some flexibility to do that sort of thing provided it was with that understanding.

My question is is the gentle lady, the Chair of the Appropriations Committee, more comfortable tonight with this kind of a concept that I think she may have otherwise been a couple of years ago when we talked about raising the threshold of FAC authorization without having some commitment to come back to the Appropriations Committee.

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Thank you. And I thank the good gentleman for the answer.

That is correct. I -- I think as the -- another member of the FAC Committee along with Representative Miner, we have always been concerned about how this -- the applying of the FAC ruling has sometimes been a bit vague. And I think the main purpose of this is to make sure that we maximize federal -- federal funding

and make sure that when we do it between agencies that the whole direction is for the maximization of savings for the federal funding.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

And if -- if I could draw the gentle lady's attention to section 82 on page 82, maybe we should play that number with keno, there are a number of paragraphs in section -- within this section, if she could describe for the Chamber what this is all about.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, this is -- this is directly related to the charges on -- on the sales and use tax on cigarettes and as they -- how they are collected and remitted in the State. I believe the good gentleman and I had a conversation in FAC Committee about this very issue.

Through you, Mr. Speaker.

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SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

And so, through you, Mr. Speaker, I read in the paper the other day that the State is actually engaged I guess in a settlement agreement with the tobacco industry. And is this the -- is this area of the budget the area that would deal with our risk on a go-forward basis in an effort to prove that we are, in fact, doing our due diligence which I think was the subject of that lawsuit and the subject for which the industry was allowed to withhold money for a number of years.

Through you.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, that is -- that is my interpretation and expectation of this section. I believe the good gentleman is talking about a suit or a litigation that the Attorney General's Office is doing right now on behalf of the State of Connecticut with several other states about this whole exact issue. So I believe that is correct.

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Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker.

I -- my recollection of that was that we were actually the ones that got sued, but that may not be the case but I think it is. If the gentle lady knows, in terms of this budget and the -- I guess it's the \$62 million or so appropriation that will come to the State of Connecticut, I'll call it a settlement agreement. Are there any other -- are there any costs embedded within the budget in an effort to deal with the due diligence question? I think there was some question of whether of not we had appropriate staffing to demonstrate that we were actually requiring people to collect the tax that we were due in all cases.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, I believe there is \$13 million that is in -- that is in the budget that will

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be used to help support the enforcement of the -- of that issue.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker. And I thank the gentle lady for her comments and I -- I want to thank everybody who worked on the budget not only for their comments but actually also for the effort that they put forth this year in working with this side of the aisle, especially with freshman who I think all of you commented on their due diligence and meeting attendance and participating. I want to just say that I know we have kicked around this issue of the spending cap for a while here this morning. And one of the concerns that I have had and continue to have is this relationship between the federal government and the State of Connecticut in terms of funding. And for almost as long as I've been here I have tried to get my hands around how many employees we have that are paid for with federal funds, what programs we have that are paid for with federal funds, and then get my mind around what will occur or could occur should that

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relationship change meaning that the federal funding doesn't flow to us at the rate at which it once did.

We're all aware that the federal government is dealing with the sequester process. And one of the, I guess, concerns that I have about this off-line approach where we're taking a certain amount of state expenditure, even though some of those dollars are federal pass-through dollars, we're moving it off-line, I doubt very much if any of that funding should change from the federal government to us that those programs embedded in that funding would end tomorrow. I think there are federal and state cases that obligate us to give notice to people. I doubt we could take food stamps away. I doubt we could relieve people of their employment overnight. And so I, you know, for a whole bunch of reasons why I'm concerned about why we're doing what we're doing and why we're doing it the way we're doing it in terms of this relationship with state and federal expenditures.

I know the Minority Leader and others spoke for a while about the fact that, you know, we could make this decision through a process that we have in our Constitution and we could have a much broader conversation about what risks there might be about

taking all these things, let's say, off-line. I don't know whether the Chairman of the Appropriations Committee agrees with me or not, but I think we have had conversations in the past about our obligation to all of our constituents, especially the most needy. So I suspect that this will pass, I suspect it will pass the Senate, I suspect we will never know what kind of challenge may have come as a result of not going through what I think most of us would consider to be the regular process for exceeding the spending cap. But I am hopeful, Mr. Speaker, that whether it's through the sequester process or whatever process, that if this financial arrangement that we will enter into in terms of this budget leaves us with some exposure, I hope we'll find a way to deal with it. Because I've got a feeling that we could leave a lot of people kind of hung out and I know that's not the intention of anybody on the Appropriations Committee, I think I've worked with them long enough to know. But I do think it is somewhat problematic and I think it's risky. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on the bill as amended?

Representative Piscopo of the 76th. You have the floor, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Mr. Speaker, I was -- I was not surprised, I was disappointed during the question from the Minority Leader and it was brought to light that the -- that the elimination of the gross receipts tax wasn't in the tax package. The reason I wasn't surprised is because I do serve on Finance. I know there was some efforts during our debate on the tax package in that Committee to try and eliminate the proposed increase that's going to come into effect on -- on July 1st. It's -- I don't know -- I'm sure I'm not the only one here, but a number of my colleagues when we go back to our Districts, we're filling up our tank, and they see our plates or they recognize us. They're usually -- that's usually the first thing that comes out of their -- their mouths is a complaint about the price of gas. It's probably one of the most retroactive taxes we have. I think it hurts the poor the worst. You got to get to work, you need gas to get to work, and

anything that drives the price of gas up really hurts. And it hurts our poor the worst, it hurts our poor worker -- working families very, very hard.

It also hurts our tradesman, you know. If you see an electrician or a plumber, they usually get a -- they need a bigger truck, a van, or a truck, and it takes a lot of money to fill those up. So a little increment -- an incremental increase in the -- in the price of a gallon of gas really, really hurts them. So I was kind of sorry that we haven't addressed it this -- this session yet. And you probably see out in the hall a little like makeshift gas pump set up with a clock clicking down, counting the amount of hours until we go (inaudible) by our Constitution when we have to adjourn here on Wednesday at midnight. And it's getting down there in the hours. So I think -- I want to make some last ditch attempt, some plea to my colleagues here in this Chamber to please let's take a look at this, this gross receipts tax.

And to that end, Mr. Speaker, the Clerk has an amendment, LCO Number 8577. Will the Clerk please call and I give leave of the Chamber to summarize?
SPEAKER SHARKEY:

Sir, the amendment is not in the possession of the Clerk at this time. We'll stand at ease.

(Chamber at ease.)

Now that the amendment has been filed and has been distributed, will the Clerk please call LCO 8577, which will be designated House Amendment "C".

THE CLERK:

House Amendment "C", LCO 8577, as introduced by Representative Cafero, et al.

SPEAKER SHARKEY:

The gentleman seeks leave of the Chamber to summarize. Is there objection? Is there objection?

Seeing none, you may proceed with summarization, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Mr. Speaker this amendment just does a few things. Of course, if eliminates the proposed increase in our gross receipts tax, in another section it eliminates the petroleum propane tax on school buses only. And it also in anticipation of how we make up for that revenue gap, it provides for a

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suggestion box to raise some money to offset the revenue loss, and I move adoption.

SPEAKER SHARKEY:

The question is on adoption of House Amendment "C".

There are several people on the board who, I think, again were previously on the bill. So if you'd like to speak on House Amendment "C", perhaps you could stand that would be the way I can recognize you.

I'm sorry, Representative Piscopo, have you completed your remarks?

REP. PISCOPO (76th):

Well, almost, Mr. Speaker.

SPEAKER SHARKEY:

I'm sorry, sir. Sure.

REP. PISCOPO (76th):

Thank you very much, Mr. Speaker.

I just -- I just quickly, this is very, very important I think to all of us. And like I said it's so important that when the vote be called, I would hope that would be -- I would move that it be called by roll call, please.

SPEAKER SHARKEY:

Certainly, sir. The question before the Chamber is a roll call vote. All those in favor, signify by saying by Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

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

Would you care to remark further on House Amendment "C"?

Representative Bacchiochi.

If, again if you intend to -- if you don't intend to speak on House Amendment "C", if you can clear the board so that we can know who would like to speak on just this amendment.

Representative Widlitz of the 98th.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

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

SPEAKER SHARKEY:

Please proceed, madam.

REP. WIDLITZ (98th):

Thank you.

Through you, is there -- do you have -- I know we had a -- we had a public hearing in the Finance Committee at one point trying to work out something like this. And as I recall, it had a significant fiscal note. Could you refresh my memory please as to what it would cost to -- the revenue stream of the State to eliminate this increase in the scheduled gas tax increase.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Through you, yes, on the fiscal note, it -- it does -- it has a revenue loss of \$60 million if -- if that (inaudible). But I would ask the -- the esteemed Chair of the Finance Committee to please draw her attention to the latter part of the amendment. I try and offset that by implementing a program for soliciting suggestions through the state employees -- state employees operation decreasing state government expenses. That's kind of a suggestion box where state employees would -- would give us suggestions on how they can raise revenue.

It's very serious. It was in the biennium budget last year introduced by the Governor. And he took it serious, the fiscal note on that is 90 million, so it would offset that revenue loss, that 60 million loss in the -- in the fiscal note.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

And through you to the proponent of the amendment, does he happen to recall what the actual savings achieved from that former suggestion actually was.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker.

Yes, well, it was part of the SEBAC agreement as you know. Unfortunately it never really was implemented, it never really got off the ground. So I hope that this -- this time we can implement it and

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really get some good suggestions. And I think if you're -- if you talk to -- a lot of us have state employees in our district. I think all of us must have some state employees in our district. You get talking to them one and one, you get a lot of suggestions on how to raise money from the state. You get a lot of suggestions on real savings, so it's just a matter of having conversations with them. A lot of them don't want to come forward publicly and do that, so a suggestion box would work. I sincerely believe it would. And this decrease I'm asking for in the gross receipts tax, it's not unprecedented. We made this move once before. It was -- it was scheduled to go up in, '08, July 1 of '08, and we decided not to do it because we were in rough economic times. I would submit that we are still in those rough economic times, so it's not too much to ask to eliminate it this July 1st.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you, and I really don't mean to -- to make light of this, but as I recall that wasn't a tremendously popular suggestion received on the other side of the aisle about the previous suggestion box. But certainly we are very interested in hearing from state employees and -- and our constituents as well, however, I don't think there is a sufficient enough guarantee that this savings -- savings would be achieved from specific suggestions to warrant putting the budget out of balance.

I would like to make a comment about another section of the bill or the amendment, pardon me. On line 96, the issue of some of the school buses that are being converted or the newer ones that will be fueled by propane gas, actually we have a section of an implementer that will be coming up to achieve this. So I hope you'll be happy to see that appear in another bill, but I would respectfully request that my colleagues reject this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further? Would you care to remark further on House Amendment "C"?

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Representative Noujaim.

REP. NOUJAIM (74th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. NOUJAIM (74th):

Mr. Speaker, I rise in support of this amendment for several reasons. I go back, Mr. Speaker, to June 6, 1972, this was a day that I can never forget. That's when I was awarded a part-time job pumping gas at Sears. Sears at the Old Naugatuck Valley Mall in Waterbury, Connecticut, had a gas station. And I was a gas attendant while I was going through college, evening hours. And the price of the gas at the time was 28.8 per gallon, full service, Mr. Speaker, clean the windows, check the oil, put the tires, you know, check the tires, and everything. Everything that needed to be done, we were supposed to do it.

Well, obviously, Mr. Speaker, I don't think we can go back to 28.8 per gallon for regular gas, but I look at our situation right now where I don't think you can go to a full station gas station where they check the tires and the -- they don't even pump the gas anymore. But if you go down to the New Jersey

Turnpike, and it's unbelievable, the kind of price of gas, the difference between our prices and their prices. With the fact that I was down at the New Jersey Turnpike not long ago, and I got out of my car to pump gas and then all of a sudden an attendant jumped in and said, no, it's full -- it's full service, the same old fashioned full service that my customers while I was at Sears were accustomed to. But the price differential between our state and New Jersey is unbelievable, but let me not go too far to New Jersey, let me come back to our town of Enfield.

I have a friend of mine who owns a gas station in Enfield and like a kind of a store with the gas station. And he tells me about the losses that acquires because what happens is people come and instead of stopping at his gas station, they simple just go out across the border and basically what they do is not only they -- that they purchase their gasoline because it's much cheaper than ours, they end up just walking into the store and then there is something in marketing that we call impulse buying, they just see something they like and they pick it up and they buy it. So the losses that he is taking is not only on gasoline, but also on products that he

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sells. And those products like candy bars and -- and gums and chips and things of this magnitude, there's a good margin on them. And he tells me that he loses quite a bit of money for those margins.

So this increase is going to hurt us not only in so far as -- as gasoline, but also in so far of the entire economy of the State of Connecticut. And, you know, yeah, quite honestly (inaudible), Mr. Speaker, I'm not going to stand here and say, yeah, we took seriously the suggestion box that the Governor proposed. I agree with Representative Widlitz. I did not take it seriously myself because I knew it was not going to make -- going to materialize. But maybe after some experience now it will materialize and we get some return on our investment and we are able to make up some of this money that we would lose. So for this reason, Mr. Speaker, and to honor my gas pumping station history, I rise in support of this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.. Those were indeed the days.

Would you care to remark further on House Amendment "C"?

Representative Alberts.

REP. ALBERTS (50th):

Good morning, Mr. Speaker. I too rise in strong support of the amendment that's before us. We have no gas stations in Woodstock, so if anyone wants to come out and visit me, make sure you have a full tank of gas because if you run out, you're in trouble. I think one of the reasons why we don't have any gas stations is because of the -- the difference between the tax structure between Massachusetts and Connecticut. There's at least a 25 cent per gallon difference in the price of gasoline. The tax that we are going to see -- the tax increase we're going to see is only going to accentuate it. So as my -- the previous speaker alluded to, we are losing tax revenue not only on the gasoline, I believe we're also losing in cigarettes. I know we're losing lottery revenue as well. And I think that this amendment should be -- I think the amendment should be adopted. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on House Amendment "C"?

The distinguished Minority Leader, Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

I stand in support of the amendment. Ladies and gentlemen, we are one of the highest taxed gas tax states in the United States of America. I think we trail Alaska and Hawaii. You hear it every day. We have an opportunity to not allow that tax to go even higher in this biennium. Let's take advantage of that opportunity. As the good gentleman indicated, it would be a revenue loss in each of the two years of the biennium of \$60 million. And Chairman Widlitz asked the appropriate question, how will we make up for that revenue? And the answer in this very amendment is we'll use the employee suggestion box. Now Representative Widlitz indicated that this side of the aisle really didn't think much of that two years ago, but that side of the aisle did. In fact, it was one of the backbones of the entire two-year budget, it was part of the SEBAC agreement which we were told by the Governor and that side of the aisle, in fact, with due respect, Representative Widlitz herself, was going to save us \$1.6 billion over two years. And we banked

on that, we put it all on the table for that, and it didn't come through to its entirety.

And one of the areas it didn't come through in was the employee suggestion box which was supposed to save \$90 million in the first year and 90 million in the second year. And when we inquired why, we were told the committee to come up with those suggestions never really met. So we can't fault the employees if they were never called in to give those suggestions. So here's another two-year biennium, I have every confidence in our state employees as this Chamber did two years ago, that over the next two years they could come up with at least \$60 million worth of savings. And if they do, we could offset the loss in the revenue and not raise the gas tax. That's a great thing. That's why I support the amendment. Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on House Amendment "C"?

If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will the members please check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

H.B. 6704, House "C".

Total number voting	136
Necessary for adoption	69
Those voting Yea	47
Those voting Nay	89
Not voting	14

SPEAKER SHARKEY:

The amendment fails.

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

Representative Bacchiochi of the 52nd.

REP. BACCHIOCHI (52nd):

Thank you and good morning, Mr. Speaker.

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Good morning, madam.

REP. BACCHIOCHI (52nd):

Good morning. Mr. Speaker, I agree with many of my colleagues that difficult choices have been made with the budget that is put before us today. And I think this is especially true in the area of the cuts that are being proposed to Connecticut hospitals. A quick question, through you, Mr. Speaker, to the good Chairwoman of Appropriations. I just want to confirm what the cuts over the next two years will be to Connecticut hospitals. I believe it is found on line T-514 and T-534, the cuts to Medicaid and the cuts to the DSH payments.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker, and I thank the good gentle lady for her questions.

If I'm -- if I'm right, I believe the gentle lady is asking me about the disproportionate share of medical emergency assistance, if that's correct -- I believe that's -- that's correct. That line is directly related to the hospital. The other line, I'm

sorry, Mr. Speaker, I did not hear the other one. But if I -- I think I heard T-514 and that is not directly related to the hospital.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Bacchiochi, could you clarify.

REP. BACCHIOCHI (52nd):

Through you, Mr. Speaker, I did say T-514 thinking that was the second part of the cuts to the hospitals. If it is not, if the gentle lady could refer me to the appropriate place.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Mr. Speaker, it is T-534 that is directly related to the hospitals.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you.

Through you, Mr. Speaker, and what is the amount of the cuts over the next two years to the hospitals?

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, just one second --
through you, Mr. Speaker, I believe, oh, just one
second, sir.

SPEAKER SHARKEY:

Take your time, madam. We can be here all night.

REP. WALKER (93rd):

Through you, Mr. Speaker, I believe the amount --
I'm looking for the amount and I can't quite find it,
but I believe the amount will be approximately \$280
million -- I -- I do have it now, sir. I'm sorry.
Yes, I know we're going to be here all night, but I'll
try and do it a little faster than this. It is
approximately -- approximately \$341 million.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And would that be for one year of the budget or
combined for both years of the budget?

Through you, Mr. Speaker.

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SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, for both years of the budget.

SPEAKER SHARKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

Mr. Speaker, I came up with a number a little bit higher, but that's all right. We're talking -- we're talking big numbers overall. I do think the cuts to the hospitals are especially devastating to our -- our families, our constituents, and our communities, and all across the state. And for that reason, Mr. Speaker, the Clerk should be in possession of an amendment, LCO Number 8596. May the Clerk please call and I be allowed to summarize.

SPEAKER SHARKEY:

The Clerk has just come into possession of the amendment. We'll stand at ease.

(Chamber at ease.)

It appears the Clerk is in possession of the amendment and it has been distributed. Will the Clerk please call LCO 8596, which will be designated House Amendment "D".

THE CLERK:

House Amendment "D", LCO 8596, introduced by Representative (inaudible).

SPEAKER SHARKEY:

The gentle woman seeks leave of the Chamber to summarize. Is there objection?

Seeing none, you may proceed with summarization, madam.

REP. BACCHIOCHI (52nd):

Thank you.

Mr. Speaker, Connecticut hospitals employ over 54,000 people. That means every single one of us probably has someone that they represent that is employed by a Connecticut hospital. And in an effort to protect those jobs across the State of Connecticut and protect critical services, I move adoption.

SPEAKER SHARKEY:

The question is adoption.

Will you remark, madam?

REP. BACCHIOCHI (52nd):

Thank you, Mr. Speaker.

And also when the vote be taken, I ask that it be taken by roll call.

SPEAKER SHARKEY:

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

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

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

You still have the floor, madam.

REP. BACCHIOCHI (52nd):

Yes, thank you, Mr. Speaker.

And I just want to point out to the Chamber that the hospital folks have spent quite a bit of time up here over the last month really making it clear at least to me that cuts of this magnitude will result in one of two things or perhaps both. And that would be laying people off, the one thing here in Connecticut that we've been trying so hard to do is create jobs, so I can't see where it would make any sense for us to do something that would cost people jobs. And the

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other item that we've been fighting desperately to protect all of us is to provide the critical, critical services that the people in our communities need. And unfortunately what has been made clear to me is that cuts of the magnitude presented in the bill before us will cost jobs, will cost programs, and will cost critical services. So I do urge adoption of the amendment.

SPEAKER SHARKEY:

Thank you, madam.

Again we have several members who are on the board. If you could clear the board for just those who would like to speak on the amendment, that would be appreciated.

Would you care to remark on House Amendment "D"?

Representative Betts of the 78th.

REP. BETTS (78th):

Good morning. Thank you very much, Mr. Speaker.

A couple of questions if I could to the Chair of the Appropriations Committee on House Amendment -- it's dealing with the amendment.

SPEAKER SHARKEY:

Representative Walker, please prepare yourself.

REP. BETTS (78th):

Thank you very much, sir.

Could the gentle lady tell the Chamber when we originally I believe dealt with this back in April and the Governor made a proposal, I think it was somewhere between 4 and \$500 million was the proposed cut, it was in that range. Does that also -- when they made that proposed cut, do you happen to know if they took into consideration the impact that these cuts, even the 341 million now, did they -- or have you or the Committee taken into consideration the impact these cuts could have or will have on potential acquisitions of other hospitals?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker, and I thank the gentleman for his question. I believe, first of all, that the proposed cut to the hospital was presented to us by the Governor's Office. And one of the things that we decided as we looked at overall the whole budget picture, we thought -- we felt that the Governor's Office and the Executive Branch would be doing this type of evaluation. When we did talk to the -- talk

to -- amongst the Subcommittee about it, the discussion was how do we sustain something this large in the budget that we are so close in -- in reductions -- and we had so many reductions. It was not discussed about the acquisitions of other hospitals. We did look at some of the other hospitals and we came up with a formula that is in the budget before you today that was a remedy that we developed that worked with many of the hospitals that had mixed -- case mixed -- case mixes in their -- in their services that would address the ones that were struggling because many of our hospitals have multiple divisions that they have that they have sprouted around the state. So in regard to the question that you asked, sir, we did not look at the acquisitions of hospitals, but we did look at other ways of trying to address the -- the funding that was being reduced.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Betts.

REP. BETTS (78th):

Thank you very much for that information. And I'll comment about the acquisitions in a couple of seconds, but, through you to the Chair, how many

hospitals -- or could you inform the Chamber approximately how many hospitals do you know of or that you've been informed about are in what I would say very weak financial condition as of -- as of now.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. BETTS (78th):

Or how many, you know, how many do we have in the state and then how many would you say are in that kind of condition. Sorry, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, the numbers that we looked at, we looked at approximately 11 hospitals that were -- that were in the potential for struggling to meet their needs.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Betts.

REP. BETTS (78th):

Okay. Thank you very much. I'll speak after we do the amendment more on this. But hospitals are the

foundation in a lot of our communities. I know all of us have been lobbied very hard and I know how important they are to all our families and workers. And that is why I'm going to be strongly supporting this amendment. I ask all of us to really look at ourselves and think about what our residents have said, what the employees of said, and what the messages we're sending in making these types of cuts especially at a time when we're going to be doing radical changes in hospital care. I think this is an incredibly risky move. I think it's unwise and it sends the wrong message. And I think that there will be some very significant consequences not only in terms of job losses, but into providing health care to the residents and employees of our state. I'd ask the members here to strongly consider the impact these cuts will have versus other priorities in the budget. This is not something we can take back, and I thank you very much, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Do you care to remark further on House Amendment "D"?

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. Thank you.

A few questions to the proponent of the amendment.

SPEAKER SHARKEY:

Please proceed, madam.

REP. WALKER (93rd):

Thank you, Mr. Speaker.

Mr. Speaker, I looked at the fiscal note in the -- in the -- on file that goes to this, could you explain to me how the fiscal note and this -- this amendment -- how they connect?

Through you, Madam -- Mr. Speaker.

SPEAKER SHARKEY:

Representative Bacchiochi.

REP. BACCHIOCHI (52nd):

Yes, I'd be happy to. As you know, the amendment would add that money back into the hospitals and, of course, we would need a way to compensate for -- for taking that money out. And the compensation would be done in two ways. We would lower the rate of the state earned income tax credit from its current 30 percent to 10 percent. Additionally, we would, when allowable, we would only fill one of every two state

jobs as they are vacated. So the good news about that, Mr. Speaker, is nobody would be losing their jobs, we simply wouldn't fill them as rapidly as we might normally do. So that would be the plan.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. I thank the good gentle -- the gentle lady for her answers. I think I'm -- I guess I understand the concern about the cut to the hospitals. And I think the Executive Office looked at it and I think we discussed it in the Appropriations. But I do believe that one of the biggest questions that we have is how the Affordable Care Act will affect the hospitals. As we looked at some of the growth over the hospitals over the last couple of years, since we have had the increase in our low-income adults and some of the other -- the Medicaid plans, we've noticed the increase in profits in some of the areas. And one of the largest line items that you did point out when you asked me originally about the questions, I'm sorry, it's 4:00 o'clock in the morning, I'm a little sleepy, I can't remember exactly

which lines I'm looking at, but when we got to looking at it, some of the those -- those dollars are dollars that were out of the budget going to the hospitals.

If you look at the budget that's before you, we have a couple of lines that address some of that. Because we're trying to get an understanding on how much money we actually are paying to the hospitals and are there potential savings that we could be doing. One of them is -- there's the way the emergency rooms handle special needs, abuse -- substance abuse, alcoholics, et cetera, making sure that we don't continually have people go through the hospitals day after day after day, where at \$1,200 a day we're paying over and over again when the hospitals can help us with some of those needs.

Under the Affordable Care Act, there's another way of possibly funding the hospitals. And that was something that they did bring to us and we are looking at that option. The question on that one is whether or not we have to do a Medicaid plan amendment to actually go for those dollars and whether or not we would also have those dollars directly related to the hospitals -- sent to the hospitals so that they would not be going through the general fund, another way

that we would address some of those expenses. So I know that we are looking at these things. We are trying to work with the hospitals, but we also can't cut off funding for other areas where there are a lot of people that have the needs. So because of that, madam, I appreciate your amendment, but I will not be able to support it and I ask my colleagues not to support it also. Thank you.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further? Do you care to remark further on House Amendment "D"?

If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please report to the Chamber immediately.

SPEAKER SHARKEY:

Have all members voted? Have all members voted? Will members please check the board to make sure your vote is properly cast. If all the members have voted,

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the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Mr. Speaker, 6704, House "D".

Total number voting	139
Necessary for adoption	70
Voting Yea	53
Nay	86
Not voting	11

SPEAKER SHARKEY:

The amendment fails.

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

Representative Carter of the 2nd District.

REP. CARTER (2nd):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir. You're looking very bright-eyed and bushy-tailed at this early hour.

REP. CARTER (2nd):

Thank you, sir. I'm feeling very svelte in the back row and the temperature is nice. So thank you, Mr. Speaker.

SPEAKER SHARKEY:

That's good to hear, sir. Thank you.

REP. CARTER (2nd):

Mr. Speaker, as -- I have one question through you to the proponent of the bill, please.

SPEAKER SHARKEY:

Representative Walker, please prepare yourself.

I'm sorry, to the proponent of the amendment or to the proponent of the bill or to whom -- could you identify who you would like to direct your question.

REP. CARTER (2nd):

I believe -- I believe, Mr. Speaker, we've just voted on the amendment.

SPEAKER SHARKEY:

Yes.

REP. CARTER (2nd):

And now we are speaking on the bill, is that correct?

SPEAKER SHARKEY:

That is correct, yes.

REP. CARTER (2nd):

Yes, sir. So I have one question, through you, to the proponent of the bill -- we will say to the Chairman of Finance, Mr. Speaker.

SPEAKER SHARKEY:

Chairman of Finance. Thank you.

Representative Widlitz, could you prepare yourself.

Please proceed, sir.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker.

Through you, Mr. Speaker, looking on line T-514 of the budget, looking at the Medicaid numbers and looking at the total number of DSS, which is T-547, I'm trying to ascertain if the Medicaid numbers are in -- actually in that total of the entire budget for DSS.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, are you referring to on page 16, line T-514, the Medicaid numbers, is that what you're inquiring about?

Through you.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Through you, Mr. Speaker -- through you, Mr. Speaker, yes, I'm referring to T-514, the Medicaid

numbers, and I'm trying to see if those numbers are actually included in the totals on the next page which is T-547.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Through you, Mr. Speaker, it appears that they are.

SPEAKER SHARKEY:

Representative Carter.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker.

I appreciate that. And with all the questions earlier about all the Medicaid numbers, I just wanted to make sure I understood that appropriately. You know, in numbers that large, you know, obviously, you hate to think it but there's certainly a large amount of fraud especially in the Medicaid area and Department of Social Services. And that's one thing I've noticed as we've looked through the budget, you know, there is some -- there's some appropriation there for Medicaid fraud, I would say the fraud assessment or going after Medicaid fraud. But I think

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that doesn't go far enough because, you know, if you look at fraud in our -- in our total system, I think there are more ways that we could probably gain a little bit of that money back.

So with that in mind, Mr. Speaker, the Clerk has an amendment, it's LCO Number 8595. I'd ask the Clerk please call the amendment and I be allowed to summarize.

SPEAKER SHARKEY:

Does the Clerk have that amendment in his possession and have copies been distributed? The Chamber will stand at ease until the amendment is distributed.

(Chamber at ease.)

It appears the amendment has been distributed. Will the Clerk please call LCO 8595 which will be designated House Amendment "E".

THE CLERK:

House Amendment "E", LCO 8595, as introduced by Representative Cafero, et al.

SPEAKER SHARKEY:

The gentleman seeks leave of the Chamber to summarize. Is there objection?

Seeing none, you may proceed with summarization, sir.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker.

This amendment, LCO 8595, looks like to look and reduce fraud and waste. It does things like transfer the DSS fraud prevention staff to Criminal Justice, and hires additional employees for fraud control unit. It moves money from the anti -- excuse me, manufacturing systems fund to the anti-fraud technology fund which is created by this. It creates an anti-fraud council among other things. It goes after the folks who abuse the earned income tax credit and those who may be doing tax preparation for them. It allows a campaign to be done by Department of Revenue Services, Department of Social Services, to get the word out on fraud. Mr. Speaker, I would move adoption of the amendment.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on the amendment?

Representative Carter, you still have the floor.

REP. CARTER (2nd):

Thank you, Mr. Speaker.

I will, and also when the vote be taken, I ask it be taken by roll.

SPEAKER SHARKEY:

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

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

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

You still have the floor, sir.

REP. CARTER (2nd):

Thank you very much, Mr. Speaker.

Ladies and gentlemen, you know, looking and fraud and waste as I've said, it's a -- it's pretty important that we try to reduce that. One thing -- one thing is amendment does is it allows the -- eight more employees to be hired by the medical fraud control unit. Now, ladies and gentlemen, that may not sound like much, eight employees, but eight employees

could actually bring us back about \$4.5 million a year in waste and fraud. So I think that's something that is pretty significant. It also, in order to avoid conflict, it moves the DSS fraud unit into the Division of the Criminal Justice. So no longer will we have the fox guarding the hen house.

It also moves some money from the manufacturing assistance fund into a anti-fraud technology fund. Folks, you know, in the departments in our -- in our -- DSS and Department of Revenue Services, we have to ways to identify this fraud and do something about it. By -- by establishing this fund, we're able to put a little money in technology and get those systems better able to find fraud in our society here. Now the other thing this does that's pretty interesting, it creates an anti-fraud council within the Division of Criminal Justice that's run by the State's Attorney. Ladies and gentlemen, we don't have anybody out there who is looking for fraud in -- in DSS at that level. So I think this is a way we can get some more money back.

It also goes after revenue -- those folks who are maybe abusing the earned income tax credit or those who may be letting those people do it as in tax

preparers. There's a revenue gain to be there as well. We also have the ability to do a campaign in Department of Revenue Services and Department of Social Services that makes people more aware of -- of fraud. As we saw even, you know, during the storms of last year, we had people who would -- who would take advantage of some of those. So this is a great opportunity.

And finally, it requires some reporting, so it gives us a means to measure fraud. It requires DSS on a monthly basis to report fraud cases that are \$1,000 or more and also lets DRS on a monthly basis report fraudulent cases that are \$500 or more to the Finance Committee. Ladies and gentlemen, this is a very, very simple amendment. You know, even -- even the first part amendment alone by just hiring those additional fraud investigators, eight people, which is substantially 75 percent of what they make is paid back by the federal government. We've heard tonight about how important it is to go out and seek out federal government funds. Well, if we can hire eight people, you know, that brings in another \$4.5 million a year. This entire amendment may get us as much as \$80 million a year. And I tell you, \$80 million would

go a long way. We've already heard tonight about what we would've done with the gas tax. We've heard tonight, in my own district, with respect to the hospital, in my district we're going to be losing jobs because we're going to get a 30 or \$40 million cut.

Ladies and gentlemen this is an excellent amendment and it's not costing us a thing, but it's saving us a bundle. Ladies and gentlemen, I would urge support on both sides of the aisle for this amendment. Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on House Amendment "E"?

Representative Davis of the 57th. No.

Representative Walker of the 93rd.

REP. WALKER (93rd):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. WALKER (93rd):

Mr. Speaker, I rise to say that this is a brilliant concept to the gentlemen, the Representative who proposed it because we put this in the budget. In

the underlying budget we have eight people going into DSS, we have six people going into the Attorney General's Office, and we have two people going into the Department of Criminal Justice because we felt that this was a very important task. And I'm only speaking to the -- the issues of fraud. And I have to say this was something that was brought up to us by -- by several members of your side of the aisle in some of our Subcommittees. And we listened to that and that's why in the budget we have these positions already laid out. So because it is already incorporated in the budget, I rise to oppose the amendment because we do not need to do any more of those positions. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further? Do you care to remark further on House Amendment "E"?

Representative Widlitz.

REP. WIDLITZ (98th):

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

SPEAKER SHARKEY:

Good morning, madam.

REP. WIDLITZ (98th):

Mr. Speaker, the Department of Revenue also has additional money in their agency budget to explore fraud in the EITC plus other programs. And it is not meant to intimidate people or to frighten people when they receive a notice that they're going to be audited. It will be done on a random basis just to -- and also if there are any triggers, of course, that might ask a question, just to ask people questions to make sure, to verify, that they are, in fact, reliable applications for people who actually qualify for these funds. Also, I see there is a section in here that would remove a \$75 million bond from the Manufacturing Assistance Act which I think is counterproductive to a lot of good programs for economic development in this state. So I would urge my colleagues to reject this amendment. Thank you very much, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further? Would you care to remark further on House Amendment "E"?

If not, staff and guests come to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll.

Members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will members please check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Yes, Mr. Speaker. On House Bill 6707 -- 04,
House Amendment "E".

Total number voting	141
Necessary for adoption	71
Those voting Yea	50
Those voting Nay	91
Absent and not voting	9

SPEAKER SHARKEY:

The amendment fails.

Would you care to remark further on the bill that is -- on the bill as amended?

Representative Candelora.

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, I rise in opposition to this budget.

And my brevity of comments should not diminish my strong opposition. Two years ago we saw a budget that took us down a different road and that thrusted over \$3 billion of taxes on the State of Connecticut. And we did so believing that we would be in a better place maybe two years from now. And I was concerned of that budget and opposed to it because I didn't think our economy in the state could handle what we were doing to it. And now two years later, we're faced with another deficit and another dire situation. And what we've done with this budget is replaced the taxes with a whole bunch of bad policies.

SPEAKER SHARKEY:

Members please keep the volume down. The hour is late, but we have business still to do tonight where it's a difficult time hearing the -- the gentleman speak, so if we can keep our conversations either outside or to a minimum.

Please proceed, sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

And what we're -- what we're doing today is we're prolonging the agony. We're going to come back two years from now much worse off than we are today. And I think no one here should be fooled that we're actually fixing any problems with this budget. A few weeks ago I was -- had the good fortune of listening to Governor Walker speak from Wisconsin. And he certainly was and still is a very controversial Governor I think in this country. And he talked about how he turned the state around. And this is an individual that was faced with a problem very similar to Connecticut. They had very similar unemployment and they had a very similar deficit of over \$6 million. And he talked about one of the ways he turned around that state, they're now already realizing a surplus and their unemployment has come down, is he talked about courage, about standing up and being courageous in his issues.

Now we know he took on some unpopular positions, I think for many people, by taking on the unions. And we saw what happened in that capitol. But what came out of that was a product that Wisconsin is much better off for. And today what we've seen is the

complete opposite of courage. You know, taking expenditures and redefining them so they fall outside the spending cap because we can't, well, because I guess in doing it this way it takes a simple majority as opposed to three-fifths of a vote. But we're actually redefining something that Connecticut put into statute and put into the Constitution for a reason. And I would say that it might get us by in -- in making this -- in redefining this expenditure in the short term.

But two years from now, this is going to create a big problem for us because the minute these expenditures, these -- these federal expenditures, which is 100 percent offset by the revenues, the minute that revenue federally goes down, which we know in January 2017 that 100 reimbursement is going to begin to slide down. We don't know what it is, but it could be down to 85 percent. That expenditure is going to have to be brought back under the budget and somehow it's going to have to be done without violating the spending cap or we're going to have to take a vote to -- to violate the spending cap. So all we're doing here today is prolonging the problem.

You know, briefly on -- on the chief issue, I struggled with that vote this morning on the energy package because that three cents of kilowatt hour that we're increasing, it was explained to us that it was a \$60 increase to residents. Manufacturing in the State of Connecticut relies on electricity as one of its major sources. It's not gas, it's not oil. And a three cent increase for kilowatt hours for some businesses is going to translate to over \$5,000. I supported the proposal because I thought that that money was going to go toward more renewables and more conservation. The thought now a few hours later that that money is being diverted for yet more general fund expenditures is just unconscionable to me.

And then finally in sections 90 and 91 in the bill, what's incredible also to me is we're delaying the repayment on the economic recovery notes that we had to take out in 2009 when we had a budget deficit. And if you read this section, what we are doing is we are allowing the treasurer to issue these refunding bonds without having to certify that the state expects to achieve a net -- a net debt service savings as a result of the refunding. So in other words, if we're going to refinance our homes, typically people will do

it in order to save money, so maybe they're paying \$100 less a month. If somebody is going to refinance their home and have a bigger payment every month, it's sort of an indicator that you're getting yourselves into trouble.

So when the treasurer has to refinance this debt, she must certify that there's a savings that's going to result from that refinancing. And we're going to waive that requirement because the fact of the matter is it's a bad policy because it's not producing savings, it's producing greater cost.

And so with that, Mr. Speaker, the Clerk is in possession of an amendment, LCO 8599. I ask that it be called and I be granted leave to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 8599, which will be designated House Amendment "F".

THE CLERK:

Yes, Mr. Speaker. House Amendment "F", LCO 8599, introduced by Representative Cafero, et al.

SPEAKER SHARKEY:

The gentleman seeks leave of the Chamber to summarize. Is there objection? Is there objection?

Seeing none, please proceed with summarization,
sir.

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

Mr. Speaker, this amendment adds back to the \$196 million in each year of debt service payments that we obligated ourselves to pay on the economic recovery notes. It replace -- it pays for this by reincorporating and requiring us to meet the promise of fulfilling the savings from the employee suggestion box. It also reduces the earned income tax credit, and it requires only half of the positions to be filled as they are vacated by the state government. And I move adoption.

SPEAKER SHARKEY:

The question is on adoption of House Amendment "F".

Will you remark?

REP. CANDELORA (86th):

Thank you, Mr. Speaker.

I think the summary indicates what we're trying to do here today. I think that it's certainly bad policy to delay debt payments in order to try to balance a budget. And as difficult as these decisions

are, there's certain lines we shouldn't cross and I feel that this is one of them. And I ask that when the vote be taken, it be taken by roll.

SPEAKER SHARKEY:

The question is on a roll call vote. All those in favor of a roll call vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

The necessary 100 percent threshold has been met. When the vote is taken, it will be taken by roll.

Would you care to remark further on House Amendment "F"?

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

First let me say that I have the utmost respect for my colleague on the other side of the aisle who is a member of the Finance Committee. However, as I look at this amendment I see several provisions that we've already rejected in other amendments. And I think it will suffice to say that I'm sure this is an amendment that's proposed earnestly looking to -- to make a

difference in the state budget, but I -- I rise to urge my colleagues to reject the amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

Would you care to remark further on House Amendment "F"? Would you care to remark further?

If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will members please check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Yes, Mr. Speaker. H.B. 6701, House "F".

Total number voting 141

Necessary for adoption	71
Yea	48
Nay	93
Not voting	9

SPEAKER SHARKEY:

The amendment fails.

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

Representative Alberts.

REP. ALBERTS (50th):

Good morning, again, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. ALBERTS (50th):

Mr. Speaker, I have a question on the bill now amended that's before us, and I think it's probably best directed to the Chair of Appropriations.

SPEAKER SHARKEY:

Representative Walker, please prepare yourself.

You may proceed, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

In looking at page 24 of the budget, the line items T-798, 799, 800, and 801, do those compromise the total of our retirement plan spending for the biennium?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. WALKER (93rd):

I'm sorry, I didn't get to the page in time to hear all the lines that the good gentleman mentioned. So if he could just repeat his --

SPEAKER SHARKEY:

Representative Alberts, could you repeat your question.

REP. ALBERTS (50th):

Absolutely, Mr. Speaker. On page 24, I'm looking at lines 798, 799, 800, and 801. Would those four lines comprise the total of our obligation for retirement contributions?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, yes.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

And I did a rough calculation and came up with about \$962 million for obligations in the first year of the biennium and over \$1 billion -- slightly over \$1 billion for the second year. Does that sound right?

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through my quick calculating mind, it sounds good, sir.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

We're directionally correct and it's a lot of money. And with that in mind, Mr. Speaker, my thought is that we have to do something different. Clearly this dollar level is crowding out other spending that the state needs to prioritize.

And with that in mind, Mr. Speaker, the Clerk should be in possession of LCO 8576. I ask that it be called and I be allowed to summarize.

SPEAKER SHARKEY:

The Chamber will stand at ease while the amendment is distributed.

(Chamber at ease.)

I believe the amendment has now -- is now in the possession of the Clerk and has been distributed.

Will the Clerk please call LCO 8576, which will be designated House Amendment "G".

THE CLERK:

House Amendment "G", LCO 8576, introduced by Representative Cafero, et al.

SPEAKER SHARKEY:

The gentleman seeks leave of the Chamber to summarize. Is there objection? Is there objection? Seeing none, you may proceed with summarization, sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

This amendment that's before us is very straightforward. It requires the state comptroller to

research different options for section 457 plans, which are defined contribution plans, so that we can begin to transition new employees to defined contribution plans. It does not change or somehow require folks that are existing members of the state's pension system to lose access to their pension benefit. But it does give them the ability to switch if it makes sense to them. It does require cost savings of approximately 25 percent. Additionally, it also requires the state comptroller to research health savings accounts, to establish high deductible health plans and health savings accounts so that we can save money in the future.

One of the things that I'm hearing, Mr. Speaker, is that for the foreseeable future pension plans that now exist really are impossible to maintain. These two different types of plans will go a long way to saving money for the state and it will also give the workforce the flexibility it needs. One of the things that I'm hearing particularly from our younger state employees is that they want the flexibility to go forward and be able to move and have other options for their retirement savings. And I believe this will do it, Mr. Speaker. So, Mr. Speaker, I move for adoption

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

SPEAKER SHARKEY:

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

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

The necessary 100 percent has been met. When the vote is taken it will be taken by roll.

Would you care to remark further on the amendment before us?

Representative Alberts, you still have the floor.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

I think with such an enthusiastic response, I'm sure this will get overwhelming support in the roll call vote. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

I suppose we'll see, sir.

Would you care to remark further on the amendment? Would you care to remark further on House Amendment "G"?

If not, staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all members voted? Have all members voted? Will members please check the board to determine if their vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take the tally.

Will the Clerk please announce the tally.

THE CLERK:

H.B. 6704, Mr. Speaker, House "G".

Total number voting	141
Necessary for adoption	71
Voting Yea	48
Voting Nay	93
Not voting	9

SPEAKER SHARKEY:

The amendment fails.

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

Representative Ziobron of the 34th.

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REP. ZIOBRON (34th):

Thank you, Mr. Speaker.

I only have two questions, I promise, and to make it even better, I've already told my dear colleague, Representative Walker, what they are. So it's going to go very quickly. It was a real learning experience to serve on the Appropriations Committee with Representative Walker. And I certainly learned a lot about the process.

Through you, Mr. Speaker, my two questions that hopefully she's had plenty of time to look at are very simple. The first is about our stem cell research program. We've invested a lot of money in stem cell research, it's certainly something that was -- has been very important. And I noticed as I spoke to you earlier about, there's two sections, section 14 and section 71c where I noticed that all funding from stem cell research has been removed. So my question, through you, Mr. Speaker, have we, in fact, stopped funding stem cell research or is it somewhere else in the budget.

Through you.

SPEAKER SHARKEY:

Representative Walker.

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REP. WALKER (93rd):

Good morning, Mr. Speaker. Good morning.

SPEAKER SHARKEY:

Good morning.

REP. WALKER (93rd):

I said I wanted to do the budget in the light of day, I didn't mean it this way though. Through you, Mr. Speaker, the section number 14 is funding that is being used by DPH to pay for people to come and talk to the state or come here from other areas to support their -- their airfare and things like that directly related to stem cell. The other part is that stem cell, I don't know what other section you were talking about, but I will say that we bonded the stem cell research because we, in Connecticut, as you know have been extremely invested in this. And this is one of the frontiers that I think -- I think we should be most proud of. So I thank you for that question.

Thank you.

SPEAKER SHARKEY:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you very much. And I thank the very good Representative for those answers. And I'm glad to

hear that we haven't stopped funding that program because I do think it is very important.

Through you, Mr. Speaker, my next and last question probably is more appropriate for the Chairman of the Finance Committee. Through you, Mr. Speaker, I seem to recall that a couple weeks ago when we went through the bonding process, the nuclear -- the electric generation tax was bonded, and I can't recall now how much it was. And I noticed in section 76 in this proposed budget there's also a mention of extending that tax out I think two months. Am I correct in reading that we're not only extending that tax out for two months but that we are also bonded, I think it was maybe \$30 million?

Through you, Mr. Speaker, to the good Representative.

SPEAKER SHARKEY:

Representative Widlitz.

REP. WIDLITZ (98th):

Thank you, Mr. Speaker.

Through you, as far as the addressing one part of your question, as far as the generator tax, we tried very hard to eliminate that tax, not to extend it. The best we could do was actually to only extend it

for three months at the current rate. So it will be -
- it will be finished after that. There is no line
item for it in the second year of the budget or even
in the remainder of the first year of the budget, just
those three months. I cannot recall any bonding,
there was no bonding for a generator tax. There may
be another issue you might have it confused it. I'd
be happy to try to figure that out with you at a later
time.

Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Mr. Speaker.

And I really appreciate that clarification. I
will, in fact, speak to you about it another time.
I'm interested in where that went and maybe I
misunderstood. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam.

The distinguished Minority Leader, Representative
Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

Ladies and gentlemen for purposes of wrap-up.

Mr. Speaker, ladies and gentlemen, at about seven minutes to 5:00 a.m., I know what you're thinking. I know what you're thinking besides a nice warm bed and a fluffy pillow or maybe dreading that ride home, if like me it's an hour and ten minutes. Maybe you missed a soccer game or a recital or a graduation party or a wedding today, and we're doing -- because we're doing our job, the job we took an oath to do. I always find it necessary especially when we end it this evening to speak on, of course, behalf of the substance on behalf of this side of the aisle, but I also understand that people get frustrated. Oh, come on, we've seen people, oh, do they have to go on that long, how many more amendments, oh, my God, don't they know they're going to lose, why are they doing this. I heard all those things. So I want to tell you why.

And I say this with all due respect because I know that side of the aisle and all the compliments that are given to the men and women, our colleagues, who worked so hard on this budget and their effort are sincere and the -- the document before us is a product of a lot of hard work and a lot of long hours under very, very difficult conditions. And as, I think it

was Representative Widlitz said, the details of this budget were literally being finalized just minutes or hours before the budget was actually printed. And as usual, my Speaker and the Majority Leader, always fair, wanted to give us an opportunity to see a budget that we had not seen because it had been in the works. Many of you were in the same boat.

So we got the budget around midnight and, of course, we called this bill at 1:00 a.m. And when you're spending, you know, about \$40 billion over two years and all of us have taken an oath to represent to the best of our ability and do the best we can as we see things from our point of view for the State of Connecticut. And you're charged with voting on a budget of \$40 billion, you want to make sure you take it seriously and do it right. And you got to play the cards you're dealt and in this case again through no fault of anyone, we were given this budget at 1:00 a.m. So if you think about it, believe it or not, we're probably concluding debating a budget in less than four hours. I know it feels like an eternity. And I know there's frustration probably on both sides. But it's important stuff. We don't pick the time, we got to do it. So that's why we're here.

I started several hours ago now saying that for me anyway the budget is a story. It's a story that we write, it's a story that tells the public and the world what we as a state are all about, where we are, and where we hope to go. And we learned a lot about that story and a lot about how we wrote -- are writing that story, at least for tonight in this place at this time. And with all due respect, as hard as everyone, and a sincere effort and everyone tried, I think I speak for myself and certainly many on this side of the aisle and maybe even some of you, I don't like the story that we wrote, I wish we could write another story because the story that this budget tells is uncomfortable for many of us.

It's a story, as I've learned at least, that in order to be written needed to ignore the Constitution. It was an inconvenient fact because of the amount of money that we wanted to spent that we broke the constitutional spending cap, a pretty serious thing. We've done it before, there's ways to do it, and we chose to ignore that. That's not a good story to tell. We learned as we wrote this story that in these very difficult times when we face high taxes and people face unemployment, losing their homes and their

jobs and their savings, these tough times that unfortunately this state has still not emerged from that we're forced to do certain things just to sustain ourselves. Things we never wanted to do, in fact things we promised we wouldn't do. In the area of taxes we -- we had promised things like ending taxes or sunseting certain -- certain of them. That we just needed them just so long to get over that hump, and it turned out we were wrong and we're extending them, the corporate tax, the electric generation tax.

I'm sure we all wanted to write a story that said that the gas tax that is going to go in effect on the first day of this biennium, that's going to that increase from 7 percent gross receipts tax to 8.1. I bet you we all wish we could have written a story that eliminated that tax, and yet the story we write here today by this budget does not do so, it keeps it. It increases the tax even higher on a whole bunch of people that we represent that are hurting right now, that even outside the four corners of this document are facing increased tuitions and cable bills and food bills and phone bills and electric bills. And yet we're not helping to the situation, we're actually hurting it more.

We find in the story that we write in this budget that we borrow hundreds of millions of dollars to pay for things that we normally paid in our operating budget. We're doing that thing we never want to do and often said we would never do and that's borrowing to pay operating expenses. And we do it to a level never before seen. That's part of the story that we write. We even learn that when it comes to our debt, a lot of people refinance their debt be it their mortgage or their car loans or their student loans, we as a state, we have our share of debt, God knows. And instead of telling a story where we refinance our debt for maybe a lower amount so we could save some money, we actually write a story where we refinance our debt so we don't have to pay it for the next two years. So we put it off. We kick that can down the road, as that cliché has been so used in the most recent time.

We learn tonight in our story that we take money from various accounts, accounts that we -- we put forth in creating with all sincerity to help things like the environment or education or transportation, promises that we made to people, earnest promises. And we found out tonight that the story we write says we can't keep those promises, we have to strip money

from those accounts. They can't be spent on the things we thought they'd be spent for because we just got to keep our state afloat. Promises that we made as early as several hours ago, we find that we must break with regard to the story we're telling with this budget. Stories that -- promises that we made in the last biennium to our municipalities who so desperately say do no harm to us. And we gave them that glimmer of hope a couple of years ago by -- by giving them a revenue stream by increasing the sales tax, so that they hardship we were putting on everybody at least had some benefit to it, to the municipalities. And nary two years later, we're ripping it out, we're not doing it anymore. We got to break the promise. That's the story this tells.

The other story that it tells is we've talked so often about GAAP and we meant it sincerely that we wanted to do the right thing, we wanted to comply with accounting principles that businesses and municipalities comply with every day. In fact, that we actually require municipalities to comply with, Generally Accepted Accounting Principles, and we made a (inaudible) sincerely about that for the last two years, and yet we got to break that promise too and

put it off for two more. We write a story tonight that we're about to vote on that says we're -- we're still sort of doing it day to day, we're still, and I say this with due respect, making it up as we go along. We're still inching forward, we're putting it together with duct tape and band-aids, a little spit and glue. So much so that to fill holes, we're relying on things like keno, things we haven't even studied or -- or heard about.

Now I know the people that put this budget together worked hard to do so, they meant it sincerely because like everybody on this side of the aisle, everyone on that side of the aisle loves the State of Connecticut and wants to do the best for it. And we demonstrate what we want to do for the State of Connecticut through our story that we tell. Ladies and gentlemen, this isn't a good story. This isn't the story that the people we represent want to hear. This isn't a story of hope, it's not a story of optimism. It's a story of just getting by, prolonging the agony, and God forbid making things worse. It might very well be a story that the next time a new Legislature is in this position in two years that they're going to have to write a story that increases

taxes yet again, and that vicious cycle goes over and over again, maybe making our state more unattractive so that people don't come here and live here and raise their kids here and start businesses here and hire people. Maybe that's the story we're writing. And I know we don't want to do that.

We had an opportunity this year to recognize our mistakes of the past and write a different story, and we chose not to. Tonight at this late hour, this side of the aisle began to put forth some ideas. And I know they were at least accepted with respect, but they were rejected and that is your right to do that. But that concludes the story for this biennium. And though, yes, it's not a good story, I think when it finally gets filed, it will be filed in the fiction section because there's so much here that we're sort of making up and that won't become true. And I wish we didn't have to do that because I know how much we care and love this state and how much we care about and love the people we represent. And at some point folks, together, and I mean together, we got to say, you know what, I think with all good intentions we've been doing it wrong and we got to do it a really different way, not just a slightly different way, not

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just tinker a little bit. We got to change the way we think because we can't go on like this. We can't keep writing this story. Thank you, Mr. Speaker..

SPEAKER SHARKEY:

Thank you, sir.

Distinguished Majority Leader, Representative
Aresimowicz.

REP. ARESIMOWICZ (30th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. ARESIMOWICZ (30th):

Mr. Speaker, I think I just heard it in the minority leader's voice, you're probably hearing it a little bit in my voice, I see it in your eyes, we've been here a long time. We're tired. But I want to say thank you. Thank you to the other side of the aisle, thank you to all of you, thank you to our Chairs, our Subcommittee Chairs. Thank you for doing the work that your constituents and the residents of the State of Connecticut expect. It's not easy, it's hard, and you did the work. We heard about a story, not a good story, but a story. I'd like to look at the other side of the story.

I think the story we wrote in this budget is a story with priorities. And that's what this budget is, it's just our priorities, what we think the State of Connecticut, its residents, need. What we're willing to offer them. And it happens to have a dollar amount next to it. And when we do that, we just can't think cost is the reason we do it. We got to believe it's right, we got to believe it's going to help. This budget does a lot of those things. It does.

The story I tell is a positive story. Look at the investments we're making in our higher education system. We're doing it, we're stepping up, they're in this budget. Education, K through 12, in all, facets historic investments in education, it's in this budget. We believe in it and that's our story. The taxes, we've avoided them, we've avoided them in this budget, hard decisions that we had to make. We've talk about GAAP for years, we're achieving it. We're there. We're doing it right. We're doing what you promised your constituents when you wanted to come up here and you wanted them to vote you up here. You're making a difference. How about maintaining municipal aid, we're doing that. I hear it at the local level,

they've adopted their budgets. They're looking to Hartford wondering what we're going to do. And tomorrow morning we're going to, well, maybe tomorrow afternoon, Mr. Speaker, we're going to be able to make that call to our first selectmen, our mayors, our town managers, you got your funding, we're going to be okay.

I'm proud of what we've done up here. I am. I'm proud of the people we serve in this Chamber with. I'm proud of the tired -- tired eyes I'm looking at now. We did it. We achieved a budget, we did what our constituents expect us to do. Mr. Speaker, I strongly urge adoption of this budget. Thank you.

SPEAKER SHARKEY:

Staff and guests to the well of the House, members take your seats, the machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will members please check the board to make sure your vote is properly cast. Will members please

check the board to make sure your vote is properly cast. If all the members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

House Bill 6704 as amended by House "A".

Total number voting	143
Necessary for passage	72
Those voting Yea	95
Those voting Nay	48
Absent and not voting	7

SPEAKER SHARKEY:

The Emergency Certified Bill as amended passes.

Are there any announcements or introductions?

Representative Noujaim.

REP. NOUJAIM (74th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. NOUJAIM (74th):

Mr. Speaker, we (inaudible) this list in front of me about little more than 18 hours ago. So here it is for a journal notion. Representative D'Amelio, Floren, Noujaim, that would be me, Mr. Speaker, and O'Dea missed votes, family business. Molgano, illness. And for a transcript notion, Mr. Speaker,

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REVENUE FOR THE BIENNIUM ENDING JUNE 30, 2015.

Thank you, Madam President.

THE CHAIR:

Mr. Clerk, before you call that, would you please call and -- and allow the people in -- out of the Senate knowing that we are back in session.

THE CLERK:

The Senate has reconvened and is back in session. Senators please note the Senate has reconvened and is currently in session.

THE CHAIR:

Thank you.

Now will you please call the bill.

THE CLERK:

On page 35, Calendar Number 692, House Bill Number 6704,
AN ACT CONCERNING EXPENDITURES AND REVENUE FOR THE
BIENNIUM ENDING JUNE 30, 2015.

THE CHAIR:

Good afternoon, Senator Harp.

SENATOR HARP:

Good afternoon, Madam President.

I move acceptance and passage of the Emergency Certified Bill in concurrence with the House.

THE CHAIR:

Motion is on acceptance and passage in concurrence with the House on the Emergency Certified Bill.

Will you remark?

SENATOR HARP:

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Thank you very much, Madam President.

We calculated that the Appropriations Committee met for 540 hours, what would amount to 67.5 eight-hour days from the time the Governor presented the budget with a very extensive process of 11 subcommittees that go in depth and look at every line item in the budget.

So I would like to thank my cochair, Representative Walker; our Ranking Members, Senator Rob Kane and Representative Craig Miner; our Appropriations Committee Administrator, Susan Keane; the staff of the Appropriations Committee; Brittany King, our Appropriations Committee Clerk; and Phyllis Silverman, my aide, who also helps out.

I'd also like to thank our Senate Democratic staff, Ellen Scalettar and Katie Duggan. We are supported as well by a staff, the Office of Fiscal Analysis. So I want to thank them. We, particularly in the Senate, worked them quite hard this year. And I want to thank specifically the very professional executive director, Alan Calandro, his section chiefs, Christine Ashburn, Chris Perillo, Mike Murphy, and Rob Wysock.

I want to thank, as well, the analysts who work under them; and I want to thank Laurie Wysock and the administrative staff. And if that were not all, we have wonderful LCOs that actually help to put the bill together and much of the implementation language that we'll see later together. And our Chief LCO is Jo Roberts. And she is assisted by Angela Rehm.

So with that, this bill is the Budget Deficiency and Revenue Bill. The budget is balanced. The budget doesn't raise income or sales taxes. The budget protects key investments. And the budget is below the spending cap.

The budget grew by 3.6 percent in Fiscal Year '14, and 2.2 percent in Fiscal Year '15 for a biennial growth rate of 5.8 percent.

The bill includes appropriations in all funds totaling \$18.6 billion in Fiscal Year '14 and \$19 billion in Fiscal Year '15. It also includes Fiscal Year '13 General Fund

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deficiency appropriations of approximately \$142 million.

The budget net funds Medicaid. According to the National Association of State Budget Officers, Connecticut is the only state that gross appropriates Medicaid, and it is -- there is some question as to whether or not Massachusetts gross funds Medicaid, and if it does, it does not have a spending cap and changes from time to time.

This budget only reflects, as a result of our net funding of Medicaid, the state portion of Medicaid and budgets Medicaid as 49 other states budget Medicaid. The state Medicaid appropriation is approximately \$2.3 billion in Fiscal Year '14 and approximately \$2 billion in Fiscal Year '15.

The budget is under the spending cap by approximately \$12 million in Fiscal Year '14, and \$162.1 million in Fiscal Year '15. I believe that this budget will satisfy the needs of the people of this state. And with that, Madam President, I would like to yield to Senator Fonfara.

THE CHAIR:

Senator Fonfara, do you accept the yield, sir?

SENATOR FONFARA:

Thank you, Madam President.

I do accept the yield. And I would like to remark on the revenue side of the budget before us. And before I do that, I, as well, would like to thank some folks for their help and support during this maiden voyage of mine of chairing the Finance Committee.

I'd like to thank, in particular, my cochair, Pat Widlitz, who has been a joy to work with and a real -- a real difference for me over some time. But in addition to that, Senator Harp for her many, many years of experience and guidance in this session and watching her do miraculous work and her -- the energy that she has is remarkable.

I'd like to thank Senator Scott Frantz and Representative Sean Williams for what I think was a good year in working cooperatively together and -- and reviewing bills during screening and their help in making good bills even better.

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With respect to the staff, the caucus staff, Ellen Scalettar; at OPM, Ben Barnes and Karen Buffkin and Gian-Carl Casa. And at LCO, Anne Carroll, again someone with many, many years of -- of experience in helping us through this process. At OLR, John Rappa and Rute Pinho. And OFA, who -- where I've worn out my welcome there, I'm sure, with Michael Murphy and Chris Wetzel, Evelyn Arnold, Linda Miller and Al Calandro. And on the finance staff, of course, the irreplaceable Mary Finnegan and our new Clerk of the Committee, Billy Taylor.

So, Madam President, the -- the revenue side of this budget is, as Senator Harp indicated, in balance. There is no change in the income tax. No change to the sales tax with the exception of a sales tax cut with the exemption in clothing for certain items of clothing that begins in FY '15. It extends the surcharge on corporate -- 20 percent surcharge on corporations.

The Electric Generation Tax will be terminated after the first quarter of FY '14. It -- it begins a process to increase the sales tax -- sales and use tax collection for the first time. And it does all these things with a 3.2 percent increase in -- in revenues, policy changes resulting in additional revenues. So fully 97 percent of this \$17.2 billion budget is to address recurring needs and recurring revenues.

So all in all, Madam President, I think that in a tough budget year, we've done good work in -- in terms of holding the line with respect to revenues and in addressing the needs of -- of our state at the same time. And with that, I would like to yield to Senator Gerratana.

THE CHAIR:

Senator Gerratana, will you accept the yield, ma'am?

SENATOR GERRATANA:

Yes, I will. Thank you, Madam --

THE CHAIR:

Thank you.

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SENATOR GERRATANA:

-- President.

I want to say that we had, of course, a very busy year this year on our subcommittee entitled "Health and Hospitals." Of course, we are very concerned about the integrity of the budget regarding that area.

But before I go into some of the details, I also want to thank all the subcommittee members, Senator Kane, who attended our meetings, and especially my cochair, Representative Pat Dillon, and the able, able assistance of our OFA specialist, Emily Shepard. Emily was just absolutely fabulous in helping us come to the budget that we have before us.

One of our most vulnerable populations are those who are served by the Department of Developmental Disabilities. This year the budget for DDS reflects support in every way to our communities and the people that DDS serves. This year, we are focused on, in this budget and what it reflects, is the aging out of those with developmental disabilities of our system and especially those who are graduating from high school. We understand that they will need some additional help.

We also, in this budget, DDS also is, on the other hand from moving some of these individuals into our communities, is also incentivizing in-home supports, as well as establishing a variety of supportive home and housing models. Savings are reflected in some administrative changes, as well as salary adjustments.

The Department of Public Health serves by overseeing and protecting the health and well-being in our state in a variety of ways, whether it's through compliance and ensuring that our state has adequate medical services. They are our best defense and keep our state's health concerns intact.

In this budget, the Department of Public Health continues its mission to expand the Childhood Immunization Program, and doing this with choice of vaccines which have been expanded, as well as, of course, immunizing our children and keeping the numbers down of those who are not immunized.

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The budget reflects the -- a maintenance of school-based health center funding, but no new expansion beyond last year's addition. Savings are also achieved through a variety of administrative changes.

Our Department of Veteran Affairs, of course, I recall the discussions with the commissioner, and they remain relatively the same. They are moving some of their IT operations over to the Department of Administrative Services, and that will be reflecting some savings in our budget.

Finally, the Department of Mental Health and Addiction Services. They, of course, serve our poorest and most vulnerable adults living with mental health challenges in our community. The DMHAS budget this year reflects some changes and focus on behavioral health for young adults. This includes young adult services, establishing health homes, as well as meeting the requirements passed as a result of the Bipartisan Gun Violence and School Safety Task Force.

There's also -- the budget reflects a Medicaid expansion under the Affordable Care Act. And having given some highlights, I will now yield to Senator Beth Bye.

THE CHAIR:

Senator Bye, will you accept the yield, ma'am?

SENATOR BYE:

Yes. Good afternoon, Madam President.

THE CHAIR:

Good afternoon.

SENATOR BYE:

I'm happy to accept the yield. And very briefly, I want to thank Senator Harp and Representative Walker for their work and how they listen to the subcommittees and really the vast, vast majority of our recommendations they adopt, which we do through bipartisan meetings. I also want to thank Alan Shepard and Sarah Bourne for their work. I'll

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also do some of the highlights and give an overview of the higher education budget.

One of the proposals of the Governor was to begin a Governor's Scholarship Program and bring together the financial aid dollars that the state gives to Connecticut residents at our Connecticut colleges, both public and private. And we adopted this recommendation and thought it was a very good idea as it moved from an institution-based formula of financial aid more toward a student-based formula of financial aid. And it's targeted at the lowest income students who need the most help. So the committee supported that proposal.

Additionally, the committee added back the funding for the positions, the 47 positions that were anticipated after a consolidation with some of the savings that the Board of Regents, and those were funded. It was about \$5.6 million to add back the 47 positions.

The Committee and the Chairs felt strongly that that was one of the promises of consolidation and we needed to honor that. And we've been hearing from students about courses not being offered because of faculty. So that was an important add-back.

Additionally, we funded some remedial education support that was needed as we rolled out 1240 which was passed a year ago. We realized that there were some students who were in the need of the most remedial help who would not be covered by Pell Grants, and we didn't want students falling through the cracks, so we added \$2 million to the community and technical colleges to help with those students who need the most help and can't be integrated into credit-based courses immediately.

Another concern we had was with the number of counselors at our Connecticut State University System. Students were taking classes they didn't need, not on a clear path toward a degree, losing time, and ultimately some of them not graduating. This was another important add-back. And -- and I already spoke about adding faculty at the CSU and community colleges.

In sum -- and I also, I'm not going to talk about Next Generation. I feel like we covered that the other evening. But that was obviously another big investment

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in the higher education budget. But I feel very good about the budget that ultimately is coming out. We're adding about thirteen and a half million dollars back to the Board of Regents, post-consolidation, and post-rescissions.

All of these, we felt, from feedback from students and faculty are vital to support our students as they're trying to complete college. It's going to help them get the classes they need, have the guidance they need to take the appropriate classes to move toward a degree. It provides remedial support and financial aid.

All of these are vital for Connecticut's economy, because we know we depend on students with degrees for our workforce. So that summarizes our part of the budget, and I would like to yield to Senator Duff for his report.

Through you, Madam President.

THE CHAIR:

Senator Duff, will you accept the yield, sir?

SENATOR DUFF:

Thank you, Madam President.

Madam President, I'm happy to provide two subcommittee reports. One is on General Government A, which we have made some changes to. Just to -- I'm just going to briefly run through some of the highlights.

First of all, I want to thank Senator Harp and Representative Walker for their hard work. The staff, of course, Susan Keane, the Administrator of the Appropriations Committee for their work. We really couldn't do it without all of them, obviously.

But just a very few highlights. One of the things we're doing is we're going to be adding positions to the Office of the Victim Advocate. We are also going to be adding some funding in the Secretary of the State's Office to provide funding for electronic voting systems and e-regulations systems. We have made some other cuts as well.

We have -- also have differences on what was originally

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proposed with the reorganization. And I think that we have come up with a solution that will work for -- for our state in the best way possible.

Moving over to the Subcommittee on Conservation and Development, we are -- we have -- transferring some analysts from -- an analyst from DEEP to the Department of Agriculture. We have continued to help the Department of Housing get organized and moving some agencies and staff members over to them as well, and some funding that had been in other places. We have committed -- continued our commitment to the arts and helped to organize them as well and, of course, over to the Department of Labor, and continuing our commitment to providing job and job opportunities to folks as well.

So those are -- I think what we have here on both subcommittees, I've worked very well with my Co-Chairs, one, Representative Kiner on OGA, and also former Representative Herbert, who we worked together very well over the years, and I do believe that we've come up with a product here that not only reflects the priorities of our -- of our state, but does so in a balanced way. So I want to thank, again, the Chairs and Ranking Members for their hard work and their input, and of course both subcommittees as well.

Thank you.

THE CHAIR:

Thank you.

SENATOR DUFF:

(Inaudible) goes after me.

THE CHAIR:

Senator -- Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

That concludes our bringing out the bill.

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THE CHAIR:

Thank you.

So should I ask for a roll call vote now? No?

Senator Kane?

SENATOR KANE:

Maybe it'll go on Consent.

THE CHAIR:

That would be very nice. Is that a motion on your part?

SENATOR KANE:

No, it's not. Thank you, Madam President.

THE CHAIR:

Please proceed.

SENATOR KANE:

Thank you.

You know, Senator Harp is correct, the Appropriations Committee is probably the hardest working committee in the building. The hours they put in are incredible. And I'm sure she would argue, like I, that this is probably the most important bill that this Legislature puts forth. The budget of the State of Connecticut, the two-year biennium, is probably the most important thing we do.

But, if I may, this also reminds me of a movie scene in "Planes, Trains, and Automobiles," where John Candy and Steve Martin are going down the highway, and there's another car yelling at them saying, "You're going the wrong way! You're going the wrong way!" And John Candy and Steve Martin are saying, "Aha ha, what do they know? What do they know?" And people are yelling at them, "You're going the wrong way! You're going the wrong way!" They're saying, "They don't know where we're going. Of course, you know, we're doing fine, everything is great."

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And they were literally on the wrong side of the road until two hot -- two trucks come down and scare the -- the devil out of them. Well, we haven't gotten to that point where we've gotten scared enough to decide we're going the wrong way. So we continue down the same direction on the wrong side of the road in a way that is not fiscally prudent for the State of Connecticut.

So although I use a little humor, the truth of the matter is, we had a great opportunity, Madam President, to be bipartisan, as we did in the Deficit Mitigation Package back in December, as we did -- and not all of us voted for -- but in the gun legislation that was passed, as we did in the Jobs Bill.

But, you know, I'm a little disappointed, being the ranking member on the Appropriations Committee, that, you know, we haven't, on our side of the aisle, seen anything since April 23, when the Appropriations Committee JF deadline occurred. So what's taken place?

In the State of Connecticut, we have just about 8 percent unemployment, certainly higher than the national average. We have been rated by CEO Magazine as in the bottom 50. It's one of the worst places to retire. We have the highest energy costs, highest health care costs, highest taxes, yet we continue down this wrong way. We continue down this wrong direction of spending and taxing and hoping that there's no two trucks on the other side waiting for us as we approach our destination.

The spending cap is like a yellow flashing light on that highway or on that road that says, "Caution, slow down." But we're blowing right through it 80 miles an hour and looking to go faster and faster with our foot on the pedal.

The spending cap was instituted back in the early nineties, '91, '92, when this state instituted an income tax. And it was a way to hold the line and to caution the Legislature and the Administration, whatever one it would be at the time, that we can't continue this spending path. We can't continue this spending spree. We need to show some fiscal restraint.

I would argue that the people watching home today have done that in their own homes. I would argue that businesses have done that time and time again. The only one who

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hasn't done it is the State of Connecticut. We're just going to keep going forward, we're going to keep spending. And, in my mind, that's wrong.

The Governor, when he was elected in 2010, promised GAP accounting. And I think we all cheered for that in a bipartisan manner, General Accounting Principles, accepted accounting principles. Yet, we've delayed it again. And in reality, are we really using GAP accounting or are we just making an adjustment at the end of the year to make it look that way. I would argue we're not.

When we say the budget is balanced, we can look at the equation where it talks about the sweeps and the raids and how many times we have used the fund balance or how many -- in this budget alone, we're taking advantage of a \$220 million surplus in this biennium by putting it forward to the next biennium, using 190 million in the first year and another 30 million in the second year.

Sweeping CRRRA Fund for \$35 million, sweeping money from CEFIA, the Clean Energy Fund, sweeping tobacco funds and banking and tax amnesties, and all these different programs that I'm sure they'll talk about on the revenue side. But what have we really done? We have continued down the same path of spending regardless of what happens as a consequence.

If I may, Madam President, I do have a couple of questions, through you, to the Appropriations Chair, if I may.

THE CHAIR:
Please proceed, sir.

SENATOR KANE:

Thank you, Madam President.

Through you to Senator Harp.

In your opening remarks, you talked about the growth in spending. And according to OFA, the budget growth rates are 3.6 in Fiscal Year '14 and 2.2 in Fiscal Year '15. My question to you is, is that really true?

And the reason I say that, because if you take that net

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Medicaid impact, because it's true spending, and add that in, I would argue that the actual growth in '14 is 4.7 and the actual growth in Fiscal Year '15 is 3.9, which is a biennial growth of 8.8 or 9 percent. So does the Appropriations Chair agree with me or would you disagree?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

Since I have been in this building, I have been told that the final authority on all numbers is the Office of Fiscal Analysis. And the Office of Fiscal Analysis indicates, as the gentleman indicated, that the budget grew by 3.6 percent in Fiscal Year '14 and 2.2 percent in Fiscal Year '15. So that would be a growth of 5.8 percent.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President, but -- and thank you.

But isn't that because of a change this year in how we address or reflect this Medicaid spending in the biennium budget? Is this not new? Is this change not something that has never taken place before?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Thank you very much, Madam President.

I believe that the gentleman is referring to the net funding of Medicaid. It is new. And if you did not net fund Medicaid, I believe that the Office of Fiscal Analysis has different numbers, but they are different, as I see it, than the numbers that were indicated by the good gentleman.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, I believe my number is correct, but if -- if they are different than what you have, then I'm sure they're very similar. Regardless, I do appreciate the acknowledgment that this policy, if you will, is new and has changed the way we look at our state spending in the State of Connecticut and how we budget for these expenditures.

So OFA, you're right, I listen to them and go along with them and appreciate -- their analysis, of course, has to say, well, based on what's in the black and white numbers on the page, yes, that's the actual growth rate. But in reality, that's only because we've removed that amount of spending from the budget process and shifted it.

So, in reality, we do have, I would argue, 8.8 or close to 9 percent increase in spending over the biennium. And as I stated earlier, I don't know anyone who's increased spending over that period of time in -- in that type of way. I would hope so. We hope businesses will start to add to their payrolls and create jobs. But not in a way it's going to happen when we continue to show them that we're not prepared to tackle our own fiscal house, we can't expect businesses to do so as well.

Through you, Madam President, to the Chair of the Appropriations Committee.

Can you speak to the reduction in appropriations to our state's hospitals?

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Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

The reduction to the state hospitals is as the Governor proposed it. It's approximately \$208 million in the first year and over 300 million in the second year. It's mitigated by a \$15 million allowance for hospitals that have significant amounts of Medicaid and Medicare and are low cost hospitals.

There is, in an implementer, which will be coming tomorrow, a 35 to 40 million dollar payment that will be called a "supplemental payment." And it is a sharing by the hospitals that will share with them the 100 percent hospital payment through the Medicaid Expansion Program.

So we learned late that the payments for hospitals would not be matched 50 percent as they are for the rest of Medicaid on the Medicaid Expansion Program. A supplemental payment portion will accrue to those hospitals who serve that population. And we are told that it will be between 35 and 40 million dollars.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And I appreciate that, and that's a little glimmer of hope or good news to these hospitals that are an economic driver, not only very important to the health care of the constituents we serve, but in my area the hospitals are the largest employer in the area, and it's very important that they help to feed the local economy. And a reduction of \$550 million to those hospitals, it would be argued by

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me and a lot of people on -- on both sides of the aisle, quite honestly, is something they cannot afford, you know, to take a hit on.

I do remember the testimony in the public hearing process in the Appropriations Committee as generally opposed. And I would assume that the Appropriations Chair would agree with me on that. Yet, this budget continues to make that reduction to those hospitals. And I think, as I was stating earlier, this is certainly the wrong way for us to be approaching that segment of the economic activity in the State of Connecticut.

Can I ask you, through you, Madam President to Senator Harp, about the LOSAP program. I do believe that -- well, my question is not about the actual bonding, but this was a capital program that we would fund prior to this change in policy. Am I -- am I correct in that assumption, that this was a budgetary line item and not something we would bond for but something that was appropriated in the budget process?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

No. I believe that LOSAP continues to be bonded.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

If I can go back to the spending cap for a moment. There is a -- OFA analysis on the spending cap and about the Medicaid spending in Section 67 through 69 of the budget,

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and the low-income adult population, the LIA population, that we fund for Medicaid.

It's my understanding that in this section we have, rather than continue the expenditure in the LIA population, we've created a new category or new program. Am I correct in that reading of it?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

Yes. The LIA Program ends at a time certain and a new program begins.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And is this something new?

Through you to Senator Harp, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

It is in that it is a new expansion group that starts January 1, 2014.

Through you, Madam President.

THE CHAIR:

Senator Kane.

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SENATOR KANE:

Thank you, Madam President.

And if -- and if Senator Harp could explain what OFA has opined about, which is the term rebasing.

Through you, Madam President.

THE CHAIR:
Senator Harp.

SENATOR HARP:
Thank you very much.

I will give you what I understand. Typically, when a program changes in any significant way, it is rebased. And so the Office of Fiscal Analysis, in Fiscal Year '14, rebased \$2.3 billion of the Medicaid, the portion that was about -- about 83 percent of which was net funded. And so I believe that answers your question.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And in doing so, does that put us over the spending cap?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

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Through you, Madam President.

No, it does not.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Your answer was, they did or did not rebase for the LIA program?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

The LIA Program was not rebased. It was treated in the same way that we made budgetary reductions for the payment of Medicare Part B premiums in Fiscal Year ending June 30, 2002.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

And is that something that OFA agreed with?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

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Thank you.

Through you, Madam President.

It was something that OFA took into consideration, because they indicate that there is a spending cap reduction of \$12 million in Fiscal Year '14 and approximately 162.1 million in Fiscal Year '15.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I guess that's where I was, in my line of questioning in regard to the rebasing, that if it were done over the LIA Program that we would be over the spending cap by \$154 million. This is -- I guess that's the question I was looking to get answered from you.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

If you look at Section 69, it -- it says that the budgetary reductions made in Fiscal Year ending June 30, 2014, related to the discontinuance of the Medicaid program for low-income adults shall be reflected for the Fiscal Year ending June 30, 2013, in the same manner as budgetary reductions for the payment of Medicare Part B premiums in Fiscal Year ending June 30, 2002. And so I believe that it's self-explanatory based upon the language in the bill.

Through you, Madam President.

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THE CHAIR:

Senator Kane.

SENATOR KANE:

I don't know if it's self-explanatory. I'm sure we -- you and I have got the people at home confused more than they would like to admit. It's certainly, in my mind, some clever use of language that would allow for this practice, end or not, and actually change the actual spending cap. But I'll move on from that, because I think you and I are probably in disagreement over that portion of the bill.

If you could, Senator Harp, I mentioned in earlier -- about how we have not reduced spending, and yet we've taken sweeps and/or raids from certain fund balances. Is this a typical practice in -- in the committee process?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

Through you, Madam President.

Most of the sweeps occur on the revenue side. And so, if you don't mind, I'll yield to Senator Fonfara to answer sweep questions, unless that was all you wanted to ask.

SENATOR KANE:

No --

THE CHAIR:

Senator Kane.

SENATOR KANE:

-- no, I don't have a question for Senator Fonfara. My question is on the appropriations side, meaning if we don't

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have the ability to reduce spending on the appropriations side, then we look to funds that we can raid on the revenue side.

So my question was more along the historical lines of the committee process when we cannot reduce spending -- well, it's more of a rhetorical question, then, I guess. I won't ask you that.

I guess what I'm trying to point out is the fact that rather than reduce spending on our side of the ledger, we've used revenue grabs, if you will, for lack of a better word, on the other side.

And it's always argued, and I think I've heard it from different people, that we don't have a spending problem, we have a revenue problem. I would argue it's the opposite. I, you know, we have a -- an incredible spending problem here in the State of Connecticut.

Our government has grown incredulously over the last 20 years ever since we implemented this income tax, and we have not been able to do that on the appropriations side.

Through you, Madam President.

Can Senator Harp speak to the Medicaid fraud detection? What -- I know that's going to be a revenue gain, but what kind of increase in employees? Do we have increased software? Have we spent any money on the appropriations side in an effort to realize these gains?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

Through you.

We have increased the number of staff in the Department of Social Services by eight staff. In the AG's office, we have increased the number of staff, I believe, by six.

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And in the Prosecutor's Office, we have allowed the prosecutor to hire two positions that had been frozen.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And Senator Bye spoke about education and higher education scholarships. Is it true in this budget we are reducing scholarships by \$4 million in Fiscal Year 2014 and another \$2.4 million in 2015?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

Unfortunately, we are reducing the scholarships.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Yet, we are providing funding for Next Gen in the amount of approximately \$21 million. Is that true?

Through you, Madam President.

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THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

We are, in Fiscal Year 15, increasing our funding for Next Generation and the STEM program at UConn.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And are we also directing the Secretary of OPM to recommend \$10 million in reductions in municipal aid in Fiscal Year 2015 as referred to in municipal efficiencies?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

A mechanism is going to be set up that I believe -- that municipalities have participated in as a result of the M.O.R.E. Commission, that will encourage municipalities working together to reduce their budgets. And as a result, there will be a savings in the budget. But it's really more of a collaborative process.

Through you, Madam President.

THE CHAIR:

Senator Kane.

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SENATOR KANE:

Thank you, Madam President.

And one last question, if I may, through you to Senator Harp.

Is -- when you -- when you say this budget is balanced, in the OFA analysis, are we, as I argued earlier, staring at another deficit come Fiscal Year 2016 and Fiscal Year 2017?

My understanding is that we could be looking at a \$712 million deficit in Fiscal Year 2016 and a \$605 million deficit in 2017. Am I correct in those numbers?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

Oftentimes, those numbers are current services numbers. And when we go through the budget, as you -- as you know from our process, that we make adjustments based upon our ability to pay.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I thank Senator Harp for her answers. As I stated earlier, this is certainly the wrong direction for our state. We have not reduced spending. We have actually blown through the spending cap. We've altered it for our own benefit,

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I guess, if you will. Certainly not for the people of the State of Connecticut, but for the Legislature and the Administration to continue its spending spree.

We have not shown any fiscal restraint. We still look at deficits in the upcoming years. We have used revenue shots, if you will, one time revenue grabs, if you will, for lack of a better word. We've reduced scholarships to college kids. We've reduced payments to hospitals and we've reduced municipal aid. I'd be curious to know where the good part comes. In my mind, I haven't seen the good part.

So I appreciate the good Chairman of the Appropriations Committee answering my questions. She certainly knows the budget process inside and out. But I can't say that I'm in agreement with her on this bill.

Thank you, Madam President.

THE CHAIR:

Will you remark? Will you remark?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Let me start by saying a few things to the people I've had the good privilege to work with during this session this year. Senator Fonfara has been magnificent to work with. Representative Widlitz has been magnificent to work with, and my cohort down in the House, Representative Sean Williams has also been a joy to work with. The entire staff has, and the absolutely irreplaceable and magnificent Mary Finnegan is another person who's been working this committee for a long time and does a tremendous job, very professional.

And this -- this past session has been one that I would characterize in the Finance Committee as one that's been more -- more bipartisan than, I think, certainly recent memory. Certainly the last decade is what -- is what I'm hearing from other members of that committee that have served for that long.

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So I, for one, am very appreciative of the approach that we took and that the Co-Chairs took towards dealing with some pretty -- pretty big challenges.

So having said that, Madam President, I do have a few questions. I would like to start off with those questions of Senator Harp before making a few comments, high level comments.

THE CHAIR:
Please proceed, sir.

SENATOR FRANTZ:
Thank you, Madam President.

Senator Harp, thank you for your good work on this budget as well. I missed those numbers that you were spewing out there, but it sounded like a lot of hours were put into -- into making this budget.

My question for you, Senator Harp, through you, Madam President, is what year was the constitutional spending cap introduced and actually implemented?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

The spending cap, I believe -- the statutory spending cap was created in 1991. And then I believe the constitutional spending cap was voted on by the people in 1992.

Through -- through you, Madam President.

THE CHAIR:
Senator Frantz.

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SENATOR FRANTZ:
Thank you, Madam President.

Thanks for that answer.

Through you, Madam President.

Senator Harp, could you tell us what the legislative intent was of the constitutional spending cap?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much.

I can tell you what the legislation says, through you, Madam President, but I can't really tell you what the intent was. I believe that it was to -- since it's a spending cap, and just using the common understanding, it caps spending.

Now, the constitutional spending cap basically caps spending based upon a general budget expenditures authorized for the previous fiscal year by a percentage which exceeds the greater of the percentage increase in personal income or the percentage in increase in inflation unless the Governor declares an emergency or an existence of extraordinary circumstances, and at least three-fifths members of each house of the General Assembly vote to exceed such limit for the purposes of such emergency or extraordinary circumstances. It goes on to say that there are some items that are exempted from the -- the cap.

Now, we have never implemented the constitutional spending cap in our state. We have functioned on the statutory spending cap, which is a little bit more prescriptive and defines things a little more clearly. But that is how we have operated, never defining the -- the constitutional spending cap in all these years.

Through you, Madam President.

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Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Thank you for that answer. My understanding, in talking to taxpayers and citizens of the State of Connecticut, is that this was a very serious concept that was offered as part of the introduction of the income tax to the State of Connecticut for the first time in its history. And I think there was a general level of expectation amongst citizens and certainly voters and taxpayers that the true intent of this legislation and ultimately a constitutional amendment was to keep spending under control.

Taxpayers, citizens know best. They know that if you have runaway budgets, runaway spending, and you don't have a way to fund it, you're asking for serious fiscal trouble, and everybody ends up being a loser.

So, through you, Madam President, another question of Senator Harp.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you.

Through you, Madam President.

Was there a vote on the initiative to have a constitutional spending cap by the people of Connecticut? Was there a vote?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

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Through you, Madam President.

I believe that I indicated in 1992 that the people in the State of Connecticut voted for a constitutional spending cap. As I understand it, though, it was left to the Legislature to define that cap. It has never been defined by any Legislature to date.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Is Senator Harp aware of what the numbers were in terms of the approval of the constitutional spending cap by the voters of the State of Connecticut?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

I have a vague recollection of something like 80,000, but I'm -- I'm not sure. I don't clearly remember. But that's what I recall.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Sorry, through you, Madam President.

Just for clarification purposes, 80,000 or 80 percent?

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Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

I've been informed that it's 75 percent. I did think that there were 80,000 people who voted on the issue, but I -- I don't remember.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you for that answer.

Through you, Madam President.

So a final question for you, Senator Harp, is was there -- was there any thought about going back to the people, the 75 percent that voted this in 20-some odd years ago. Very concerned about fiscal issues and budgetary challenges and things not getting out of control in the future, for the benefit of future generations and for the benefit of their own generation, I would imagine also, was there any thought about going back to the people before we did away with a constitutional spending framework and a formula that essentially made sense.

You know, CPI and growth of personal income, makes good sense in terms of a -- a bar or a factor to -- to base your budget increases or decreases off of. Was there any thought about going back to the people before we changed everything as far as the spending cap is concerned?

Through you, Madam President.

THE CHAIR:

Senator Harp.

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SENATOR HARP:

Thank you very much.

It's my understanding that in a Supreme Court case has clarified that the Legislature had the obligation to pass the implementation language of the constitutional spending cap.

The Legislature, as you know, meets every year and has the opportunity to decide to either implement it or not. And according to the State Supreme Court, as -- as I understand it, it's the Legislature's obligation to do that through its -- through its deliberative process. To date it has not been done.

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Thank you for that answer.

You know, I think that's a commentary, you know, on, you know, what -- what happens after all too often. You know, maybe it's a failure on our part not to have addressed this in 22 years.

If the people in a very loud voice, to the tune of 75 percent of those voting, said to the House of Representatives and the State Senate that we need to come up with what the implementation qualities and characteristics of the constitutional spending cap are to be and we haven't done it, you know, it's a -- you know, it's of great concern to me. Because if we let things get out of control fiscally, everybody ends up not -- not benefiting, and in fact being harmed significantly in many cases.

And it strikes me as a dereliction of duty having not done this with the understanding that the people had this as

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their guideline in -- in their message to us. So we haven't done it, we haven't implemented it, but still -- and this is not a question -- specific question, it's a rhetorical question. I just wonder if it doesn't make sense to go back to the people, the 75 percent who felt that this was a really good idea and say to them, we are changing things significantly here.

We could change if -- using this line of logic, we could change up to \$6 billion worth of spending here in the budget if we accept and approve of this kind of logic. We're not doing that much this biennium, but we could in future years. I think that kind of flies in the face of what the original intent was of the constitutional amendment and what the people wanted at the time. So enough -- enough on the constitutional spending cap.

What concerns me and has for five sessions now and is really the main reason why I'm up here, because I adore the State of Connecticut, and I want this -- like the Boy Scouts say, leave your campground cleaner than you found it, I want this state to be cleaner and healthier and -- and better off in all respects when I leave the State of Connecticut, hopefully many, many years from now, not to move to another state, but in another sense.

So, you know, what -- what's of concern is the trend here in Connecticut. We absolutely were the greatest state in the country many years ago. And going back to the late 1800s, you know, well into the industrial revolution, we were the wealthiest city in Hartford alone, and also just about the same for the entire State of Connecticut on a per capita basis.

It didn't last all that long, but we did have that distinction, and we became a shining star and an example for the rest of the country in -- in all respects, certainly economics-wise and education-wise, insurance-wise, and a whole slew of others.

Our great industries, you know, aerospace, defense, insurance, financial services, metalwork, tooling and tools, private equity, hedge funds, all of these have sort of come and gone, and in many cases they're past their prime, they may still be here. But I'm worried about them because we face so many different challenges that directly relate to our fiscal responsibility here in the State of

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Connecticut.

And I -- I hate to say it, but at various points in the last two, three, and four years, and even going back a little bit before that, there have been little spurts where we've been hemorrhaging jobs. Maybe an entire company doesn't leave the State of Connecticut, but a division will be shut down and started up somewhere else in -- in the country. Two hundred, 300 jobs at a pop are leaving the State of Connecticut, and that adds up over the course of the long haul.

Today versus two years ago, there are 33,400 less people working. Going back to 2010, about the -- about May, about the same time 2010, 55,600 fewer people working in the State of Connecticut. Unemployment, as was pointed out before, is a stubborn 8 percent. It's come down, but much of that is -- but much of that difference is because people have actually left the workforce, and they're no longer looking for jobs.

You compare the 8 percent here in Connecticut with the states of New York, where it's 7.7 percent, you'd think they would have much worse unemployment problems than -- than we do here in Connecticut. Taxes, 6.4 percent. Massachusetts, another neighboring state, 6.4 percent, again, versus our 8 percent. We usually do lag the national economy when it comes to recuperating on the jobs front, usually by about 18 months or so.

It looks like, according to the most recent economic forecasts coming out of UConn and other places, Fred Carstensen and other places, it's going to take us two to three years to recover. And this is against the backdrop of -- and it's no one's particular fault, but it's maybe just the general trend and direction of the State of Connecticut. There hasn't been a net new job added to the economy for 20-plus years.

And there are many of us who have tried. Tried desperately to try to get companies to come here, and tried desperately to keep these strategic employers here in the State of Connecticut to no avail because we're up against such incredible headwinds.

The state has traditionally been considered a place that is perfect to start a company many years ago, to raise a

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family, to educate your kids, educate yourself. We are part of the knowledge quarter in a very, very big way. And as we know, UConn is a fabulous educational institution, as are all of the other universities and colleges in the system and -- and also the community colleges as well.

And now, what causes me concern is that we rank between 45 and 50 in far too many categories. You've heard this before, but I will list off seven of the ones that concern me the most. We are the most indebted on a per capita basis in the entire country. Barrons gives us -- Barrons Magazine, that is, which is more like a newspaper, financial services, gives us the worst in the country, as far as the overall debt situation is concerned. We've been named the worst state in which to retire. Credit quality by a very well-known credit rating agency, worst in the nation.

Tax Freedom Day, we have the latest tax freedom day in the country, May 17, if I'm remembering correctly. So you work nearly six months for the federal, local, and state government before you get to take a dollar home. The achievement gap, we spent a lot of time talking about that and working on that in years past, but it's still a stubborn problem of ours, and we're the worst in the nation still.

Cato Institute gives us an F on fiscal policy. Our unemployment rate is up there with some of the worst. Our business environment, we've talked a lot about that before, it needs to improve. It absolutely has to improve.

There's a -- there's a brand new report out, I think it came out this morning from the Connecticut Manufacturing Association, and they said that -- they said that the -- many of them -- many of these companies that they surveyed are considering moving because they do not feel that the environment is very healthy here. Tax rates are too high. Regulations are too difficult. Paperwork is -- is unacceptable. And there are a slew of other reasons that they are considering moving to other places or at least, you know, at least looking around. And by the way, roughly 88 percent said that they were actively recruited by -- by states other than Connecticut to come and set up shop in their states.

So why have we slept? A lot of reasons. Bringing this

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back to the budget, I think -- I think business decision makers are pretty darn smart, and they know budgets well because that's their -- that's their job. And so when they start to see what the Connecticut state budget looks like, they see the writing on the wall. They know that we are on an unsustainable path, or as Senator Kane pointed out through John Candy, you know, are we going the right direction as far as our fiscal affairs are concerned? I think the answer to that is yeah. You know, maybe it's not 180 degrees of where we should be going, but it's off by many, many degrees.

And we need to reevaluate on a constant basis, otherwise we are really asking for fiscal trouble down the road, and that's -- that means it will affect everybody, particularly those who need the services and assistance of the state government the most. And that's the other reason why I'm up here, and I know it's the reason why most of you are up here is because you care.

You care about people who have these needs, especially those who have desperate needs, and that's known as part of the safety net, that protecting the people is part of the safety net. And they're the ones that could get harmed the most here if we continue to ignore our problems and don't deal with them with vigor and with a certain amount of seriousness. There's no way that you can get out of a fiscal calamity and have the social safety net in place and be able to take care of your debts, service your debt, et cetera. It could be calamitous, and we have to be very, very careful about that.

The debt-rating agencies are very concerned about Connecticut. We've been downgraded two and a half times in my tenure here, five years here, and it's going to happen again. And I'll tell you why. Because the rating agencies are very much down on any state or any entity, for that matter, private or public sector, that borrows money to pay for their annual ongoing expenses, whether it's general fund expenses in the case of a state or a business. It can only do that for so many years before shareholders start to get crazy about it and before there's action in the marketplace sending a message that you can't do that.

What I worry about is that we do have to assure those who buy Connecticut general obligation bonds, and those who

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buy Connecticut municipal bonds that they're in good shape. It becomes more worrisome every year. Are we, in fact, going to be able to give those assurances to people who are actually financing our operations and UConn and all of these other things that we are bonding here at the state level and at the municipal level. Do they have the guarantees and the assurances that they deserve to continue buying our debt?

I think that rating agencies are going to become very concerned. They will undoubtedly consider lowering us down again and that would be a travesty. And again, you know, does that have anything to do with the budget? I think it has everything to do with the budget. And put all that against the backdrop of this weak economy, weak economic recovery that we're facing here in the State of Connecticut, again, we do lag the national economy, but -- but we shouldn't.

We should be coming back even quicker, because the recession was over officially about two and three-quarter -- actually over three years ago, it was officially over. So we should have been recovering as of about a year and a half ago, and we really haven't been, so I'm very, very concerned about that.

The -- the budget is of concern. It sets us up for -- and if you believe the -- the 4 1/2 percent or 5 percent increase for the biennium, or the more realistic, because we're going to use the old way of looking at the budget and the spending increase, it's more like that 9 percent, maybe even a little over 9 percent. When we don't have a really good robust economic recovery, does -- does that make sense? And is the budget going to lead us to a calamitous fiscal situation at some point in the future?

And you all received this book from OPM, which is the -- the report on fiscal health for the State of Connecticut going through the year, Fiscal Year '16. You'll see here, in very nice graphics, what is going on. This happens to be the pension and health insurance requirements of the State of Connecticut, 2002-2016. It's a tripling from a -- yeah, tripling in 15 -- actually in 11 years. And then, if you -- if you turn the page, you know, in that report and you look at the unfunded portion of just the pension obligations, you'll see a very disturbing trend.

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This chart goes through the exact same period of -- actually that goes through 2012, but if there was a continuation of this you'd see a very steep slope here. It's of concern. And we don't want to have either massive failure, massive bailout, or frankly, massive taxes because that will slow the economy down even more, and we'll be -- we'll be missing out on all of the great job opportunities that come with people in the business world thinking that this is a great place to do business.

The rating agencies will also have a problem, I believe, with not only borrowing to pay for General Fund expenses, which is clearly going on, and borrowing a lot of money in the first place, somewhere between 2.5 and 3 billion dollars, back of the envelope guess here on this particular person's part.

Fund sweeps, we're taking a lot, as was pointed out before from funds. These are one-time sweeps and -- and not necessarily going to be there in future years, \$30 million from Clean Energy, 12 million from Tobacco and Health Trust Fund, 35 million from the Trash Authority, 10 million from stem cell research, et cetera, \$220 million from the forecast budget surplus for this year being spent next year immediately as it is in the budget, and about 91 -- \$91 million from the Special Transportation Fund.

New USDOT report points out that there are 4200 bridges that are structurally unsound in the State of Connecticut. I had one in my backyard 30 years ago. In about two weeks' time would be the anniversary of this terrible event happening when the Mianus Bridge fell down into the Mianus River. Horrible, horrible situation. There were deaths involved. I don't think that's good public policy.

I also noticed two nights ago when we got the forecast on the revenue estimates that there are some rather optimistic forecasts in the budget on the revenue end of things to the tune of between 2013 and 2000 and -- excuse me, 2014 and 2015, about a 7 percent increase in personal income tax receipts. And that's after the anomaly that we had this last year with -- with this current year because of the increase in taxes at the federal level which would have caused different behavior here in the State of Connecticut, recognizing capital gains and trying to -- trying to move up certain transactions that would

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have fallen under personal income tax in any meaning of it -- of the term.

So, you know, the -- the problem I have is that, you know, we made a deal with the people of Connecticut. Maybe some of you were here in '91 and '92 when this went through. But the deal with the people of the State of Connecticut is, yes, we will have this new tax that will be enforced on nearly everybody in the State of Connecticut and, in return, we're going to keep an eye on our dollars and cents and we're going to do that through the constitutional spending cap. And here we are essentially, in principle, throwing it out the window.

Again, we have a lot more funding that we could take out of the count here, so to speak, and could lower, in theory, what we're spending, therefore making room for more spending, additional spending which we don't really want to do. So I worry about the faith and the trust of the people of the state of Connecticut in state government, isn't that appropriation, you know, really fully happening here, is it only partly happening.

We know that things will change at the federal level on the whole issue of Medicaid as well as Medicare, and things will change. Are we putting ourselves in a worse position going forward? Seven hundred fifty million dollars in gap bonds when we're effectively pushing out for another two years the amortization of the gap, I don't know how to make sense of that.

Again, fund rates, nearly -- nearly \$300 million in fund rates. Budget, using the old way of looking at the budget is -- is up nearly 10 percent. And I understand, Senator Harp, I understand the logic of saying, you know, we're the only state that doesn't do this, that does -- that counts federal reimbursements for various programs. I understand taking it out, but if we're going to do that, what we need to do is normalize things, rebase the budget off of which we apply the CPI increase or -- or personal income increase.

I did a little back of the envelope for 15 years now 2.7 percent would have been the allowable number, on average, during that 15 year period. We've exceeded that by 200 percent up until about two years ago when it did start to come down a little bit, and that's what has people

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worried.

Economic recovery notes being pushed back a few years, couple of years, will be costly to the taxpayers of the State of Connecticut and, in principle, doesn't sit very well with me. And \$550 million in cuts to hospitals, frankly, that's unconscionable.

I don't know why -- whoever thought of this first felt that that was a good, smart place to go and start making cuts. I have two hospitals in my district. One is right halfway in the district, but counted in the district for this particular point, that will lose about 26 or 27 million dollars just in one year alone. That's absolutely devastating, and it just can't happen again. And the list goes on and on.

And the final point I'd like to make is there are other states, some not far away from us. Massachusetts, New York, but certainly if you go further away from us, down south and out west, who have -- who have weathered the storm of this great recession, and they've come bouncing back, and their unemployment levels are way down. Their taxes are way down, and their economies are, I won't say booming, but they're pretty darn close to being at that level where they're very, very impressive in terms of their recovery and their sustainability going forward.

We're having an anemic recovery here in the state of Connecticut. The numbers don't look good. We need to do everything to support what is great about the state. And the first thing we can do that in that area is have better budgets than this one. I know we can do better.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator McLachlan. I guess Senator McLachlan didn't want to speak.

Senator Boucher.

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SENATOR BOUCHER:

Thank you, Madam President.

Yes, we are a very organized group here on our side of the aisle, and I rise to align myself with many of the comments that were just recently made by the Ranking Members of the Finance Committee and of the Appropriations Committee.

But before do I that, I also would like to add my thanks and gratitude to the very hard working chairs and members from the other side of the aisle also on these two very, very important committees. One, in my time on the House, I did serve on the Appropriations Committee, and that's a career all into itself, because I don't think there is any one committee that meets as long or as many times as the Appropriations Committee.

And now, I have a great appreciation, certainly for the work of the Finance Committee, and the great work and the very collegial way in which both committees are conducted. So the residents of the state are surely well served.

We also, though, do have differences of opinion. And on our side of the aisle, we do represent a number of individuals, in fact, over a million, and all of the members of our districts that are both Republicans, Independents, and Democrats. And as such, we have a responsibility to be an advocate for them and to present, maybe, differing points of view in a way that is thoughtful and is civil.

We should remind everyone that the way this system works is that a Governor proposes legislation and proposes a budget. It's probably the biggest, most important responsibility that he or she has. And it's up to the Legislative Body, the chairs and the members of each of these committees, to entertain that particular proposal of the budget and also possibly to come up with one of their own. In this case, we have a vast majority of one party on both the Finance and the Appropriations Committee.

Two years ago, however, and previous years as well, but particularly two years ago, the minority party spent many months developing, vetting, and balancing an alternative budget that was presented to the administration, to the majority party, that does maintain near a two-to-one

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majority in the House and Senate.

This budget, we maintain, would have reduced the high, unsustainable structural costs embedded in current wages, benefits, pension systems. It contains some substantial consolidations and some outsourcing to our nonprofit community that we felt would put the state on a path to fiscal health.

Unfortunately, that suggested alternative that did not include massive tax increases, was dismissed out of hand. But now that the budget that was enacted on a party line vote did not produce the revenues needed for the over 7 percent spending in the last couple of years, and resulted in a deficit, there have been some calls for the minority to come up with a few proposals of their own, but in the press, not invited into the room or negotiate in a bipartisan and flexible fashion. And that's after the horse has left the barn.

This particular budget is in the process of being enacted for the next two years. And as was just mentioned very -- in very detailed fashion, spends nearly 8 to 10 percent more than previously, all while we have yet to recover from this historic recession and an anemic recovery, at best, with jobs lacking.

And some of the proposals that were put in place even prior to the budget, putting a great strain, particularly on our small retailers, our restaurants and so forth and businesses that are having a hard time struggling. Some of them are even in our own families.

This budget breaks so many promises, no new taxes, and yet there's an increase, as was mentioned in the gas tax, already the highest in the country, that was well elaborated by our good ranking member of the Finance Committee, from 7 to 8 percent on July 1. The budget is under the spending cap. It's not under the spending cap. It has a different set of rules than when the spending cap was put into practice.

Eighty percent of the public, by the way, voted for that spending cap, but this changes the way in which it's considered. And many feel that the ethical thing to do would be to go back to that public for approval to change the rules instead of going around the public.

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Some would say that this budget should be accompanied by a declaration of an emergency, and that a three-fifths vote of the public or both Chambers should be the -- the only parameter that would allow it to go and break that spending cap.

This budget maintains that it is GAP compliant, but it is not. It also raids nearly \$100 million out of the Special Transportation Fund, some of -- some of which is one of the most difficult to accept pieces of this budget. It not only goes after, in the most substantial way, to a budget item that is very needed when we have such old infrastructure and have been having problems as of late, it raids the Banking Fund, it raids the Tobacco Fund, it raids the Probate Courts.

And for many environmentalists, disheartening to see that it also raids the Energy Funds.

We'd hate to be seen as the land of broken promises. But we made a promise that the income tax was temporary. We made a promise that the spending cap would be in place. We made a promise that the real estate tax would go away and be sunsetted, as well as the corporation tax, the energy tax.

We made a commitment to have clean elections and clean laws. No wonder some of us that have served here find it so difficult to say yes to any tax increase of any kind, even though it may be very, very necessary and may have a lot going for it, it's just -- you reach a point where you -- you just can't do it anymore. And no wonder the public does not trust our state government.

Madam President, I find that this budget is very disappointing and have a very hard time voting in favor of it.

Thank you very much.

THE CHAIR:

Thank you.

Will you remark?

Senator Welch.

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SENATOR WELCH:

Thank you, Madam President.

I do thank the Chair of the Appropriations and the Chair of Revenue, Bonding, and Finance for the hard work they have done. I appreciate, having sat on Appropriations two years, that that's a difficult task. Unfortunately, it's a difficult task we made even harder two years ago when we passed a budget, which I think, unfortunately, leaves us in the situation we're in today.

What we have before us, Madam President, doesn't solve what I see to be the most fundamental problem this state faces, and that's a spending problem. This budget still spends too much money.

Madam President, it -- for 2014, OFA estimates 3.6 percent, an additional 2.2 percent in '15. But that's only after you remove the Medicaid monies. When you put the increases in Medicaid back in, we're looking at, I think Senator Frantz said, 8.8 percent over the biennium. That's a lot of money.

But I think more problematic than the increase in spending is the faith that this budget breaks with the people of the State of Connecticut. A faith that was demonstrated overwhelmingly in the early nineties when the constitutional spending cap was passed by -- we've heard 75 percent, we've heard 80 percent. Nonetheless, it's an overwhelming number. And I appreciate Senator Harp's argument that we haven't necessarily defined the terms that were to be defined when that constitutional amendment was passed.

Nonetheless, shame on us. That was one of very first bills I put in two years ago. I know Senator McLachlan has been working on that for years. Shame on us. It's a problem we could fix this afternoon should we have the will to do it.

And with respect to the argument that all the other states aren't counting for 100 percent federally funded monies, I think it's hollow. And it's hollow for this very reason. You need to stop and take a look back and understand what were the rules when that constitutional spending cap was

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passed. How did we do it back then? How have we done it for the last 12 years?

So if we're going to change the way we account for our expenditures, change the game, as it were, well then I think we need to do it honestly and openly. And the only way that I think that we can accomplish that, is going back to what Senator Frantz said, is totally rebasing. Totally rebasing those numbers. And if you do that, if you do that, Madam President, we're still \$154.9 million over the spending cap.

I -- I don't intend to dive into the weeds of this budget, but I -- I think there is one more macro section that -- that bears highlighting, and that is borrowing \$750 million, borrowing three-quarters of a billion dollars to allegedly become GAP compliant. Now, I would argue that that borrowing isn't going to accomplish the goal that -- that we say it's going to accomplish.

It might accomplish some unstated goals, but it's not going to get us GAP compliant. And it's not going to get us GAP compliant at a cost of \$232 million. So if it's not going to do what we say it's going to do, and it's going to cost us a quarter of a million dollars, almost to get there, why are we doing it?

And I think, Madam President, it's probably important at this point to address some of the -- some of what people out there have said with respect to why haven't the Republicans offered an alternative budget.

Madam President, we've been offering alternatives for as long as I've been here, and I know a lot longer. In fact, there isn't -- there's probably a dozen amendments on bills before this Senate on our Calendar that would include -- that would include essentially switching from defined benefit to defined contribution plans. In fact, that amendment is probably second only to the Ethics Amendment on our Calendar.

We've been -- we've been talking about fraud investigations. We've been talking about longevity pay suspensions for a long time. And, in fact, not a week goes by in this building where you're not going to hear somebody mention it's time -- it's time to have private, not-for-profits take over more of our social services. So

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we've been offering alternatives. And the alternatives we've been offering, any combination of them would make this a better budget.

More importantly, it would reform state government in a way that would protect the very people we're seeking to protect when we say pass a budget like this. For instance, those state employees who are currently relying on their pensions will have more of a chance of realizing that those promises are going to be there if we start shifting new state employees to 401K-like plans. Those people who are recipients of our social services will have more of an opportunity to continue those needed social services if we have private not-for-profits deliver them at a lower cost.

Two years ago I stood here -- we all stood here, for the most part, and we were presented with a budget that was supposed to be a hard pill to swallow, but a panacea. And Madam President, it was a hard pill to swallow, but it certainly was no panacea. And I think, for the most part, it's the reason why we're here today having just as difficult of a conversation as we had two years ago.

But two years ago we weren't unique. Connecticut's problems weren't only Connecticut's problems. Connecticut's problems were shared by the majority of the states. In fact, as early as 2009, 44 states were running deficits. I think \$350 billion was the total state deficit sum that year.

But other states took a different path. Other states didn't raise taxes by the largest tax increase in the history of their states. And now you look at a South Carolina today. You look at an Indiana today. You look at a Wisconsin today. You look at an Ohio today, Texas and Iowa. They're running surpluses now.

Although I probably wouldn't have used Senator Kane's analogy, he is correct in saying that we are going the wrong way. We were going to the wrong way two years ago, and we continue to go the wrong way now, despite the many warnings from the many people.

Thank you, Madam President.

THE CHAIR:

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Thank you.

Will you remark?

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

Let me say first, as -- as my colleagues generally have, how much respect I've developed over the three sessions I've been here for Senator Harp and the work she does on the Appropriations Committee. There's people -- I tend to feel that I judge people by the trajectory of my respect for them. And she's somebody who I have grown to appreciate and admire the more that I've -- I've seen her deal with these issues.

I had the pleasure of being at a conference with her last fall. And I have to say, I was -- sat in amazement as she responded on issue after issue while I was simply sitting there trying to figure out what the acronyms were. And -- and she was engaged in every aspect of the conversation, a real command, to my mind, of what's involved in this budget.

I -- she has been in the frying pan and, for some reason, now seems to be wishing to jump into the fire. But I wish her well in that. And I think that if anyone can do it, from what I've seen of her, she's the person. And Representative Harp -- Representative Walker as well. I think both of them put in a tireless job and understand what they're doing.

I don't claim to have that expertise, and I'm not going to -- I don't have the knowledge of the budget that my friend Senator Kane does either. So I -- and I feel like that analysis has been presented, to some extent, and will be further in the course of the conversation. So I won't attempt to add to something that I don't think I can duplicate.

I will say that I -- as I say sometimes when I'm here, I feel that I've been privileged to have kind of a historical perspective, which perhaps I can bring to bear in these

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situations. And I was thinking about it, sitting here, that I feel like I've had three acts in my political career. Three acts is kind of the normal number that you get. There are plays that have five acts in them. They don't usually end very well. So three acts, if that's what I have, were a term that I served here in the Legislature back in the eighties, and a period that I was involved very much in grassroots efforts during the fight over the state income tax, and my return, in 2011, to this Chamber.

To go back to my first term, I was here in 1985 and 1986. And they were flush times, I think, like we have not seen since in Connecticut. We had substantial surpluses based on existing revenues and on current services budget growth. We were under no pressure to make cuts in the budget. And, in fact, with Republican control in both Chambers, and a Democratic Governor who I think was, at heart, a fiscally conservative or a fiscal moderate, anyways, we were able to cut taxes considerably and still increase spending. And when I say we increased spending, let me say we really increased spending.

We passed two budgets while I was here. The two budgets were at 8 percent and a 10 percent budget increase. And at the time, I remember when I first came up here, actually the day after the election we had a caucus, and two Senators -- I hardly knew anyone in the group -- but two Senators grabbed me and took me out to dinner. That was Tom Scott and Ted Lovegrove. And the three of us, as I sat there at dinner, the argument was how much are we going to cut the budget. And I thought, my goodness, these Republican Senators sure are bunch of conservatives.

It wasn't until I actually found out later, those were the two -- I was eating with the two conservatives in the -- in the caucus. And it wasn't a liberal caucus, by any means, but it didn't really have the will or the vision to be -- make tough decisions on the budget when tough decisions were not demanded. And the budget was increased, even at the time, I thought more than was wise, despite the revenues coming in.

But, honestly, we had an eye on the next election, and I think that that influenced people's decisions. I'll admit it. And I'll say this. That is to say, Republicans make mistake too, just like Democrats. And I feel when we get into the budget discussions, frequently

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the -- there's a -- there's a certain amount of saying, well, your Republican Governor did this, and we're doing it, so you can't complain about it.

I would say I complained about it from the outside when my Republican Governors did it. I hope I would have had the nerve to complain about it from the inside. But I don't feel that the mistakes of one party are the justification for the mistakes of the other or for any of our mistakes. We all have to judge our own situation -- our current situation and -- and react as well as we can.

After -- after I was defeated, I sat on the sidelines, but I was still paying attention. And the next two years, 1987-1988 budgets, the spending increases were 14 percent and 16 percent in two consecutive years.

At that time, John Larson was the President of the Senate. A man who I don't see much of these days, but I liked extremely well when I served with him. I really thought he was just a -- a fine fellow and somebody who had his head screwed on straight, generally speaking. And I used to -- I sat at home thinking, John Larson must know something that I don't know to allow the spending to go up by those kinds of percentages.

But I think what I discovered was that you can't -- well, no one knows enough to be able to do that. That's always going to catch up with you. And when that caught up with us was in 1991. Very shortly thereafter, that that spending spree led to its inevitable crisis.

And in 1991, the proposal came out to impose a state income tax. Well, I was the Executive Director of a group that was set up at the time, the Connecticut Taxpayers Committee, which became the lead group in opposition to the state income tax. And it was an interesting experience. I remember it maybe more vividly than anybody else in this Chamber would.

We -- we fought it in terms of bringing attention to it and trying to have events and trying to put pressure on Legislators who were seen as being wavering on the issue of the income tax, from February, when -- when Governor Weicker first made the proposal all the way until the tax passed in August.

And Governor Weicker, we'd have protests and rallies and events and so forth, the kind of thing I so love to do. And Governor Weicker would say, it's the same hundred people. And I can say now that he wasn't far off. We would have those rallies, and I'd look around and realize I knew everybody or I'd be waiting for them to show up and think where's those guys that are always come through for us when we do this.

It was a relatively small group of people opposed to it. The income tax passed in August. And at that point, the opposition to the income tax exploded. I think this is one of the things that people don't remember about it particularly.

And when you think back on things like the rally that was held in Hartford, October 5, 1991, on that side of the capitol where we had -- Hartford Courant said 40,000 people, the state police said 65,000 people. It was a big rally. That was well after the income tax passed, and that was a rally in favor of the repeal of the income tax. And, in fact, the Legislature repealed the income tax. And not surprisingly, the Governor vetoed the repeal, and we were never able to get a two-thirds vote to override the veto of the repeal, so we've had the income tax ever since.

Now, one of the things that has been mentioned here is the deal, essentially, which is to say, we will give you this additional revenue through a state income tax if you will accept the controls of a spending cap. That was a deal between parties up here at the capitol. The people were too smart to make that deal. The people knew that if the Legislators had that revenue source available to them, they would find a way to spend the money. And that is exactly what happened. I think the groups that knuckled under in making the deal, the people who were basically insiders to this process, were the ones that were kidding themselves.

The only way we're going to have fiscal restraint here is by us exercising it individually as Legislators. Not by trying to -- trying to make a rule for ourselves, which we can always find a way to get out of when the time comes.

Second thing I'd say about that moment of tax increases is that it's very easy to say you're against tax increases

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when no one wants a tax increase. At the moment at which it seems like there's no alternative to a tax increase, that's the moment in which you have to have the resolve to -- to stick to your position. And I honestly believe it's the only way to enforce fiscal discipline, to say that we have a certain tax rate in place, the tax revenues will grow as the economy grows. And that is the amount of additional spending which is available to the -- to the state.

When -- if the tax revenues flatten out or even if they decrease slightly, then it's up to the state to find ways to decrease spending, not to increase the burden on the taxpayers at the very point that they can least afford to absorb that increase.

So here I am in the Chamber, in many ways reaping the result of a policy which I have generally been in opposition to for 25 years. And reaping the result, I might say, of over 7 percent yearly increase in state spending ever since that income tax was passed. There's no way that we could do that without coming into the kind of crisis that we have been in for the last three years.

When we have the money -- when we had the money when I was here in '85 and '86, we spent it. And we spent it, in many cases, because we said, well, we have these unmet needs. We have things that we underspent on because we had a more difficult time economically in the early eighties, and we need to catch up with those things.

I think we overspent even then, when we had the money. But we have continued to overspend even when we don't have the money. And that's the situation that we're in today. And the worst part of it is, when you overspend without the money, you do it by borrowing. And what we're doing now is borrowing on massive scale.

I said, when we were talking about the proposal for the UConn funding, that Secretary Barnes, when asked what happened to the \$1.4 billion cap on bonding, said, well, we're still under that cap because it's now \$1.8 billion.

I want you to think about what -- not only the kind of the frightening implications of what we mean by a cap, but the amount of increase between 1.4 and 1.8 billion dollars in the early bonding, when we already have the highest per

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capita debt of any state in the country, and a debt which is becoming a major item to service in our budget, a cost that is going to be with us and is going to plague us, however much fiscal restraint we show from now on for many years down the road.

We had UConn last week that we borrowed for. We had Jackson Labs in the previous session. We had, if I may be forgiven for mentioning it, the Busway and many other projects. And I heard in the debate on Jackson Labs, from more than one of my colleagues here, something that I found an almost terrifying statement when we're talking about borrowing for state spending, which is sometimes you have to take a chance.

I thought, I'm almost glad the people of Connecticut don't pay any attention to us, because I'd hate to hear them say such a thing from a Legislator as sometimes you just have to take a chance. To my mind, that's like the guy who is in debt driving out to Foxwoods, and I would not advise him to make that trip, and I wouldn't advise us to pass this budget.

I feel that we are going in the wrong direction, that we have been going in the wrong direction for as long as I have been watching our direction. And not only have we not changed direction, we have not even taken our foot off the accelerator. This is what worries me.

And I'm convinced that we are -- that we are going to have to not only take our foot off the accelerator but put it on the brake. And I think that we have a wall that we are going to hit, and we're going to hit it no matter what we do. And the faster we're going, the more the suffering is going to be.

I look at the State of California and what they went through a few years ago in terms of budget cuts. The budget cuts to higher education out there are over 20 percent. I don't think they -- they had no more desire to do it certainly than we would to make a cut like that. And I would say, even to my most conservative friends, that I know that there's no way that you can cut a budget like that, 20 percent or more in a year, without doing tremendous damage to a system. You just -- it simply -- you can't cut that -- there's not -- you can't cut that much out and think you're only getting fat at that

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point.

That's why I think we have to be -- we have to be doing it every year and we have to be doing steadily so that it doesn't end up being a disaster. But we're not doing that. We haven't -- we haven't had -- reached that realization. Events have not forced us to do it, and it seems to me that we have lacked the wisdom to do it voluntarily.

I think this budget continues us in the wrong direction. I'm -- I'm sorry to see it before us in the -- in the form it is. When the Governor brought forth the budget in February I was not impressed, but I thought it was a -- a kind of a base document that there was a chance for considerable improvement. It still has, to my mind, some of the most painful things in it, including the large cut to the hospitals. And it still has, in my mind, some of the things that should not be there.

So regretfully but firmly, I will vote against this budget.

Thank you, Madam President.

THE CHAIR:
Thank you.

Must be your time, Senator McLachlan.

SENATOR MCLACHLAN:
Thank you, Madam President.

I stand with many concerns about the budget proposal before us, but I think, first, I want to thank those who have spoken before me. Certainly, Senator Markley's history lesson about the income tax and the constitutional spending cap implementation, I think is very important and helpful for to us put into perspective some of the challenges we face, as Legislators, with this decision before us today.

You know, before session began today, I had a great group of fourth graders from Shelter Rock School in Danbury. And this Circle was full of children. And they all sat down in the Circle around the outside and we talked about what was on the agenda for discussion today. And I talked

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about the budget briefly.

And my homework assignment for them was to try to understand what \$40 billion was. And so I said when you get back home tonight, write it out on a piece of paper with a dollar sign, \$40 billion and count the zeros, and also try to figure out how many houses your family could buy, 4 bedroom, 3 bath houses in the City of Danbury if you had \$40 billion to spend, assuming that that house would cost a little over \$400,000.

And I was trying to give them that lesson just so they could understand how much money is spent by state government. Now, we talked briefly about how important state government is to our schools. I let them know that all of us here in the State Legislature are very supportive of state government funds going to our local public schools. And -- and Shelter Rock School is one that may get some -- more assistance than others, but a great school it is, and a great group of students that were here visiting us at the capitol today.

But a 10-year-old child, frankly, doesn't understand that we are placing burdens on them when they become an adult with our decisions today. That 10-year-old child, frankly, doesn't have a clue that some of the decisions of us kicking the can down the road -- and sometimes I hate using that -- that example, but frankly it's one of the best to describe what happens here in state government budgeting. But by us kicking the can down the road in anticipation of a better economy in the future, what we're doing is putting very large burdens on those 10-year-old children that visited us here at the State capitol today.

You know, I've heard a lot of discussion about the budget over the last several weeks. One of the things that I found quite intriguing as an insider watching the budget in the press -- and I think perhaps interesting to those folks who are not watching it so carefully, but do read the -- the stories that come out of the State capitol -- was that three Democratic Senators had great control over what could happen with the state budget this year. And that if any one of those possible three senators voted no, then the budget could fall apart.

Well, us insiders understand what all that means, but that's where, if you exceed the budget cap, you have to

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have what's known as a supermajority, not a simple majority in making things happen.

Well, when that was a possibility, I imagine those three senators who were potential no votes may have -- may have frankly enjoyed some of the extra attention from the powers that be. But what happened was a whole shift in policy as a result of that obvious part of the budget process.

You see, if you don't have a supermajority, which is what was intended by a vote to exceed the spending cap, we'll just change the rules. And that's really the heart of the problem that I have today. Changing the rules when the intent of the voters was something, I think, very different.

I heard some people earlier talk about, well, what was the vote way back when? And I looked it up. It was November 3, 1992. The question on the ballot, quote, Shall the Constitution of the State be amended to impose a limit on state expenditures? Over 1 million voted on that ballot question. The

Number of yes votes, 829,868 Connecticut voters said yes, watch your spending. Limit your spending. That was 81 percent of the voters in that ballot question said, yes, we want you to slow down spending. Limit your spending.

Now, I believe the Chair of Appropriations, Senator Harp, was exactly accurate when she said that it's really -- was left up to the Legislature to define the spending cap, but that the Legislature has never done that. Well, let's think about that just for a minute.

Twenty-one years later, 20 -- 20-years plus later, this Legislature has had now potentially 19 or 20 Legislative Sessions to address the full implementation of the spending cap. I've only been here now -- I'm in my third term. This is my fifth Assembly session. And I believe three out of those five sessions I've submitted bills to fully implement the spending cap.

Now, I will say that, under the prior leadership of the Appropriations Committee, I was granted a public hearing on that bill -- proposal. But I'm just one of, I believe, 28 or 30 proposals to implement the spending cap in the last ten years. I couldn't go back further, but I suspect

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over the last 20 years there's been dozens and dozens of proposals to fully implement the spending cap.

And what does that mean? Well, unfortunately, what it means is we have to go to a State Supreme Court opinion to fully clarify what it means. It was actually former State Senator Mark Neilsen who sat in this chair, from Danbury, who got a lot of attention when he sued himself, essentially, and the Legislature, sued the state, in 1996, to fully implement the state spending cap. Now everybody, sort of, on the inside here at the State capitol thought, you know, that was a bit of grandstanding or whatever it was. But, frankly, the State Supreme Court was very clear in their decision, I think, on that. They kicked it out, but they made it perfectly clear that it's the responsibility of the Legislature to fully implement the state spending cap.

So what does that mean? Well, the state spending cap everybody thinks in place is not rock solid, so to speak. And what that really means is that, when we change our mind about how to use the state spending cap, we can just change the law. But you see, if you fully implement the state spending cap, you don't have that flexibility any longer. And that's what the voters, all 829,868 voters or 81 percent of the vote in 1992 intended. What they wanted you to do, as the Legislature, was fully implement the spending cap.

And if you wanted to make a change, then go back to the voters, don't go to a vote of the State Legislature.

So by statutory changes and a statutory structure of this -- the state spending cap, we changed the rules. And that's what's going on in this budget, which I think is ill-advised.

You know, why -- why did the voters feel it was necessary with what -- such a wide margin to vote yes on state spending? Because people, during the income tax debate, as Senator Markley reminded us, were very worried of what was going to happen to state government with this new income tax revenue, and would state government spending grow exponentially as a result. Their worries were spot on. They were perfectly accurate.

The CBIA has, this year, released a graph that sort of very clearly shows those who don't follow this issue very

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carefully -- shows very clearly in this graph format how, essentially, the population of Connecticut has remained somewhat flat, grown a bit, but somewhat flat. That's evident by us losing a Congressional district apportionment, telling us that we're not growing population in Connecticut like in other states, and therefore lost a congressional district, versus the state spending real dollar value with adjustments for inflation. And the third bar that they looked at was the total -- total amount of money spent.

And so when you look at this graph and you see the, sort of, flat population, and then you see state spending shoot up like a rocket ship, it makes you wonder, well, why did we do that?

Well, when we say we -- it's me now, too, because I'm here -- but we, the Legislature, did that because we could because the money was there. And we found necessary programs that all make perfect sense at the time they were approved. And exactly what the voters were worried about happened, where the spending grew exponentially.

You know, some would say that one of the worst things that happened was the construction of the Legislative Office Building because you now had a five-story building with nice offices and you had to fill it with people. Well that's only one branch of government where we -- where we grew the number of state employees. But the growth of state employees grew across state government, not just the Legislature.

So trying to wrap up, if I may, the constitutional spending cap discussion, I do have an amendment that we, in the minority caucus, will offer later on that talks about this in a little more detail.

If the voters expected us to be responsible and keep in check our state spending, why, in this budget document, are we seeking all different ways to go through a maze, even a maze where you don't need a supermajority vote of this Legislature -- which is how it's happened before to exceed the spending cap -- why are we going through this maze to find a way to spend more money?

So I hear that it's federal dollars, and we're the only state -- I heard someone say, the only state in the country

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that doesn't net apportion or net appropriate Medicaid dollars. I think the real way to look at this is that we may very well be the only state with a state spending cap similar to ours that does not net appropriate federal Medicaid dollars. But now we're still looking for excuses to go through the maze.

We've been doing it one way for 20 years. I think we need a better reason to tell the residents of Connecticut why we're changing the -- the rules of the game. And guess what? If prior Legislatures had fully implemented the spending cap, we wouldn't be having this discussion today. If you really needed to do this, you would have to go back to the voters and ask them for permission. You see, that's what they wanted. They wanted you to come to them for permission if you were going to change the rules of the game.

Other points of the budget that I'm feeling very challenged about is hospital funding. Now, Senator Frantz talked about how difficult this will be for hospitals. And I'm hearing an argument that's coming from the Governor and some others that say, well, cut some salaries for hospital CEOs and -- and that will settle the problem.

Okay. Those numbers don't add up. If you fired every hospital CEO in Connecticut, you're not going to fix this problem. Furthermore, if you look at the size of the operation they're running, their compensation may not be out of whack with the private sector. In some cases, they're much lower. But I'm not here to defend a million dollar salary. What I am here to defend is the frontline health care workers' jobs who are in danger as a result of this decision you're making today.

Now, it's sort of ironic that a minority Republican member of the Legislature is so insistent on trying to preserve union jobs in hospitals. But I know my hospital in my town. And Danbury Hospital merged with New Milford Hospital to create the Western Connecticut Health Network, and since that occurred, the processes of efficiencies in operations, in spending, I believe have been a yeoman's effort in what they've done.

And, unfortunately, some of those decisions did mean job eliminations. We've already had layoffs in -- in both of those hospitals as a result of previous state spending cuts

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and other challenges in health care costs. But this \$30 million hit to the Western Connecticut Health Network appears to mean in excess of 300 jobs in Western Connecticut that are in danger of being eliminated.

Now, what I'm trying to understand is, if the majority leadership of this Legislature and the Governor is so driven by jobs, why are you making this decision? If -- if it's so important for us to borrow hundreds of millions of dollars for 20 years at a time to encourage a private enterprise to stay in Connecticut or move 11 miles down the street or recruit a business with 40 jobs from another state and -- and write multimillion dollar checks to create and preserve jobs in Connecticut, why would the stroke of a pen, and in this expenditure reduction, are you going to wipe out so many jobs?

So if \$30 million in reductions to the two hospitals in Western Connecticut could potentially translate into a loss of 300 jobs, what does 518 million mean? Is that exponentially many more job? I don't have the answer to that.

I've spoken to the management at Danbury. They've told me that they have preliminary plans and they have a number in mind of positions that would have to be eliminated based upon this proposal. I assume other hospitals across the State of Connecticut have done the same thing. But if a \$518 million reduction -- if \$30 million out of a \$518 million reduction is 300 jobs, how many thousands go away with this budget, and are you going to replace these jobs.

Now, granted, some of them are administrative. Although I understand, in the case that I've looked at closely, the administrative functions have already been reduced dramatically. What we're concerned about right now is that these are frontline health care workers that will lose their jobs.

Now, the one question that I didn't get answered was, what is the median income of the jobs that may be lost. I don't have that information. But it doesn't matter because, in Western Connecticut, it means 300 families are quite dramatically affected, and I've got to believe that there are thousands more across the state.

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So some will say, okay, Mike, you don't want to cut \$500 million to hospitals? What do you want to do in case of that -- in place of that? Well, there's a lot of easy targets, some of which are new programs, some of which are benefits that have not been offered before, some of which are -- are transferring operating dollars into bonding money. I mean, if -- if there's a will there's a way.

But think about this for a minute. No state employee has to worry about a layoff. None. And I don't want a state employee laid off, if at all possible. But this is thousands -- thousands of employees that are directly affected by this decision, are out of work. Thousands.

So we can't say in one point that -- claim that we're not spending more money, which I think we are. I have to agree to disagree with you on that. We can't claim that we're not increasing taxes. Wrong again. In my humble opinion, I believe we are. We can't do victory laps around the state and say that we're an economic development engine, and we're doing all that we can do encourage jobs to stay in Connecticut and to -- to grow in Connecticut, and to even recruit jobs from other places. And in one shot, 300 jobs in Danbury and New Milford Hospitals, and thousands, potentially jobs in other health care facilities across the state go away. That's ill-advised.

I think this budget needs more work. I think that -- that the decisions within this budget could easily fix this problem. Well, let me retract that. Perhaps not easily fix this problem, but I believe that this -- this issue can be addressed in such a way that it is not going to mean more unemployed Connecticut residents. That's what we have to keep a focus on. We can't have any more unemployed in Connecticut. We're already at the bottom of the heap in many rankings across America.

This is not the right way to go. And I would urge rejection until such time that the majority leadership and the Governor, because Republicans are not allowed to participate in these discussions, the majority leadership and the Governor should go back to the table, sharpen their pencils, and preserve jobs in Connecticut. Don't erase them.

Thank you, Madam President.

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THE CHAIR:
Thank you.

Will you remark? Will you remark?

Senator Kelly.

SENATOR KELLY:
Thank you, Madam President. Good afternoon.

THE CHAIR:
Oops, good afternoon, sir.

SENATOR KELLY:
Tomorrow I will have the privilege of bringing up a school from my district to visit the capitol. And on those days, it's really rewarding to have the opportunity to be their Senator and to bring that youth and energy, not only to the Senate, but here to Hartford, to this capitol.

And it's youthful and energetic because it's hopeful. It's all about opportunity. It's about the future of Connecticut. And what I love is to be able to bring the students in and talk to them about what we do here. And they're all excited because tomorrow means so much to them. And that same feeling of excitement and opportunity should mean the same to us.

And what we do here are many things. But I don't think there's anything more important, to not only represent what we do, but to be the collective embodiment of the public will, which is our budget. It sets the game plan. It says to our citizens where we want to go with our future.

And what was presented to me was a document filled with broken promises. Broken promises that, in my opinion, extinguish that hope and optimism that Connecticut families want and deserve.

We start with the broken promise on a constitutional spending cap. As we've just heard Senator McLachlan eloquently explain, over 80 percent of the people of Connecticut want a spending cap. And it makes sense.

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Because we got to also step back and look at how that became a cap.

It became a cap because we implemented an income tax. And in order to put a check and balance on unbridled spending, the citizens, in return, wanted a cap. Our constituents. It's been in existence since 1992. But with this budget, we're going to blow through that cap. We're not going to compare apples to apples. Because if we're going to take and put some funding on the side, then we need to look at the same budget we have right now and take the expenditures out and put them on the side so that we look fairly apples to apples.

And even if we do that, we still exceed the spending cap.

I can tell you, numerous times, in every town I represent, people have urged me, don't break the cap. It's the people's cap and we need to respect it.

There's also the broken promise on new taxes. This -- this budget has \$300 million of new taxes, new revenue. There's the broken promise to borrow for ongoing operational expenses. There's a \$750 million gap bond in here. Then there's the hospitals. Let's look at what we do on the hospital side.

We're going to make a significant and sizable cut to hospitals which will reduce health care quality and access, eliminate jobs, good paying jobs for middle class Connecticut families right here in our districts, and shred a safety net which many people depend upon, most especially those who do not qualify for Medicaid and have no insurance.

It's hard to believe that this policy decision is occurring within the context of the implementation of The Affordable Care Act, whose sole purpose was to improve and increase health care access and quality. But The Affordable Care Act is not just an insurance policy. It goes far beyond that.

And while we're creating policies and health care coverage through an exchange, what good is an insurance policy if there's no providers available to deliver the quality medical services that our constituents deserve.

And then there's the one-time swaps -- sweeps. We're

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going to take three and a half million dollars from the Tobacco and Health Trust Fund, whose purpose was part of the settlement to encourage antismoking campaigns to make sure that people understand the dangers of smoking and the impact on their health, and we're going to redirect that to the General Fund.

Then there's another million dollars we're going to take away from the Probate Court Administration Fund. And what does that do? Probate Courts are the state's court that deals with family issues, children's issues, and senior issues. It's the court where people can go where they don't need a lawyer to be heard. It's also the court that helps those of our citizenry that can't, for one reason or another, help themselves. They're probably the most vulnerable in our court population, and we're going to sweep that and take the extra funds, a dedicated fund, and put that to the General Fund.

And then there's another \$35 million that's going to be taken out of the Regional Greenhouse Gas Account and the Clean Energy Finance and Investment Authority. And once again, this is funds that have been dedicated to make sure that we have a clean environment, that we have clean air and water, and to encourage investment in renewable energy sources. So that not only do we clean up what we have, but to make sure that our environment going forward is cleaner. But this is a policy decision to take monies that are dedicated to that purpose, to sweep them and put them into the General Fund.

And then, lastly, there's the Special Transportation Fund. Over the biennium, we're going to sweep \$109 million that taxpayers pay at the gas pump. The promise was that the funds were going to be used for roads, bridges, and infrastructure, but we're not going to use them for that. And I remember a year ago when we had the debate over the gas tax, when we only capped it, there was significant opposition.

Our party was criticized because we were taking money out of road safety and infrastructure. But now, we're going to take those funds that have been put into that Special Transportation Fund and we're going to sweep it to the General -- General Fund. And if you live in Southern Connecticut, think about how we could use those dollars for things like rail and commuter transportation

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improvements.

I know when you look up the Naugatuck Valley, the Waterbury Line, I know what when we decided -- I use the word we -- the State of Connecticut decided to -- to move fast track the Busway from New Britain to Hartford, that that took valuable resources away from other projects, like increasing rider capacity on the new -- on the Waterbury Line.

Everyone knows in Fairfield County that when the -- the accident occurred recently on Metro North, 95 was a virtual parking lot, as was the Merritt Parkway, which was just evidence what commuter rail can do to alleviate the congestion on lower -- on 95 and the Merritt Parkway and Fairfield County. But do we look at trying to increase ridership on the Waterbury Line? No, not so much. But, yet, that's where we have some of our most chronic unemployment.

In Connecticut we have unemployment of 8 percent. Nationally, it's seven and a half. In my hometown of Stratford it's 8.4 percent. Bridgeport is an astounding 12 percent and Waterbury 12.9 percent. So when we talk about putting people and Connecticut families back to work, why aren't we looking at ways to open up jobs in lower Fairfield County, in Hartford, in New Haven, in New York, for people that live in the corridor from Bridgeport to Hartford and give them the opportunity to get to those jobs.

Lastly -- not lastly, but the next point is that the -- the budget itself is built on a 6 percent revenue projection. And that's really a faulty assumption. And there's two areas. One, it's hopeful that it can reap the same benefit it did last December when Washington was contemplating the elimination of the Bush tax cuts. And we saw unprecedented wealth transfers which increased revenue, capital gains, to the State of Connecticut. That's not something that's going to occur every December.

Then, it's also predicated upon an economic rebound. We believe -- at least the Governor did when he proposed the budget -- that our unemployment rate would dip to 7.4 in the first year and 6 percent in the second. But as I just stated, we have an 8 percent statewide. But, in my district, there's unemployment that even exceeds that.

Fred Carstensen, who heads the University of Connecticut's Economic Think Tank, he stated that we'd need an eleven and a half percent personal income growth in Connecticut to sustain the budget we're adopting. Eleven and a half percent. Yet, the U.S. Bureau of Economic Analysis stated that Connecticut's personal income growth rate last year was just two. We ranked 49th out of 50 states in this category. The only one that we beat out was South Dakota, who was plagued by drought.

So when we look at the prospects of what we're doing here, we're adding new taxes. We're borrowing to meet operational expenditures. We're doing one-time sweeps of dedicated accounts. We are making aggressive projections that the economy will turn around and gambling on that economic turnaround. And this is something that two years ago, when I first came to the Senate, seemed to be the topic of the day.

We had borrowed for ongoing expenses. We were plagued by increased taxes, and we had one-time revenue sources. Yet, here we are again doing this exact same thing. And who was it, Albert Einstein said, you keep doing the same thing over and over again expecting a different result, that's the definition of insanity. Well, this is what we're doing.

We don't think out of the box. But the problem here is that this is significant because it -- it's setting up our future for failure. And as a father with children, young children, I didn't get involved to do that, not only to my children, but to Connecticut's children and their future.

I want a hopeful Connecticut. I want a Connecticut where the kids that are born here grow up here and stay here. They work here, they raise their families here. And that they enjoy not only the same quality of life, but the quality of our -- our environment and all the quality resources that Connecticut has to offer.

I don't believe this budget achieves that. I don't believe this budget gives our future that hope and excitement that I talked about when I began. I think, instead, it saddles the next generations with debt. It bridles our current generation with taxes, which kills

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jobs. It chases good paying middle class jobs, like those in the hospital area, out of our state. And it really takes away what I think is what people want, and that's a belief that tomorrow is going to be better today than today, so when they get up they're hopeful that it will be.

Thank you very much, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

I believe that every adversary or every problem has a greater or equal benefit. And in Connecticut, our problem is a 8 percent unemployment rate. But I view that as an opportunity. Any time in the course of history that there has been a great rate of unemployment, entrepreneurship and small business has fueled the engine of the American economy to solve that problem.

I believe that in Connecticut if we can have a climate that is conducive to job growth, we'll have more people working, more people paying taxes, and more revenue for the State of Connecticut. And, unfortunately, I believe with this budget we miss the opportunity to solve some of our financial issues in a thoughtful and responsible way.

Part of the way we can improve our economy in Connecticut is having a strong middle class, a well-educated workforce, which we spoke about just a few days ago with our investment into UConn, to improve the education of the next generation of workers here in Connecticut, to improve our skilled labor in math and sciences, to have more engineers in the State of Connecticut to fill some of those positions.

But I would argue that if we do not create a climate here for job growth, we're not going to create the opportunities

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needed for those engineers and those students to fill those positions, to create jobs for those people, for those individuals. And there are a few reasons why I believe we missed our opportunity here. And one of them has to do with the new taxes in this proposal, specifically, the tax on the middle class and the poor through the gasoline tax.

I believe that this gasoline tax, which is the scheduled for 28 days, is the highest in state history and is nickel and diming our right to self-reliance in Connecticut. This will affect families, middle class, high income, poor families across Connecticut all the same.

Not only will people be paying higher prices at the pump, but it will increase the price for basic necessities, like bread and milk. We need to start thinking about those things before we pass laws like this in the State of Connecticut.

Not only will it hurt families or people trying to raise families in the state, but also, it will hurt programs for our senior citizens. The Meals on Wheels Program, the people that offer transportation services to our senior citizens, those services will see a dramatic increase in price as the price of gasoline goes up in the State of Connecticut. And it's unfortunate.

I was having a discussion the other day with a landscaper who told me that right now he leaves Connecticut to fill up his diesel truck in Massachusetts because the price of gasoline is too high here.

We are -- we have -- there's an effort in the State of Connecticut by businesses to redevelop the rest stops at the highways. There are small businesses across many towns that own gasoline stations where people can stop and fuel up their tanks. But why would someone stop here in Connecticut if the price of gasoline is cheaper in all of our bordering states. So I have a huge issue with the gasoline tax. And I've worked very hard in my district to let people know that this tax is going up on July 1, and that there's an opportunity to -- to let their voices be heard. So over 600 people in my district have signed a petition to let the Legislature and the Governor know that they do not want to see the price of gasoline increase at the pump.

Another issue I have with this budget is what I believe to be another tax on the middle class. You know, we talk so much about how we want people to stay in Connecticut to raise families here, to move here, not just to study here at UConn and our great universities, but to live here afterwards. If so, then why did we tack onto this bill a \$110 fee to recording a mortgage, something very basic.

We want people to live here. We want people to stay in Connecticut. Then why are we giving them every reason to move from this state, to plan their futures elsewhere? This is a perfect example of nickel and diming our constituency in the State of Connecticut. I oppose the mortgage fee increase that is hidden in this budget.

Another concern I have is the message that we are sending to our business owners in this State of Connecticut. Two years ago, businesses took part of a shared sacrifice program. The idea that we would all collaborate to solve some of the budget issues in the State of Connecticut. And some of these businesses had a handshake agreement with the Governor and the Legislature that taxes would be sunset in two years. Unfortunately, under this new budget, it did not live up to its word.

And businesses tell me, they say, Senator, it's hard for me to leave the United States of America, but it's easy for me to pack my bags and leave Connecticut. And if we continue to make mistakes like this, if we continue to pass the same policies that have created these -- all of our budget problems in the first place, more and more businesses are going to leave Connecticut. I believe that we need to fight to make sure that people in this state can keep more of the money that they work so hard to earn.

Another concern I have with this budget is the 8.8 percent spending percent -- spending increase. Families are living within their means. People are saving. And for whatever reason, we keep putting our future on a credit card, and we have to rob Peter to pay Paul to do this.

One example is raiding the Teachers' Fund. How can we expect people to want to plan a life here in Connecticut as a teacher, one of the most important jobs to the next generation, if they see that the Legislature has to balance their budget by raiding the Retired Teachers' Fund. It

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goes back to a very basic principle that I believe we need to live by, and that's spend only what you make.

Another reason why I oppose this budget is because the amount of debt we will be taking on -- and debt can be a good thing. Students take on debt to go to college. Parents, families, take on debt to own a home, to buy a home. People take on debt to buy a car. But debt is a bad thing when we do not have a plan to pay it back. And I am concerned that there is no plan here to pay back the debt that we are compiling in the State of Connecticut.

And, lastly, this has been my first session in the State Legislature, and it's been an honor to serve and represent the 33rd District in the Senate. And it's also an honor to represent the next generation of people that live in Connecticut. And I believe that that next generation wants to put an end to policies that are focused on dividing and ruling.

I believe the next generation wants balance. I believe that the next generation wants unity, and the chance for everyone to have a say, to have a seat at the table.

We have worked in many ways in this past session in a bipartisan effort, except on the most important issue facing us. It's been -- it's been an honor to work across the aisle with some of my colleagues on issues and the Children's Committee and the Banks Committee. And because we are able to sit down and work together, we -- the end product was balance. Because we didn't have a seat at the table in these negotiations, I think -- I believe that this end product is far too extreme, and I think that we could have reached a more balanced budget, a more balanced policy in the State of Connecticut. And that's why I oppose this bill.

Thank you very much.

THE CHAIR:

Thank you.

Senator Witkos.

SENATOR WITKOS:

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Good evening, Madam Speaker -- Madam President.

THE CHAIR:

Just -- thank you, whatever.

SENATOR WITKOS:

Through you, I'm just going to dive right into the questions, if I may, to Senator Harp, and then I'll -- I'll go to my comments afterwards.

THE CHAIR:

Please proceed, sir.

SENATOR WITKOS:

Thank you.

Through you to Senator Harp.

In Section 31 of the -- the bill it speaks about taking -- removing \$250,000 in operating expenses from UConn to the Connecticut Center for Advanced Technology. And my thoughts and comments are -- a question, Madam President, for you is, I thought UConn was funded through a straight block program, and is this one and the same? And second, what is the Connecticut Center for Advanced Technology?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR WITKOS:

Section 31.

SENATOR HARP:

Through you, Madam President.

The Center -- the Connecticut Center for Advanced Technology -- I guess we call it CCAT -- I believe it's

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located in East Hartford. And it provides support to emerging businesses in our state on multiple levels.

I believe that the dollars that are here are dollars that help CCAT work with companies to transfer knowledge that has been learned at the University and can be translated into business application.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

Then if it's -- if it's in conjunction with the University, why would we need to remove the dollars from the university, if it's just, from what I understood, basically a sharing of information to CCAT?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you.

Through you, Madam President.

I believe that we're just correcting the \$250,000 that the Appropriations Committee put in there that was designated for CCAT, and it moved it into a line item that is for CCAT.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

Through you to Senator Harp.

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Is UConn the only university that uses CCAT or would any of the other colleges in our University System have an association with -- with them as well?

Through you.

THE CHAIR:
Senator Harp.

SENATOR HARP:
Through you, Madam President.

The CCAT has a relationship for this technology transfer with the University of Connecticut. I'm not aware that they have it with other organizations, but they do have a designated relationship with UConn.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

Is CCAT a -- is that an agency of the state or a nonprofit, or what is the status of CCAT?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

I believe that CCAT is a non -- not-for-profit.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

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Thank you.

And through you, Madam President.

Is CCAT funded through DECD or any other state agencies?

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

CCAT is funded through DECD for other related supports to small businesses in our state.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

I'll move onto the next section. I had some concerns in Section 37, which deals with some appropriations that were done by this Chamber in the year 2003, over nine years ago, that the money is still languishing out there. Specifically, some amount of money was -- was given to the Department of -- not given, but appropriated to the Department of Transportation for personal services and, also, the State Treasury Department for debt services. And combined, those two totals equal \$18.5 million. And we're sending that money now to a DMV Reflective License Plate Program.

And my question, through you, Madam President, to Senator Harp, is why are we exploring reflective license plates when we're in the financial condition that we're in?

Through you.

THE CHAIR:

Senator Harp.

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SENATOR HARP:

Thank you very much.

Madam President, through you.

As I understand it, these dollars, as you point out, have not yet been spent. And there was a need to spend these dollars on the reflective license plates. They're in the same department, and the thought was to move forward and utilize those funds.

Through you, Madam President.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

Through you, Madam President.

As somebody who is very familiar with license plates in the State of Connecticut -- not that I made them -- I'd -- I'd like to know what was the need that maybe somebody from DMV came and spoke to the Appropriations Committee.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much. It was -- I believe that -- I can honestly say, through you, Madam President, that we were informed that there was this need and, as a result, we put it in the budget. I'm not altogether certain -- I personally wasn't spoken to, but it was made clear to us that we needed to move these funds and use them for this -- to fund this service.

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THE CHAIR:
Senator Witkos.

SENATOR WITKOS:
Thank you, Madam President.

If there was -- if this is a new program, I understand that maybe there's a need to do that. I'm aware that we've had the current license plates in our state for quite some time that are reflective. But these dollars were appropriated in 2003, and we've carried them forward every year since then for almost nine years now.

And could the good Senator give me a plausible explanation as to why these funds have been carried forward for all these years, finally to find a program that we finally need.

Through you, Madam President.

THE CHAIR:
Senator Harp.

SENATOR HARP:
Thank you.

Through you, Madam President.

I believe that they have been carried forward over the years, and each year a portion of the funds is used to address an area under the purview of the Department of Motor Vehicles. And so, this particular year, they're going to be used for registration and driver's license data processing systems.

Through you, Madam President.

THE CHAIR:
Senator Witkos.

SENATOR WITKOS:

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Thank you.

Well, I understand that, Madam President. But the premise is they came from two other state agencies. They weren't from the Department of Motor Vehicles carried forward. They came from the Department of Transportation and they came from the State Treasurer for two very specific reasons: Personal services and debt service.

And my question, through you, Madam President to Senator Harp is, how did we determine that that is the best use of state dollars to investigate a Reflective License Plate Program in the year 2013, when these funds were appropriated in 2003, for two different state agencies and two different reasons.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Through you, Madam President.

The debt service number is unexpended balance and will not be utilized. And the Department of Transportation number is the same. And as a result, there were these things that need to be funded, and they are going to be funded with those resources.

Through you, Madam President.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

The next section is Section 40, Subsection C. It speaks about appropriating \$90,000 to an eyewitness task force. And if the good chairwoman could give me a little bit of an explanation as to what an eyewitness task force is, that would be greatly appreciated.

THE CHAIR:
Senator Harp.

SENATOR HARP:
Through you, Madam President.

I believe that this supports a bill that was before the Legislature that set up a task force to look at eyewitness testimony.

Through you, Madam President.

THE CHAIR:
Senator Witkos.

SENATOR WITKOS:
Thank you, Madam President.

And the last question I have for Senator Harp can be found in lines 1866 through 1871. And if -- the way I understand it to read -- and Madam President is probably well versed in this -- is if the Comptroller predicts that there's a deficit in the operating account, then they'll notify the Treasurer to issue notes to cover the amount of the deficit. And if the Treasurer -- if the Comptroller doesn't give the right amount, then Treasurer can issue the amount of notes to fill the gap. Is that correct?

Through you, Madam President.

THE CHAIR:
Senator Harp.

SENATOR HARP:
Thank you very much.

I just want to take a minute to read the language.

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The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Senate will come back to order.

SENATOR HARP:

So it is my understanding that it does. As you say, it doesn't require certification of the Treasurer, and that the Treasurer can move forward and pay the interest and the cost of issuing the notes.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you.

And through you, Madam President.

Is there any requirement to make sure that there's a net savings to the state when they pursue this line of option?

Through you.

THE CHAIR:

Senator Harp.

SENATOR HARP:

Thank you very much, Madam President.

I -- I don't see that in this language.

Through you, Madam President.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:
Thank you, Madam President.

So through you.

With this language, if somebody were to push something out in another year or two and there would be an interest occurred because of that, that's a new change to -- by adding this language. Is that correct?

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR WITKOS:

It would be specifically lines 1870 and 1871.

Through you, Madam President.

THE CHAIR:

Senator Harp.

SENATOR HARP:

I believe so, Madam President.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

I thank Senator Harp for her answers. Again, my comments on -- on the bill before us -- and I'll start off by saying every chart, every graph, shows a vertical upsurge in spending at the state level. If we were to put our budget out before a town, it would fail by large numbers. And I'm not talking (inaudible) the numbers down to a town level. Because no town that I know of brings budgets

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forward that has the type of increase that we're asking for in this budget.

And this wasn't just created this year. In fact, it was created over many, many, many years, over many executive leaders, Governors, and over many Legislatures. It's easy to point the finger and to blame who we think is responsible creating the budget mess that we're in.

But I remember two years ago, when Governor Malloy stood up and spoke, one of his first priorities was Executive Order Number 1 was GAP accounting. And I stood up, and I cheered and I applauded, and I thought that's great. That is the direction that the State of Connecticut should be going. Finally, we may get our finances under control in our state. But sadly, it seems it may have been a campaign issue.

Because in this specific bill, we're shifting revenue from the 2013-2014 year -- from 2013 to 2 -- 2014 in the amount of \$190 million. Shifting revenue. That's money coming in in the 2014 and 2015 year in the amount of \$300,000. We're also look at the amortization of GAP funding of \$1.1 billion. It's getting pushed out two more years. That doesn't take effect until 2016.

This is a shell game that we're playing. It's a shell game that no one wins. If you're the player, you can look under the three shells, you won't find the pea. If you're the dealer, there's a pea under every shell, so you don't win.

When I look through the budget very quickly, it's very hard to compare, because the format that the Governor used in his budget presentation of February is different than the format that the Legislature used today. Because under the guidelines of efficiency and streamlining, you cannot compare the two budgets with the paperwork that we have here today. How does anybody expect to look at a budget and see the amount of money that's being funded in each specific line item versus the one that was proposed? It's the shell game.

We have no money in the State of Connecticut, but I found, looking through the budget, that we're able to find \$80,000 for a cupola. Really? Go ask somebody out on the street if you think the State of Connecticut should pay \$80,000 for a cupola, if they know what that is. They'll laugh

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you right out of here.

And then, we're diverting money from a magnet school to the New Haven YMCA, the only specific entity of -- in the tune of \$85,000, not just in 2014, but in 2015. What about the YMCA program in Hartford? What about the YMCA program in Stamford? What about the YMCA program in Bridgeport? If we're going to give it to the YMCA, let's make it on a competitive basis. Shouldn't these entities be challenged for those dollars who makes the most benefit from those dollars? It's not what this bill says. It's says, New Haven, you got it. No questions asked.

Do us no harm. That's what the peoples elected me to do by sending me to Hartford. And we are going to harm them, the morning of July 1, when you go fill up your gas tank at your local gas station, because you're going to get hit with a 3 cent per gallon increase. And you know what? That affects jobs. It affects our leisure ability, our travel, and our tourism. Every aspect of our community is affected by this increase in the gas tax. And we have the ability to stop it from taking place. But we got greedy. And our budget is based on greed.

We need the money. It's like a -- a fixation. We have to have the revenue. Let's not talk about what we can cut. We had no problems cutting the magnet schools to give the money to the YMCA. More and more people living paycheck to paycheck, but we nickel and dime them. We nickel and dime them on everything that they do and the bills that they receive, and they go into our accounts here at the state. But yet, we're cutting those.

Some of accounts that we're cutting, the State Banking Fund which, you know -- I have to tell you. Last week we passed a program, and we applauded each other on how great the Mediation Program is in the State of Connecticut. Well, guess what funds the Mediation Program, the State Banking Fund. We're sweeping it. The Regional Greenhouse Gas Account, Cap and Trade Account pays for some conservation programs, sweeping that too.

Public Act 1180, which the now good Chairman of the Finance Committee, he and I worked side by side on that bill, the big energy bill from a couple of years ago, we created one of the first in the nation, the Clean Energy Finance Investment Authority that you all paid for from a charge

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on your electric bill. That's getting swept.

The Public Education and Advance -- Investment Technology Account, swept. The Special Transportation Fund, swept. Those repair your roads, your bridges, and you paid for them out of your gas taxes. As a matter of fact, they say we can't cut, but we cut those accounts to the tune of \$178,300,000. Don't tell me we can't find money to cut.

I went through the budget, section by section, and I found paragraphs that said unexpected balances or unexpended balances. And you know what that means to me? That there's too much money in that account. We didn't use it, so we should be returning that money back to the taxpayers of the State of Connecticut. But instead, we're diverting that to other spending initiatives.

We talk about budgeting here. Why don't we try a zero-based budgeting. And every -- we go back five years, and every single time we saw an account that said unexpended balance, guess what? That's getting chopped off the next year. We move money around for programs that we don't need. You go out there and I -- I beg you to find ten people that will tell you, I think we should spend fifteen and a half million dollars for a reflectorized marker plate program. Unheard of.

We had notices about people running out of fuel and their power getting turned off because it's so cold, but we're spending \$15 million to -- to make new license plates in the State of Connecticut? Where are our priorities?

These unexpended balances total over \$35 million, Madam President. That means we bilked the taxpayers of Connecticut \$35 billion too much. Because the accounts that were appropriated for last year, the year is coming due, we didn't need the money, but we're going to take it, we're going to spend it someplace else. People are wary of government spending, because they know if you don't spend it you won't get it next year, because they don't trust their government.

In the budget that I'm looking at, I don't trust my government either because there's no comparison of last year's expenditures versus -- last year's actual versus the previous year's actual. Anybody that sits down and do a budget has -- has all those -- that data available

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to them. The Governor's budget, as I said earlier, doesn't match what the appropriations budget, so you cannot do a careful analysis of the entire spending of the State of Connecticut.

Madam President, when we're at the time during the debate, I will be offering a couple of amendments which I hope will lessen some of the impact on the residents of the State of Connecticut.

Thank you.

THE CHAIR:

Thank you.

Will you remark?

Senator Guglielmo.

SENATOR GUGLIELMO:

Thank you, Madam President.

I will be pretty brief. I won't go into too many particulars. But I'm really concerned about this budget and the previous few. We've created a -- really a -- such a problem. You know, I don't know where the tipping point is. I mean, I know this is going to pass, and I know none of our amendments would pass. This is all -- all done already.

But I just want to tell you. You know, I've been here a long time, and I really do -- I really am concerned about the future, not only of the state, but of this country. When you borrow money for operating expenses, that's a problem. There's no business in the world who can do that, you know. We just can't sustain this. It's unsustainable. And I do realize it's hard to cut.

I mean, I understand that each of these programs has a constituency, and they're well intentioned, and a lot of them are good. But what good does it do the population of the State of Connecticut if you can't sustain it? I mean, that's the problem.

And I know that a lot of people sitting here, no matter

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which party, understand that. A lot of smart people here. I'm proud to serve here. And, you know, I look at the resumes of the folks that -- that serve here. They're very impressive when you look in the book from the CBIA. So I know everybody is pretty smart.

But we've created a state where, you know, it's last or second to last place to retire in. Got the highest per capita debt in the nation, so you're hitting the population on both ends. You're hitting the older people. They can't afford to live here to retire. The younger ones are going to inherit this huge debt. Any of you got kids or grandkids coming out of college, you know they can't get jobs. There's nothing out there.

Unless they're specialized -- I mean, unless they're a chemical engineer, perhaps, or something -- somebody with a real specialized training, they might be able to get a job in Connecticut. But for the rest, liberal arts graduates -- we had a young gal who worked with us during the session. Senate Republicans -- I know her parents, honor roll graduate from Boston University, high honors, graduated in December. No job. She waitresses at Bertucci's. Not a bad thing, I mean, waitressing. She works hard. She makes decent money. But she's a well-educated young woman, very smart. She can't find an opportunity in our state. How long will she stay here if she doesn't get a job that meets her education?

So those are the kind of concerns I have. You know, even our -- our little family business. We've done fine. My daughter's been running it for the last seven years pretty much by herself. But I still -- when I don't come up here, I still go in there, I have to have a place to hang up my hat. And I don't even water the plants anymore, they have somebody else doing that. But anyway, I still go in.

And at the end of the year, you know -- she's quite computerized like all these young kids. And she was telling me a couple of weeks ago, maybe a month ago, you know, she went through the customers we lost. These are mostly residential personal lines. We're an insurance business, so they're homeowners, auto, customers. Half of them moved from the State of Connecticut. So we didn't lose them to competition. We lost them because they no longer live here.

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And I know, you all know, Republican or Democrat, people who are leaving the state. You know it's not anecdotal stories. All you got to do is look at the flat line on population over the last 20 years.

So I'm not blaming this particular administration totally. This has been a trend. To be honest, I say it's gotten worse lately. But it's been a trend over a lot of years. It's just become an extremely difficult place to work, live, and raise your family. It's really that simple. And -- and people are, you know, just -- they're leaving.

I -- I was at a fundraiser yesterday for Penny Bacchiochi. A lot of you know, she's putting her oar in the water for Lieutenant Governor. And we had a nice crowd. And I said pretty much what I'm saying here, that -- Nancy -- Nancy knows Penny.

So, you know, so that basically, I said the same thing I said here. And so one -- one attorney came up to me after, local guy, he's lived in Stafford for four generations. He said, "Boy, whenever I hear you talk, it makes me want to throw up." And I said, "Well, gee, that's not too complementary, Wendell." But he's talking about what I had to say about all the problems Connecticut faces.

And what he ended up telling me is that he's leaving here as soon as he retires. He just can't afford to stay here. Well, he could. I mean, he could afford to stay here, but he'd have to change his lifestyle. And he doesn't want to do that, so he's looking at the Carolinas.

So, I mean, this is a good person. This is somebody who would benefit our community with his volunteer service. He's already a strong volunteer. I'm sure -- his father is elderly, I'm sure as soon as his father passes, he'll retire, and he'll be gone. Not an uncommon story.

So -- and then I'll just finish up telling you, I was at a meeting. I'm Co-Chairman of Manufacturing Caucus with Senator LeBeau. And I'm bringing him in, he's not going to like that. But it's true. He was there with me. And we went over to Pitkin Street, and they had about 20, 22 manufacturers there from across Connecticut. All employed over 100 people, some 200. And one of the gentlemen told a story about -- he had a supplier or a customer in England or Germany -- I can't remember -- and

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they were thinking of moving to the United States. He said, great, oh, why don't you take a look at Connecticut. And they said no, no, we're not looking at Connecticut, we're looking at the Carolinas. So he said why? Well, you know, they work with UTC, and UTC said ABC. So with UTC saying ABC, anyplace but Connecticut. Our biggest private employer telling people that contract with them, don't come here.

Now, as far as I know we give UTC quite a bit of money over the years, but they're not happy. And as you know, that was in the paper a while back. I don't know, maybe a year, year and a half ago. There was an e-mail that was leaked, or somehow got in the Courant where UTC top executive said just that, anyplace but Connecticut. So apparently he's not the sole guy saying this in the company. Apparently, this is a mantra. I don't know about you, but that -- that caused me great concern.

So I guess, you know, I know the outcome. I've been here long enough to know. But I just want this Circle to know that I'm concerned about it. I hope that, in the near future, we get serious about budgeting. I know there's a tipping point. I just don't know where it is. But I'm -- I'm afraid Connecticut is very, very close.

Thank you, Madam President.

THE CHAIR:

Will you remark?

Will you -- Senator McLachlan for the second time.

SENATOR MCLACHLAN:

Thank you, Madam President, for the second time.

Earlier, I mentioned the concern that I have about the constitutional spending cap, and specifically, the points in this legislation before us that seem to dramatically change how we've worked with the constitutional spending cap in Connecticut over the last 20 years.

Specifically, there are three sections. Ironically, this bill before us has some -- nearly 2500 lines of text. And only 16 of those lines, Sections 67, 68, and 69, seem to

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cleverly change, in relatively few words for legislation -- that's what's amazing about it -- seems to dramatically change the way we treat the spending cap.

Madam President, I think that this needs to be addressed. And I would ask the Clerk to call LCO 8609 and seek leave to summarize.

THE CHAIR:
Mr. Clerk.

THE CLERK:
LCO Number 8609, Senate Amendment Schedule "A." It is offered by Senator McKinney, Fasano, et al.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

I move the amendment, and I'd like to seek to waive reading.

THE CHAIR:

Motion is on adoption.

Will you remark, please?

SENATOR MCLACHLAN:

I would also like to request a roll call vote.

THE CHAIR:

A roll call vote will be had.

SENATOR MCLACHLAN:

Thank you, Madam President.

This is really very simple, too. Just like that 16 lines of these three sections I mentioned to you, which is

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somewhere around 75 or 80 words. This amendment that I have before us seeks to strike those 16 lines. And why we want to do that is to return Connecticut to the constitutional spending cap the way we've all known it.

Madam President, the -- one of these sections changes a state program from an acronym LIA, known as Low-Income Adults Medicaid Program, to LIP. And another section seems to reach way back to legislation from 2001 to accomplish what we're trying to do here. And what I'm saying is that if we're going to change the constitutional spending cap, let it be by a three-fifths vote of this Legislature.

Madam President, I would like to yield to the distinguished ranking member of Appropriations, Senator Kane, who is very well versed in this matter.

THE CHAIR:

Senator Kane, will you accept the yield, sir?

SENATOR KANE:

Thank you, Madam President.

Yes, I do.

Senator McLachlan's amendment, I think, is a pretty good way for this Legislature, this body, to be transparent with the State of Connecticut and its voters. As Senator McLachlan stated, Sections 67, 68, and 69 is just a simple way of changing the spending cap in a very clever fashion, however. Because if you -- if you look at the 16 lines that he mentions, Section 67 just says that DSS will no longer continue the Medicaid Program for low-income adults. In 68 it talks about how there won't be an appropriation for said program. And in 69, it refers to a change made back in 2002 that was approved in a special session of 2001.

But what it really does, Madam President, is directs OFA to ignore \$446 million in Fiscal Year 2014 and 1.1 billion, with a B, dollars in 2015 worth of expenditures that are 100 percent federally funded.

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When this type of change occurs or can occur -- I had a discussion earlier with the Appropriations Chair about rebasing -- OFA's opinion was that we should go back to its initial year and rebase that appropriation and that dollar amount from that point. We're not doing that because of the clever language offered in Section 69. This, in turn, puts us over the spending cap that we instituted, or this Legislature instituted, back in 1991-1992 by \$154 million.

So I know transparency is a word that we throw around so often in this building, but it's certainly not something that is being offered to the constituents in the State of Connecticut, especially when you look at language like this.

This is legalese, if you will, for changing how we've done business for the last 20 years, for all of a sudden, making an adjustment to a spending cap that should be adhered to.

So I do rise in support of Senator McLachlan's amendment. I do hope that the entire Circle will realize that as well and support this amendment, because all this is doing is opening the door for further changes that can be equally as harmful.

Thank you, Madam President.

THE CHAIR:
Thank you.

Will you remark?

Senator Harp.

SENATOR HARP:
Thank you, Madam President.

I rise to oppose this amendment. In Section 68, basically, we are establishing the Medicaid coverage for the Lowest Income Populations Program pursuant to the 902(a)(10)(A)(1)(8) of the Social Security Act. And this is required by the Affordable Act, based upon the Supreme Court case that said that states can -- are required to affirmatively indicate that they are to participate in the

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expansion populations by -- by striking this section in particular.

We will not participate in the expansion population, the extra 100 percent for this population. We will not receive and will continue to get our 50 percent for the populations that we are serving less this. And you know, to a person, we heard today, almost, not everyone, the real concern about hospitals. The one way in which we think we can get hospitals a little more support is through this expansion population and the 100 percent for hospital costs. If we strike this section, then we will not have even that opportunity for hospitals. So for that reason -- and I just want to go further.

We heard from one of the makers of this -- this amendment that OFA did not approve the manner in which this was written and that it would go back, if this was passed, to a spending cap of 446 million, approximately. The reality is if you look at the fiscal note, OFA doesn't say that at all. It basically lays it out three possible options not adhering to any one of those three.

So, again, you know, a lot of the information that was presented to support this amendment is fallacious, I believe, and ultimately, I would urge your rejection.

THE CHAIR:

Thank you.

Will you remark?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

One of -- one of the benefits of this amendment, which I think highlights one of the challenges in the budget before us, is that in five years, in 2018, the very funds we're talking about are no longer going to be 100 percent reimbursed by the federal government. So just in five years, we're talking about putting this back online with respect to an expenditure. And the percentage at which the state will not be reimbursed will continue to climb

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thereafter.

And all of that relies on one assumption. That the program, as it stands today, will be implemented, as it stands, today in perpetuity, which I don't think is a safe assumption to rely upon, which is why I think this amendment is very important, and I will be supporting it.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

I rise in support of this amendment because I think what you want to do is be honest with our constituents. And so we want to make sure there's transparency in the budget, and that when we talk about this type of appropriation, it keeps coming back to the Legislature, which, under our form of government, has the power of the purse. So this is what we do. So we want to make sure that it keeps coming back to us.

Why this is so important is that we're dealing with Medicaid. And while we talk about, you know, 100 percent reimbursement versus 50 percent reimbursement, it confuses many of the people at home watching this. The fact is -- and there are a couple of facts that we need to get out in this discussion.

First, Medicaid doesn't pay 100 percent for every dollar of service that's provided. It's the way the government controls the health care costs. So you get a reduced rate, often not even an increase on annual year-to-year basis. So when we start talking about Medicaid, we're looking at a reduction in what is normally paid.

Second, when you look at this area, you also have hospitals. If you have a private insurance policy, that

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often pays more than the dollar of care. And the confluence of both allows the health care industry to perform. With The Affordable Care Act, as we start to move more people to the Medicaid pool, what we're doing is putting more pressure on providers.

Now, this is important. Because with regards to the low-income populations we're looking at, right now, 100 percent reimbursement. But that doesn't last forever. At some point, 2017, that sunsets. And what do we do then when the state has to start paying a portion when the federal government doesn't?

When I spoke earlier, that's the setup for our kids and future generations. That's one of the biggest problems in the budget, is that it's going to be a structural roadblock for our kids.

Now, with regards to Section 69, where it talks about, we're going to do this in the same way that it was done in 2002 with the Medicare Part B premiums, it wasn't here in '02. But in '02, if I -- history is -- is borne out correctly, there were enough votes in the Senate to get the three-fifths necessary to go through a spending cap, and two, the request was being made to spend surplus dollars. Today, we're not in that boat. We don't have the votes to get a three-fifth, nor are we looking to spend surplus dollars.

So I think we need to be careful when we start to -- to look at taking things offline because it takes it out of the budget, out of the view. And I think it's -- it's problematic, because it sets our children up for that deficit. And that's a problem.

So I do thank Senator McLachlan for bringing this amendment forward. He's done a good job. I think it's -- it's something that's important, and I certainly support it.

Thank you.

THE CHAIR:

Thank you.

Will you remark?

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Senator McKinney.

SENATOR MCKINNEY:

Madam President, thank you.

Madam President, if I could, through you, I'd like to ask some questions of one of the proponents of the amendment, the ranking member of the Appropriations Committee.

THE CHAIR:

Senator Kane, prepare yourself.

SENATOR MCKINNEY:

Thank you.

THE CHAIR:

Relax, Senator McLachlan.

SENATOR MCKINNEY:

Thank you, Madam President.

Senator Kane, as ranking member of the Appropriations Committee, I know you're intimately familiar with the appropriations side of the budget. And I just thought I would start by asking you, that -- does this amendment cut any funding out of the budget that's before us today?

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Through you to Senator McKinney.

No, it does not.

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Senator McKinney.

SENATOR MCKINNEY:

So, therefore, if we pass this amendment, all of the money that is supposed to be spent -- and I use that term as most people would use the term spending. I understand that the Legislature wants to come up with a new name of what spending is. But all of the money that is being spent under the budget would continue to be spent.

Through you.

Is that correct?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Through you to Senator McKinney.

Yes, that is correct.

SENATOR MCKINNEY:

Thank you, Madam President.

And also, Senator Kane, as I understand in Section 67 and 68, we are discontinuing the Department of Social Services LIA program, which is low-income adults, and replacing it with a Medicaid coverage for lowest-income populations. Is that a correct reading of 67 and 68?

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

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Yes, the Senate Minority Leader is correct.

Through you.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

And as I read the budget bill before us, Senator Kane, is it correct to say that the DSS LIA Program which we are discontinuing, and the Medicaid Coverage for the Lowest Income Populations Program which we are creating, are one and the same, in that they cover the exact same populations. Is that correct?

Through you, Madam President?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Madam President, yes, that is correct.

Through you to Senator McKinney.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

And also, as I understand it in, Madam President -- we are, in Section 68, I believe -- I want to make sure I've read it correctly -- in Section 8, we are specifically not allowing any state appropriations to be authorized for the current DSS LIA Program. Is that correct?

Through you, Madam President.

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THE CHAIR:
Senator Kane.

SENATOR KANE:
Madam President, yes, that is correct.

Through you to Senator McKinney.

THE CHAIR:
Senator McKinney.

SENATOR MCKINNEY:
Thank you, Madam President.

So if DSS is not allowed to and no -- can no longer have a LIA program, but we have a Lowest Income Population Program, who is monitoring, running, and -- and -- that program?

Through you, Madam President.

THE CHAIR:
Senator Kane.

SENATOR KANE:
Thank you, Madam President.

That's a very good question, and fortunately, not spelled out in the -- in the language of the bill. One's assumption would be DSS but, of course, they are discontinuing this program to low-income adults in -- in the Legislation.

Through you.

THE CHAIR:
Senator McKinney.

SENATOR MCKINNEY:

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So is it fair to assume that the Department of Social Services will run the new Medicaid Coverage for Lowest Income Populations?

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Through you to Senator McKinney.

Yes.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

So am I also correct in understanding, Senator Kane, that the only difference between the budget that's before us and the budget that would be before us, if this amendment passed, is the number of votes required in the Senate to pass that budget into law. Is that correct?

Through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

And that's the real reason for the underlying amendment, is because that is true. That we are removing something from the spending cap that would normally be there. And one of the requirements would be the three-fifths of the

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Legislature to change -- to make that change.

Through you to Senator McKinney.

THE CHAIR:
Senator McKinney.

SENATOR MCKINNEY:
Thank you, Madam President.

I want to thank Senator Kane for answering my questions, and all of his hard work on the Appropriations Committee on behalf of our caucus.

It's very interesting, Madam President, what is being done here. A good friend of mine has a phrase, too cute by half. And that's what this is.

Why don't we just be open and honest and tell people what we're trying to do. And -- and I say that because, in Section 69, we also talk about how the budgetary reductions are going to be reflected in the same manner as those payments that were made in Medicare Part B premiums in the Fiscal Year '01 and '02 budgets, and I was here, and I voted for them.

What -- what the majority won't tell you is that we had a declaration. We had an emergency declaration signed by the Governor at the time which required a supermajority three-fifths vote of this Legislature, which, indeed, we did have. That emergency declaration did not prohibit those Medicaid payments from being off budget.

So what we're being told is, well, this is what we did back then. No, it's not. We had an emergency declaration signed by the Governor that did not preclude Medicare Part B payments, and we got a three-fifths majority vote. Difference number one.

Difference number two, back in 2001, we were talking about \$47 million. Here, we're talking about several billion dollars. And I used this analogy the other day, and I'll continue to use it to my constituents. Arguing that what we did in 2001 is -- just like we're doing here today -- is like saying someone who gets caught for going speeding at

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60 miles an hour in a 55 is doing the same thing who gets caught doing 120.

Well, they both -- both might be speeding, but someone doing 60 is simply speeding, and someone doing 120 is reckless. And what's being done here by taking billions off the budget for no effect other than to reduce the number of votes needed to pass that budget and be consistent with our Constitution is reckless.

But here's what's even curiouser, as they say. Things get curiouser and curiouser. In our definitions, in our statutes, in our laws, we define what appropriations are. And we say that an appropriation is the authorization of the General Assembly to make expenditures and incur liabilities for specific purposes.

Now, there's a very important reason why we defend -- why we define appropriations. That is because we are the only branch of government that can appropriate and spend money. The Executive Branch does not have the power to do that. We have to give the Executive Branch the money and the authorization in our budget. The Judicial Branch can't do that because we have to give them the permission and authorize the money in our budget. Why? Because we are separate but equal branches of government, and our Constitution clearly defines the right and power to authorize spending by the Legislature.

So what -- what is done, in Section 67 to 69, is to specifically take away the appropriation for the DSS LIA Program, so that program no longer exists. We're saying you cannot spend that money, DSS. You can't spend the money. But then, miraculously, somehow, out of magic and thin air, the same amount of money going to the same people appears in a budget somewhere outside our budget. And we say, well, that's because it comes 100 percent from the federal government. Well, if it's coming 100 percent from the federal government, and we've told the Department of Social Services you cannot spend it, who spends it?

How does the money get from the federal government into this state account out to the people? Well, it has to happen through DSS. I don't think the federal government is going to give us a whole new agency and employees and open up an office in Connecticut, and say, don't worry, Connecticut, we'll take care of it for you, it's our money.

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No.

But guess what? We haven't authorized the appropriation of that money out of this off-budget account, because we're pretending it's not spending. How that is legal and constitutional is mind-boggling. We specifically say in here, you are not authorized to appropriate and spend this money.

And the legal argument is, well, Senator, you're missing the point. You are missing the point, Senator McKinney. We have two very different programs. See, we get rid of the DSS LIA Program, and we create a new program. And that new program has got an exciting new name called Medicaid Coverage for Lowest Income Populations. We go from LIA to LIP. Which, quite frankly, pun intended, is just lip service for the people of the State of Connecticut. It is the exact same amount of money. It is the exact same population.

In fact, we even say in the budget that you're going to run it exactly how we run DSS LIA. Nobody believes it's a different program, because it's not. And it's insulting to say it is.

As the question and answers with Senator Kane proved, it's the exact same program with the exact same money going to the exact same populations. And guess what? It's going to be done the exact same way by our Department of Social Services. The problem is, in this budget, we specifically take away that appropriations from the Department of Social Services. So how do they have the legal authority to spend the money? They don't. And that's what I mean too cute by half.

You can't make this stuff up. Somebody said to me the other day, you know, you're just trying to score points on the budget. I said, no, quite frankly, I'm just telling -- trying to tell people the facts of the budget. The points get scored by themselves.

It's going to be fascinating to listen to my colleagues in the House and the Senate as they go around the state and get asked the question how much does Connecticut spend on annual basis? Or what's the total appropriations of the biennium budget? Are they going to say it's 44 billion? Are they going to say it's 39 billion?

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And people are going to be like, oh, my god, you guys cut, like, billions out of your spending. Well, actually we didn't. The same people are getting the same amount of money, we're just not calling it spending. This amendment is the honest way to do it. It's the right way to do it. And it's the way that's consistent with our laws and our Constitution.

Now, I've heard it said we're the only state that does it this way. Well, 49 other states don't have a constitutional spending cap. I think there's probably about 25 to 30 that do. But here is what I do know. And here is what no one can dispute or challenge me. That no other state implemented its constitutional spending cap in the exact manner and reasons under which we did.

There was a very important reason why over 80 percent of the people went to the polls and voted to amend our Constitution. The very fact that over 80 percent of the people agree on anything is remarkable. But when they agree, Republicans and Democrats, and unaffiliated voters, green party and A Connecticut party which existed back then voters, and everybody in between, there was a sacred deal made with the people of Connecticut.

We're going to -- we're going to institute an income tax. We've never had it before. That income tax is going to solve all of our budget woes. Parenthetically, we know it did not. But, in exchange for that, in exchange for taking away what many believed was Connecticut's competitive advantage over New York and New Jersey and Massachusetts, in exchange for giving away -- the reason why, quite frankly, many of my constituents first moved to Connecticut, because it wasn't for the long train ride from Fairfield to New York, it was because Connecticut was so much more affordable, because we did not have that income tax.

We're going to have a constitutional spending cap. And I look back at some of the discussion on the floor of the House and the Senate back at the time when they debated the spending cap. And that's what they talked about, the compromise that was made, the deal that was cut, to say if we're going to entrust you with a new income tax which will lead to a lot more revenue into state government, we want to make a protection that state government doesn't spend every single penny, dime, nickel, dollar that is

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raised and spending goes through the roof.

Now, some can argue that that spending cap has not been as effective as those people had hoped back in 1991. And I think it may be right. But if we don't pass this amendment and the budget passes as is, we have officially said the spending cap does not exist in the State of Connecticut, that this Legislature can ignore the Constitution at any time it wants to.

So for the cost of getting 22 votes, we have turned our backs on the people who fought so hard in 1991, in this House and in this Senate from both parties, and worst, we turned our backs on the Constitution. And here is the ultimate irony of irony, Madam President.

My guess is, when this budget is voted on final passage today, there may very well be the necessary 22 votes. Down in the House, there were more than enough votes to pass the supermajority. And my guess is there are going to be 22 votes here as well. The only thing missing, in order for us to be honest and transparent and consistent with our Constitution and not play in one of the most ridiculous shell games ever, not just in Connecticut, but ever, was a declaration of emergency designed by this Governor. And why he refused to do that is beyond me.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

I just want to correct some of the things that were said in the debate. It was said that this is the same coverage group. Actually, the Affordable Care Act, beginning January 1st, extends the Medicaid coverage for people up to 133 percent of poverty. The low-income adult coverage group is far less than that, and it reflects our saga.

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It's around 60 percent of poverty. So it's a different coverage group. More people are eligible.

The other thing that was said that, in Section 68, it was read that it says that there is no appropriation, but it actually reads no state appropriation. And that is very different than no appropriation.

The other thing that we heard was that -- that we're not abiding by the constitutional spending cap. The constitutional spending cap required that the Legislature implement, through legislation, a spending cap by three-fifths vote. It has not happened to date. So we have been operating under a spending cap of sorts, but that is the statutory spending cap.

And there are those who argue that the three-fifths vote, one, that statutory spending cap wasn't passed by a three-fifths vote. It was passed, I believe, in this Chamber by one vote.

And there is an argument that another Legislature cannot bind any subsequent Legislature. So there are those who argue that any kind of spending that we do in our state would only require 50 percent. But we have operated under the statutory spending cap as if it existed when, in fact, we didn't really have to, given the court case that was brought by former Senator Neilsen.

So I think that it's really important that we not -- I know that there are some that have really strong feelings about that, but one, it's a different coverage group. Two, even the Office of Fiscal Analysis doesn't say definitively that this would have any impact on the spending cap, given what we know to be the fact that the spending cap basically has not been implemented, particularly the constitutional spending cap has not yet been implemented by any Legislature over the past 20 years, and that the statutory spending cap does not have the ability to bind this Legislature or any subsequent one.

THE CHAIR:
Will you remark?

Senator McKinney.

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SENATOR MCKINNEY:

Thank you, Madam President.

For the second time on the amendment, I want to thank Senator Harp, because she raised a point that I forgot to raise, and it's a very important one. When I said that we specifically don't allow the state to appropriate money through the DSS LIA Program, I didn't read the language because I read the interpretation of it. But she's right, it says no state appropriation shall be authorized.

Well -- and I'll ask a rhetorical question -- what other kind of money can we spend? What other kind of appropriation can state government spend? Can we, as a state, say no municipal appropriation? No. Can we, as a state, say no federal appropriation? No. The only money we have to spend is state money.

So what Senator Harp is saying -- and again, this is why it's too cute by half, to go back to my friend's favorite saying -- is if we said no appropriation shall be authorized, well, then, we're not letting them spend the federal money. But if we say no state authorization, no state appropriation, then somehow the federal money, which goes over here into a pot is administered by the state, paid for with state funds, somehow can be appropriated, not by the state, but by the federal government. Yet Senator Harp said it's not the same populations. Why? Because we, as a state, are doing something different.

Thank you for pointing that out, how ridiculous your argument is. What other kind of appropriation do we have as a state? Yes, we get federal money. Yes, we get money from all kinds of sources. But the state spends the money and it's a state appropriation.

The second thing she mentioned -- and it's not too relevant to our amendment -- but shame on us, and shame on this Legislature. Do we really believe that when the people of the State of Connecticut made the extraordinary attempt and successful attempt to amend our Constitution, to have a constitutional spending cap, that their intent was for the Legislature to sit and do nothing?

And the excuse as to why we can do this is because we've never adopted it. Yet, when Republicans time after time

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have tried to do that, the Democratic majority has said no, flouting the will of the majority and our Constitution. No matter what arguments you give, no matter how you say it, no matter what excuse it is, this clearly is against what the people voted for and what they wanted when they amended our Constitution.

So maybe I'm missing something. But again, we, as the General Assembly in the Legislature, in the legislative branch of government, are authorized to appropriate money. As far as I know, that's a state appropriation. It's not a municipal appropriation. It's not a county appropriation. It's not a federal appropriation. It's a state appropriation.

And if the state is going to administer, monitor, and run this off-budget, we're going to pretend it's not there because it's not really spending, account in the billions of dollars in the same way they currently administer the DSS LIA account, it looks like, it smells like, it acts like a state appropriation.

Thank you.

THE CHAIR:

Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

For the second time on the amendment, and very brief if I may. Senator Harp mentioned that the Legislature and preceding Legislatures have yet failed to -- well, she didn't say failed, but have not implemented the spending cap. And, of course, that's because it requires defining the spending cap and then a three-fifths majority vote.

In this Legislature, I was pleased to co-sponsor with Senator Frantz, Senator Welch, Senator Kane, Senate Bill 525. And Senate Bill 525 was also another very simple bill that would implement the spending cap, but it didn't make it to the first base in the Appropriations Committee, because you have to start with a public hearing. But it

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would define state statute, specifically describing what's necessary to clearly define the spending cap.

And if this Legislature, by a three-fifths majority, would adopt this kind of a bill, then we don't have to have these conversations anymore. Because then the voters of 1992 have won, finally, what they asked for and it's etched in stone until such time as the voters say we want to do it differently.

Thank you, Madam President.

THE CHAIR:
Thank you.

Will you remark? Will you remark?

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

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call on Senate Amendment Schedule "A" has been ordered in the Senate.

THE CHAIR:

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you call the tally.

THE CLERK:

Senate Amendment Schedule "A" for House Bill 6704,

Total Number Voting	36	
Necessary for Adoption		19
Those Voting Yea	14	
Those Voting Nay		22
Those Absent and Not Voting		0

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Amendment fails.

Will you remark? Will you remark?

Senator Markley?

SENATOR MARKLEY:

Thank you very much, Madam President.

The Clerk is in possession of an amendment, LCO Number 8651.

THE CHAIR:

Mr. Clerk, will you please call the amendment?

THE CLERK:

LCO Number 8651, Senate "B" offered by Senators McKinney, Fasano, et al.

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

Thank you, Madam President.

I would move adoption of the amendment, ask that the reading be waived, and beg leave to explain.

THE CHAIR:

The -- the motion is on adoption.

Will you remark, sir?

SENATOR MARKLEY:

Thank you very much.

This amendment is intended to preserve the cap which we currently have on the gross receipts on petroleum. I think that everybody who is a member of the Chamber will remember the pressure which was brought to bear last

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session in favor of capping this gross receipts tax. And, of course, the problem with it is it's a percentage tax. It's a tax on gasoline which rises as the cost of gasoline rises, and in that sense, perhaps the most ill-advised kind of tax that we have in the state.

First of all, because it increases just when the pain is the greatest, and second, because it puts a burden on such a vital resource. A resource which -- the price of which is reflected in every price that we pay in Connecticut, because everything that needs to be transported is going to require -- requires gasoline. And as the price of gasoline goes up, all those items go up. And also, all the people that work that have to commute, all the travel that takes place in the state, all the tourism we hope takes place in the state, all of this is tied to the use of gasoline and dependent, then, on the price of gasoline.

The Legislature made a wise decision last year to cap that tax, but it was a temporary decision. And I thought it was unwise to make it temporary, because I feared we'd be right back in the position we're in today, and indeed that's the case. That cap has expired, and now that revenue is -- is needed in order to make this budget work. And it will be taken out of the pockets of not only the people driving cars in Connecticut, but everybody that is purchasing everything. This has a ripple effect throughout the economy, I think, like nothing else we can tax.

What I propose to do instead is to reduce the amount of the Earned Income Tax Credit to cover the cost of the revenue that would be lost by continuing the cap on gas taxes. Gas taxes are far too high in the state to begin with. It's an amazing situation to my mind when it's advantageous for us to go across the border into states like New York and Massachusetts, states that are hardly known as tax havens, because the savings on a gallon of gasoline are considerable enough to make it worthwhile.

I think that we also run the risk, as we allow our gas taxes to increase, that the revenue that we think we're going to get is not going to be there. Not only will people visiting our state make an effort to buy gas elsewhere, but our own residents, insofar as they have the chance to go across the border, are going to take advantage of that. We have a small state. We have to compete with other

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states for everything we do in every way. And this is one of the ways we must compete, and allowing this, the removal of this cap, is one of the things that will put us at a profound competitive disadvantage.

And I'll say one word about the Earned Income Tax Credit. You know, when that was put into place two years ago, the case was made that -- the original proposal, what was then called a negative income tax, came from a Republican -- Republicans, and notably from Milton Friedman, the famous conservative economist.

The proposal was to replace all social welfare programs with direct payments to recipients. The negative income tax was a way to get rid of an entire bureaucracy and a myriad of programs and replace it with a single cash -- cash payment. What we've done instead in Connecticut is simply put this payment in place on top of all the other services we provide.

I have no question that there are people receiving this benefit that are in need of it. I have no question there are people receiving this benefit that are not in need of it. It's not really gauged to need, it's simply a reflection of income. And it doesn't provide any particular service to anybody. It's simply a payment to people who are earning below a certain -- a certain amount.

What it certainly isn't is a tax break, because the people receiving this credit are not, in fact, taxpayers. They are beneath the income levels which would require them to pay a state income tax. And the fact that this service is not really tied to any particular need is reflected in the fact that the Governor himself in his budget has moved this number up and down. It's a kind of an arbitrary number, whether -- whether we fund it at 30 percent or 25 percent or a lesser degree.

I propose that we fund it at a lesser degree. And I propose that in doing so, we save money for every single person in Connecticut when they buy a gallon of gas or when they buy any other good in the store that has to be transported by the use of gasoline.

I think that -- I think our constituents would thank us if we passed this, and I think our constituents will be furious on July 1st when they see the increase in the price

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of a gallon of gas if we don't pass this. And they'll say, what were you thinking? Right now is the moment for to us think about it.

Thank you very much, Madam President.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

Madam President, I rise to oppose the amendment for a couple of reasons. The first is regarding the proposed change to the Earned Income Tax Credit. The fact of the matter is, Madam President, that the Earned Income Tax Credit is a job creator. It's a job initiator. It encourages work.

And while others -- some may argue whether or not other programs have the desired effect, there is no doubting, there is no question about the effect on encouraging work and -- and encouraging job creation as is the Earned Income Tax Credit. And it's -- it's been supported by Republican administrations nationally, ever since Ronald Reagan initially proposed it, for the very reasons I just said.

With respect to the gas tax and -- and the scheduled increase, every member of the -- of this Circle voted for the bill that created this schedule back in 2005. Unanimous vote. And that's because of the need to be -- to have certainty -- to have certainty with respect to our ability to fund this Special Transportation Fund for various bridge and road repairs.

The reality is the vagaries of -- of the gas, the price of a barrel of oil, and the price of gasoline changes more than New England weather does. And -- but that means it also can drop, and we all hope it drops. But if it does, and we aren't able to be assured of the revenue we need for the programs, then we'll be not only wringing our hands

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here, but also in terms of the quality of our infrastructure throughout this state. And I don't think any member of this Circle wants that to happen.

So I reluctantly rise, Madam President, to oppose the amendment.

THE CHAIR:

Thank you.

Will you remark?

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I rise to support the amendment. It is singularly, I think, one of the more important amendments that will probably be proposed regarding this budget today, because it talks about two very important issues. One of them, of course, is the gas tax.

And the gas tax, in fact, is probably one of the most difficult taxes for any person at any income level, whether they work for a living or they don't or they're retired. It's another one of those large burdens that our senior population carry. It's also a very large burden on those on very low income or young people that have beginning jobs. And it is something that eats into everybody's budget equally throughout Connecticut.

It -- it received an extensive conversation on the Transportation Committee when we were debating the tolling bill. Because we talked about, at that point, getting a schedule of all of the gas taxes in the country. And we were provided with that schedule that showed clearly Connecticut was at the very top, 45 cents per gallon, with the diesel being even higher, 52 cents, the highest in the country.

And we talked about, well, if you're going to put in tolls, that is another tax burden, are you going to reduce or take away the gas tax, and there was really clearly no answer to that. So for us to propose, to at least halt the

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increase to 8 percent on a percentage tax that a lot of people aren't aware of -- and by the way, we took away that knowledge by eliminating it at the pump, so it's not clearly displayed. And we've had some proposals, one I proposed myself, to bring that back so people clearly knew what was in there.

This is really a place to focus. There are many others as well. We have a tax on pensions, we have a tax on real estate. We have a tax on inheritance. All of these other taxes, many of which were temporary, which are no longer temporary, they're permanent, but this is really an important one. And to offset it by a program that was instituted, as good as people might feel it is, it was instituted at a time when we had the highest unemployment in our state and the worst economy in our state, nearly 9 percent unemployment, people were losing jobs, restaurants were closing up, small businesses were closing up, and yet, we were going to create a program that literally took the tax dollars from one group and gave it to another group that weren't paying taxes.

I can see it if we were in surplus mode, but certainly not a time when people are down and causing even more stress in our state. It hasn't done anything to keep people here for sure. And this would be a great use of the funds, a great use of the funds for us to turn around and save money, on a daily basis, for individuals that have to get to work, have to get to school, have to get to a doctor's appointment, at every age group there is. So I strongly support the amendment. And I hope that people will consider it.

Thank you.

(Senator Duff in the Chair).

THE CHAIR:

Thank you.

Senator Frantz.

SENATOR FRANTZ:

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Thank you, Mr. President.

I rise in favor of the amendment, and thank Senator Markley for introducing it. Notwithstanding anything that Senator Fonfara said about the Earned Income Tax Credit as a job creator, I believe it is unbalanced. There are a lot of different ways to -- to inspire the creation of jobs. I have no questions for you, Senator Fonfara, in case you'd like to sit down. But I think he's right, it's -- it's a net positive.

And on the issue of the -- the gross receipts tax, the gas tax, it's been pointed out very, very clearly that it's a burden. It is a regressive tax. It's something that everybody feels in their pocketbook. I put a lot of gas in -- in my car going back and forth to the capitol almost every day these days. And I see it, I feel it, I don't get reimbursed for it, so I do feel it. And I think it's -- it's a travesty that it's as high as it is today going further north.

Through you, Mr. President.

I do have a question as it relates to the Earned Income Tax Credit Program of Senator Markley.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:
Thank you.

Through you, Mr. President.

Do you know what the percentage of the program in Connecticut is fraudulent?

THE CHAIR:

Senator Markley.

SENATOR MARKLEY:

Through you, Mr. President.

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I do not.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you for that answer, Senator Markley.

Through you, Mr. President.

I don't know whether this is a fair comparison, but if you take the national incidence of fraud in the Earned Income Tax Credit at the federal level it's between 21 and 25 percent. Take the lower end of that range of 21 percent, apply it to Connecticut -- I don't think we're any different from the average state out there when it comes to this sort of a program -- and take that factor and apply that to the 110 or 115 million dollars, you're talking about some pretty serious bucks if we simply were more diligent in administering this program.

So my suggestion here is that we take that into account when considering this amendment here, which we could easily pay for a good portion of the -- the revenues that we would waive by passing this amendment going forward. And that would be 20 -- if we were perfect, on the low end of the spectrum being conservative, of eliminating waste and fraud in the Earned Income Tax Program, we'd be 25, maybe a little more, maybe \$28 million ahead of the game, and that would pay for a good portion of what Senator Markley is recommending here, which is an excellent one for every single person in Connecticut. And I urge everybody to think about this before they vote on it, because it is a very good, common sense policy.

Thank you Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Markley.

SENATOR MARKLEY:

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Thank you, Mr. President.

Having just demonstrated my failure to illuminate anyone in this Circle, let me rise simply to ask that we have a roll call vote on the amendment.

THE CHAIR:

Vote will be taken by roll.

Will you comment further on the amendment? Any further on the amendment?

If not, Mr. Clerk, please announce the pendency of a roll call vote. The machine will be open.

THE CLERK:

Immediate roll call -- immediate roll call has been ordered in the Senate. Senators please return to the Chamber. Immediate roll call on Senate Amendment Schedule "B" has been ordered in the Senate.

THE CHAIR:

Have all members voted?

If all members have voted, please check the board to make sure your vote is accurately recorded. If all members have voted, the machine will be closed, and the Clerk will announce the tally.

THE CLERK:

Senate Amendment Schedule "B" for House Bill 6704,

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.

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

If not -- Senator Witkos.

SENATOR WITKOS:

I was talking with the Distinguished Chair of the Finance Committee, sorry about that.

The Clerk has in his possession an amendment LCO 8654. I ask that it be called and I be allowed to summarize.

THE CHAIR:
Mr. Clerk.

THE CLERK:
LCO Number 8654, Senate "C," offered by Senator Witkos.

THE CHAIR:
Senator Witkos.

SENATOR WITKOS:
I move adoption.

THE CHAIR:
On adoption, will you remark.

SENATOR WITKOS:
Thank you, Mr. President.

Ladies and gentlemen, what this amendment does is expands the -- the clothing allowance in Section 79 of the bill. We talk about our economy and how people are struggling, and we recognize that fact by saying let's -- let's reinstitute a policy we had in the State of Connecticut so if you buy clothing under \$50 we're going to give some reprieve to the middle class of Connecticut.

And as we're nearing the end of the school year, more and more camps are starting to -- kids are registering for camps, whether it's football camp or lacrosse camp or

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soccer camp, and those specific camps require certain type of footwear and clothing.

And so to further help the middle class, I thought it'd be a great idea -- I know as a parent you want to do everything you can for your child, so when your child comes, can I please play soccer, can I please play football, all my friends are doing that. Sometimes that gets to be very, very expensive, depending on the sport. So the amendment says that if you are in an organized youth sport then -- and it's under \$50, the cost, then that also becomes tax-free, and I move adoption.

Thank you, Mr. President.

THE CHAIR:

Thank you.

Senator Fonfara.

SENATOR FONFARA:

Thank you, Mr. President.

Mr. President, I rise to oppose the amendment, as well intended as it is. And seeing that this provision will not take effect until the final quarter of FY '15, I think that gives us some time to work on this for the -- for the -- for next year's session, and I'll look forward to doing that with Senator Witkos.

And -- but for today, for reasons that, (a) that this would send this back to the House, and also the opportunity to have the time to work on it in the way that would be satisfactory to everyone, it won't be able to be supported today. And I urge the Chamber to turn back the amendment.

I'd ask for roll call, Mr. President, at this time.

THE CHAIR:

Thank you, Senator.

The vote will be taken by roll.

Senator Kane.

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SENATOR KANE:
Thank you, Madam President.

Through you.

I have a couple of questions to the proponent of the amendment.

THE CHAIR:

Please proceed.

SENATOR KANE:

Thank you, Mr. President.

You know, I -- I -- this amendment caught my eye, Senator Witkos, because I have a son who plays hockey, baseball, karate, and swimming. And I have a daughter who does swimming, gymnastics, karate, and soccer. It's crazy around my house, as you can imagine.

So if I'm reading this amendment correctly, not only would typical articles of clothing that you and I would buy for our kids for the school year, for shoes and -- and jeans, shirts, T-shirts, whatever, but are you saying that sporting equipment that I mentioned I would buy for my child to participate in these sports, that would be excluded as well? Are they not excluded under the current budget?

Through you, Mr. President.

THE CHAIR:
Senator Witkos.

SENATOR WITKOS:
Thank you, Mr. President.

And thank you, Senator Kane for the question.

I'm sure, as you know, as your children are as active as they are, we're always concerned about obesity, and we've

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actually done a lot of measures here in the state capitol before this Circle regarding extending recess time to make sure they're physically active, talking about labeling of foods, talking about nutrition in schools, and we want to keep our kids as active as possible. And that was the intent of the bill.

If we didn't have the amendment, then anything you wanted to purchase that had to do with athletic -- athletic activity or a sporting event would not be included under the current language. This would just be for -- my interpretation would be just a regular pair of shorts, T-shirts, and some sneakers. But all the other underlying things that you said that your kids would need that you have to go out and purchase would not be excluded -- or included.

Through you, Mr. President.

THE CHAIR:

Senator Witkos.

Senator Kane, sorry.

SENATOR KANE:

Thank you, Mr. President.

I thank Senator Witkos for that answer. I do appreciate this amendment, because as you know, these kids grow incredibly fast and outgrow the sporting equipment that they use. And a sport like hockey, it's amazing how expensive that stuff can be.

And as you already stated, we don't want to have our kids just simply hanging around playing video games and what have you. We want them involved in sports and activities, and I think this is a very good amendment.

And going along with the other legislation you mentioned, the bills we've been passing in regards to this issue, I think this is a very good amendment and will help families go a long way in -- in their purchasing. So I appreciate the amendment. I will be voting in favor.

THE CHAIR:

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Thank you, Senator.

Will you remark further on the amendment?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President.

Mr. President, I rise in support of the amendment. You know, in many ways this amendment highlights two very different approaches that we have in this -- in this Circle and in this building as Republicans and Democrats. Albeit a small impact on the budget and our economy, I think it's a perfect contrast of different ways of doing business.

The other day the majority passed an increase in the minimum wage which is intended to help hard-working people at the low wage scale. Because we all know that the current minimum wage and the new minimum wage are not a livable wage. But what the minimum wage increase does is say we're going to tell the business owner that their costs and expenses are going to go up so that somebody can get more money.

In contrast, our way is to say we're going to reduce the costs and expenses of the very people we're trying to help by increasing the minimum wage, and quite frankly, by a lot wider population, and take money away from government.

So the Democrat proposal is, let's have the business owner spend more of her or his money to go to an employee, and the Republicans are saying we're going to have government take a little less money so that man or woman, that mother or father, can have more money in their pocket. I think it's a pretty amazing contrast in two philosophies.

And, unfortunately, a couple of minutes ago we had another way to help that very same population of people who struggled with the minimum wage, and very many more people in our state by saying we're going to reduce the cost of buying gasoline.

And this amendment says we're going to reduce the cost of buying certain sporting equipment for your kids, which

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also ties into another bill we did the other day on a task force to study obesity and requiring kids to have 20 minutes of exercise every day. Because we know -- we know, Republicans and Democrats, we know the cost to society of obesity, whether it's in our kids and in our adults.

One of the reasons why we've had exploding health care costs is because of obesity. Yet, people can't afford, in this economy, to buy some of the very things necessary to keep those costs down, like sporting equipment.

It doesn't make any sense to me that we can, in one moment, say we care for those who are struggling. We care for those at the lower income brackets, and yet, at the next moment say, but we're going to charge them more for their gasoline. And we're going to charge them more to clothe their children. Or here, specifically, charge them more for their kids to participate in athletic events, which not only is a great part of being kids, but we also know is extremely important to their overall health and welfare.

It makes no sense at all. You want to help people out? You can either charge the business owner who employs them more money or you can let them keep more money by taking less from government. I vote for the latter, and I'll vote for the latter every time I'm in this Circle. And that's why this is a good amendment, and I urge adoption.

Thank you, Mr. President.

THE CHAIR:
Thank you, Senator.

Will you remark further on the amendment?

If not, Mr. Clerk, please announce the pendency of a roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call on Senate "C" has been ordered in the Senate.

THE CHAIR:

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Have all members voted?

If all members have voted, please check the board to make sure your vote is accurately recorded. If all members have voted, the machine will be closed, and the Clerk will announce the tally.

THE CLERK:

Senate Amendment Schedule "C" for House Bill 6704,

Total Number Voting	36
Necessary for Adoption	19
Those Voting Yea	14
Those Voting Nay	22
Absent and Not Voting	0

THE CHAIR:

Amendment fails.

Remark further on the bill.

Senator Boucher.

SENATOR BOUCHER:

Thank you very much, Mr. President. And good evening to you. It's very nice to see you up there.

I have an amendment that I would like to call and it is LCO Number 8679.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 8679, Senate "D" offered by Senators McKinney, Fasano, Boucher, et al.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Yes, thank you, Mr. President.

Mr. President, I move this amendment and I would like to move the adoption and move to waive the reading. And I would seek leave of the Chamber to summarize it.

THE CHAIR:

Please proceed.

SENATOR BOUCHER:

Thank you.

And also, I would call for a roll call vote once presented. This is a very intriguing amendment, because it builds on a national effort at the federal level to actually allow the state to recoup the taxes that it will be charging for Internet sales.

Currently, of course, we do not collect the potential millions that we would have through the -- through the Internet that could represent to Connecticut \$135 million. That's a sizable amount of revenue that we currently don't collect, but it is very possible that very soon this state would be receiving a windfall.

And instead of taking that windfall and using it for any and all other purposes, we believe very strongly that we should be encouraging our small business sector, our retail sector, that has really taken a hit during these very bad economic times.

So we would propose with this amendment that we would restrict that potential \$135 million windfall and propose a revenue-neutral amendment that would dedicate that money to take our sales tax that has been increased to 6.35 percent and bring it down to 6 percent. Imagine that.

Imagine we would actually propose a reduction, a significant reduction, in what is perceived as probably the second largest revenue source for the state, the income tax and then the sales tax. This would benefit everyone

across the board.

In fact, we should note that in Danbury, the Danbury Fair Mall that is very close to the New York border gets nearly 40 percent of its customers, 40 percent of its customers, even with the 6.35 percent sales tax, from the State of New York. That is one of the reasons we really oppose the border tolls, because we did not want to dissuade them because that would, again, reduce their incentive to come over the border.

Just as Connecticut residents go over the border to buy their gas because the gas tax is so high here, the sales tax still has a bit of an advantage. Imagine the advantages we'd have if we were to pass this bill. So I ask everyone to take a close look at this. I hope I get some support.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further on the amendment?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

And sorry about that Senator Fonfara.

You started off, Senator Boucher, by saying this is a very intriguing amendment that you proposed here. And I stand in strong favor of this amendment. I'm just reading the fiscal note right now, which is pretty much hot off the press. If you haven't seen it, you might want to take a look at it.

It says here, straight from OFA, the amendment lowers the general sales and use tax rate from 6.35 to 6 percent upon the passage of General Marketplace Fairness Act. This results in a potential revenue loss due to lowering the sale tax rate, however the increase sales collections resulting from the act would offset more of the sales tax

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revenue loss, which is -- it's a virtuous calculation. It's a virtuous projection here. And that's what make this amendment a particular -- particularly good one for us to consider in the Circle here tonight.

Many have made the point earlier today and earlier in the session that we are a high tax state and doing whatever we can to reduce the tax burden on -- on everybody here in the State of Connecticut is a good thing for our economy.

We heard from Senator John McKinney earlier that the approach of -- of raising taxes and of raising the cost of doing business in all senses is something that puts a damper on commerce and puts a damper on the economy, frankly, and a damper on everything else associated with -- including hiring.

And so, therefore, it's very important that we look at every possible opportunity to lower tax rates, particularly if it's not going to hurt us. So this one starts to look like it's a very obvious and easy one to support, although I know there will be some opinions saying that it's probably not a good idea and mucks up the budget going forward.

But, nonetheless, anything -- anything like this that is going to improve our job -- our job prospects and our economy going forward, I think, is something that absolutely has to be considered seriously.

So I want to thank Senator Boucher for spending as much time as she did generating this amendment here, and having all the research done, including that of OFA, and I stand in strong support, as I do hope everybody else does as well.

Thank you, Mr. President.

THE CHAIR:

Thank you. Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President.

I also stand in strong support of the amendment. You know, as ranking member of the General Law Committee we did a

lot of research last year when we did our comprehensive alcohol bill. And we looked to our neighboring state to the north, Massachusetts, and they saw sales increase tremendously when they dropped their sales tax on their alcohol.

And one can only see that if we reduce our sales tax from 6.35 down to 6 percent, we become more competitive to our surrounding states. And that may, in turn, cause folks to purchase their items here in the State of Connecticut versus one of the other states that may have a equal to or larger sales tax. So I stand in strong support of the amendment.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Linares.

SENATOR LINARES:

Thank you, Mr. President.

I appreciate Senator Boucher's idea. I think that it's an excellent common sense change to our tax law. It's very thoughtful. And -- and it highlights the change in technology that we're facing today.

We simply will be collecting more revenue from online sales, and by lowering the sales tax for retailers, we'll see a nice balance. And that will help the hard-working people on Main Street. The people who get up every day and feel their spine sweat. They never ask for a bailout, and they're just looking to make a sale to people in their hometowns, in their neighborhoods.

I think that this is an excellent idea that will help small businesses. And as Senator Witkos pointed out, will actually increase sales from our local businesses on -- on Main Street. And that's one of the things we have to focus on more in the Legislature, is how are we going to help the people that own small businesses, the entrepreneurs that started small businesses in their communities with nothing but hard work.

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And that's -- that's one of the reasons why I will be supporting this amendment. I think it's a forward-thinking idea, and I would like to thank the good Senator for her work on this.

Thank you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

Through you.

I have a question to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Mr. President.

Senator Boucher, if you don't know this answer, then I -- I understand. But when I saw your amendment, it made me think of something. Two years ago the biennial budget, at that time, increased the sales tax from 6 to 6.35 percent. And the argument at the time was that .35 was going to be shared with the municipalities, at least a portion of it or so.

My question to you is -- because I believe I've heard this -- is our municipalities that we represent haven't gotten that .35.

So through you, Mr. President, to the proponent, is that your understanding as well?

And again, I don't mean -- intend to put you on the spot, but maybe we're speaking anecdotally, I don't know, but through you, I'm just curious if that's your feeling as well.

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THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President.

Mr. President, I share the same point of view as the questioner on this bill. In fact, many of the newly enacted increases in taxes, and there were many in fees, sales income, and all manners of other taxes were raised uniformly throughout and we failed to realize the expected revenues. Because at the same time this was put into effect, so many of our businesses were closing, so many of our residents were spending less. They have less to spend.

And also, the payroll tax increased on a federal level at exactly the same time as well. So we did not get the benefit that was expected. Our communities did not get a windfall from this as well. And this is why this bill is so important because, in fact, there is an expectation, and something really that our small retailers were looking for, and that is to the level the playing field for them because Internet sales exempted sales tax and put them at an advantage.

And so many of our -- of our store owners that had, you know, the infrastructure in place and had a -- leases to pay that added to their cost of doing business put them at an unfair disadvantage. So this was a step that some states were trying to take independently, state by state. But it was well understood the only way this would really work is if it was done at a federal level so all states had the same rules regarding Internet sales.

So you're -- you're correct in this regard, and you're also correct, I think, in your thinking, if I -- if I understand the direction you're going with this argument, is that if we do reduce the sales tax, we will generate more sales. And when you generate more sales, you will have higher revenues. That's proven every time.

It's the reason we're at a disadvantage with our -- our liquor sales on the borders. It's the reason we're at

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disadvantage with our gas sales at the borders, because other states have a lower cost. And it's amazing. Even the most affluent person is known to go a few more miles to save \$5 or a few dollars in their pocket.

And this, in fact, by going this direction will actually raise the volume of sales, which will finally help our towns and municipalities to realize some benefit from this, because I think the same kind of cost sharing is embedded in this amendment, and the thought is they, in turn, will have a piece of this reduction in the sales tax.

So yes, through you, Madam President, it is my belief that we did not realize the expected gain in revenues from the previously enacted historic retroactive tax increase. It came at a time when the public could bear it the least, as well as businesses, and as a result produces fewer revenues. And it was time and again -- and why we've been in deficit time and again even with those higher taxes.

Through you, Madam President.

(The President in the Chair).

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I thank Senator Boucher for that answer.

That -- it's my understanding as well in the -- in the conversations I've had in my district. And I also agree with you, when we lower the tax rates and lower taxes, more money gets spent in the economy. People can go out and spend, whether it be retail, whether it be restaurants, museums, even garbage museums, quite honestly, if -- if they have enough money in their pocket.

So I, too, rise in favor of this amendment, and I hope the Circle supports it.

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Thank you.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

I -- I rise to oppose the amendment, not because I don't think there's value to it, I actually do. And I will say to the proponent of the amendment, Senator Boucher and to Senator Frantz and to Senator Witkos, all members of the Finance Committee, that this is an area that I look forward to working with them and other members of the Finance Committee on going forward, not necessarily with respect to the Marketplace Fairness Act.

I think that is one of many things, but I couldn't agree more with Senator Boucher's remarks about the perverse response that we see because of the -- of the comparisons, if you will, or the disparity that exists between one state and another.

We are a small state, and we end up having many requests. And some of those requests are responded to successfully in terms of altering how some things are treated because of -- because of the fact that the differential between what we have as a tax in this state versus other states.

Unfortunately, this is -- this is complex and it takes time, and it's not something we can do by way of amendment today. But I stand ready and I will be looking forward to the opportunity in the off-session to begin these discussions because of what I see already as an adverse impact on our state in terms of our revenues, as well as the decision making of others, whether they be in Connecticut or outside of Connecticut when you have those gross disparities between what a tax rate may be in Connecticut versus that of a neighboring state.

So I rise to oppose the amendment, but I look forward to

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the discussion going forward after this session.

Madam President, I ask for roll call vote if one has not been requested.

THE CHAIR:

Roll call vote will be taken.

Will you remark further?

Senator Boucher, for the second time?

SENATOR BOUCHER:

Thank you, Madam President.

For the second time, I also wanted to give full credit to Senator Witkos and others around the Circle that have spoken, Senator Scott Frantz and others, that really supported and helped to introduce this idea to the Circle. They worked very hard on this concept. And we have some great expertise in the business sector that have real world experiences, including our Senator Art Linares, who is a small business owner and understands very clearly the economic dynamics at play here, and how important it is to understand buying behavior, and how that impacts sales and revenues, which should inform the actual policies that we enact here at the state.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Welch.

SENATOR WELCH:

Thank you, Madam President.

This is a great amendment, and it's a great amendment for a number of reasons. First, I think it's universally recognized that a sales tax is a regressive tax. In other

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words, it hurts the poor more than it hurts the wealthy.

And so what we're talking about doing here is providing relief on a local level with respect to income that might be generated elsewhere out of the state. Another reason why that is important, because not only is it clear that a sales tax is regressive, it is clear that increasing sales tax will reduce jobs. The reason why is, from the consumers' perspective, a sales tax is a cost, so the cost of the good goes up.

Recent study in Arizona, in fact, opined that a 1 percent increase in sales tax, from the University of Arizona, will result in a job loss of over 4,000 people. So, Madam President, this is a great amendment. It allows to us take advantage of potential revenue sources outside of the state, and make sure that there's no adverse impact inside of the state.

THE CHAIR:

Thank you.

Will you remark?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

And I rise in support of this amendment, and thank Senator Boucher for bringing it out. This is a very creative idea. And it's novel because what it does is it's based upon a recognition of who's money it is.

If we have the Marketplace Fairness Act, which generates more money because there's more sales covered, rather than just accepting that as additional tax or revenue to the state, we're looking, with this amendment, to allow the people to keep their money by reducing a sales tax on all other transactions.

I think it's -- it's a great and creative way to approach this. And it's based on that recognition that it's the people's money. It's not government's money. It's theirs. And before we spend it, we need to have good

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reason to do so.

So thank you.

THE CHAIR:

Will you remark?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

First, let me also thank Senator Witkos, Senator Boucher, and the rest of our caucus for proposing this amendment and speaking up on a very important idea. I also want to thank and let Senator Fonfara know that his words are -- are helpful and we disagree on this issue and other budget-related issues, but the good Senator's experience as Chairman of the Energy Committee was always one of reaching out and working with ranking members and Republicans, regardless of disagreements, to try to see and say that everyone is welcome to participate. And so we do look forward to that future discussion. And we do sincerely thank you for that.

And as I compliment you, let me just disagree with you. I don't think there's anything to preclude us from doing this today. Because this amendment, like the budget, only is implicated if the federal government passes the Marketplace Fairness Act. And, again, I think this is yet another example of -- of different philosophies.

You know, a lot of us have talked in the Circle over the years with much dismay about the erosion of Main Street across Connecticut. The loss of the mom and pop bookstore to the Barnes and Noble. The loss of basically almost every mom and pop to the megastores, to the national chains, that can overpay in rent, that have national online sales networks.

And that mom and pop store owner, whoever they are, has always said, look, I've got to pay my overhead. I've got to pay property taxes. I've got to pay rent. I've got to pay electricity. I've got to pay the water bill. I've got to pay all these things that in Connecticut, quite

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frankly, costs more than they do in some other states.

And if someone is going to buy a pair of sneakers on the Internet that they can buy in my store, it's not fair that they pay a sales tax at my store but not on the Internet. And if someone is going to buy a book or clothing, or whatever the item is, if they're going to pay 6.35 percent, or whatever the sales tax is in your state at my store, they should pay for the same item on the Internet. And their answer is yes. My answer to them is yes, they're right.

But I've always said to people, that in order to support that, I wouldn't want to know that that extra tax is just more money for government. If we're going to be fair -- and that's what the Marketplace Fairness Act is about, is to say that people that sell the same items should have the same sales tax imposed on those items -- then what we ought to say is this is one marketplace where we have a sales tax.

And if we're going to now capture revenue on products that are sold over the Internet, we ought to use that revenue to lower the sales tax overall. And that's the different approach. That's why many of us have talked about fighting against tolls, for example -- and I don't want to get off on too much of a tangent. But, you know, a lot of people say, well, there are people from New York and New Jersey and Pennsylvania and Massachusetts and Rhode Island and all over, who use our roads who pay nothing, and a toll would capture revenue from people who don't live in Connecticut but still use our roads. What a great way to get money. It's not even your constituents. It's not even people in Connecticut.

But I've always said I won't do that unless I know it's going to be used to offset your costs. Not as just an additional source of revenue for government to spend, because that's all we do is spend their money. And this, again, is a different approach. I think lowering the sales tax for everybody because we're capturing the sales tax on all sales is the only right way to do this.

And others in the caucus have mentioned this, and I'll just mention it briefly. What -- what a lot of people don't focus on, and that is okay, is that a lot of the sales tax is business to business tax transactions, as well. So

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we're not just helping that mom or dad -- that mom or pop business owner, you know, to sell their goods. We're not just helping the person buying goods at retail in Connecticut by lowering their sales tax, we're helping the economy as well.

And I would -- this is a revenue-neutral amendment, and with that, does not undo the impact, in my opinion, on the budget, and that's why I think it's worthy of passage.

Thank you.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

If not, at this time, Mr. Clerk, I'd ask for a roll call vote, and the machine will be open please.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call has been ordered on Senate Amendment Schedule "D."

THE CHAIR:

Mr. Clerk, would you mind repeating that roll call, please?

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to this -- to the Chamber.

THE CHAIR:

Wherever.

THE CLERK:

Immediate roll call ordered on Senate Amendment Schedule "D."

THE CHAIR:

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Thank you.

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed.

Mr. Clerk, will you call the tally, please.

THE CLERK:

Senate Amendment Schedule "D,"

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.

Sorry, Senator Maynard.

Will you remark further?

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

Madam President, the Clerk has an amendment, LCO 8683.
Will the Clerk please call the amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 8683, Senate Amendment Schedule "E" offered by
Senators Fasano and Linares.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Madam President, I move adoption and would seek to summarize.

THE CHAIR:

Motion is on adoption.

Will you remark, sir?

SENATOR LINARES:

Thank you, Madam President.

The amendment that I bring out to you today is in regards to the increased fee that has been added to this bill. Currently, anyone that is going to record a mortgage in the State of Connecticut pays a \$36 fee. Like my grandfather always says, if you count the pennies, the dollars will come.

I think we need to count the pennies in this budget, and this is a perfect example of that. Currently, in -- in this fee when you record your mortgage, \$36 goes to the Community Investment Act, which goes to preserving open space and farmland conservation. And it's -- it's money that has served the public well. Another \$17 goes to the municipalities. Five dollars goes to the general fund within the municipality, and \$12 goes to the Town Clerk's Fund.

Now, in this budget, we've seen an increase of about \$106 to the mortgage recording fee. For 60 percent of the people who file or record their mortgage under a MERS bank, under this new fee structure, the Community Investment Act will receive the same \$36. The General Fund will receive \$74. And the municipal share will go up. The General Fund to municipalities will receive \$39 and the Town Clerk's Fund will receive \$10.

Now, I've spoken out before that I oppose this fee. I think that families that are looking to buy a home in states around the area or states bordering Connecticut will

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definitely take into consideration the tax code, the fee structures.

And we -- we talk so much about keeping people in Connecticut, giving them a reason to stay here. Giving families the opportunity to -- to see their kids grow and go on to college in the State of Connecticut. Then I ask, why are we imposing this new \$106 fee, which I believe to be essentially a money grab on people who are looking to live in Connecticut.

To the extent that we will have the fee, I'm looking to create a balanced piece of Legislation here. And I would ask that, through this amendment, that we, instead of taking \$74 for the State General Fund, return that money to the Community Investment Act so we can invest more money in preserving open space and farmland in the State of Connecticut.

Thank you very much, Madam President. And I would ask for a roll call vote on this amendment.

THE CHAIR:

A roll call vote will be had.

Will you remark? Will you remark?

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I rise in favor of this amendment, and wish to thank Senator Linares for putting it forward.

In my first year in the Legislature I served on the Banks Committee as a ranking member, and certainly did not offer as intuitive amendments, as Senator Linares is in this situation and beyond. His work with the Banks Committee has been incredible. And this goes another way in showing how in tune he is with the Banks Committee and with the policies and direction of that committee and his constituents.

I also believe that this will save our constituents a great

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deal of money, will not harm the towns or municipalities, and goes a long way into showing the transparency that we should be showing to our constituents, as opposed to what is in the underlying bill.

So I, too, rise in favor of this amendment, and would like to thank Senator Linares again for putting it forward, and hope the members in the Circle will see so as well.

THE CHAIR:

Thank you.

Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

I stand in support of the amendment before us. I'd like to thank Senator Linares for zeroing in on something, I think, is pretty important to learn early on in a political experience.

It is commonly known that in Politics 101, don't raise taxes, raise fees. Because nobody pays attention to fees, they only care about their taxes.

And this is one of those hidden fees where a whole bunch of extra money just falls out of the sky, but fewer people are paying attention to it. So Senator Linares, you have zeroed in on probably one of the first things that you probably should learn about the political process, and that is we need to shed light on the hidden fees as well. And you've done just that. I applaud your effort.

Thank you, Madam President.

THE CHAIR:

Thank you.

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I also rise to support this very important amendment, one that, again, highlights an area that we need to preserve in the State of Connecticut, that's our open space, our historic preservation, our farmland, all of the things that make Connecticut the state that it is and speaks to the quality and the character of our communities and our states.

And if we start to lose ground in that area, so to speak, it really will impinge on so many other things, including the attractiveness of our state to tourism, the attractiveness of residential communities in our real estate marketplace.

And I would also like to commend our newest, youngest State Senator for the amount of knowledge that he brings, the maturity that he brings. And he is our own version of a business prodigy that we see at the national level for many others, and that he has been willing to share that expertise with us, and the time commitment that's involved and represents not only the business sector, but a generational point of view, a more modern approach to things, and the current thinking that is out there. And yet, proposing this amendment also shows that he values our state and the programs that we really need to concentrate on.

Because if we lose ground in that area, as was stated before, we also lose the quality of life that is Connecticut.

Thank you very much, Senator Linares, for bringing this forward. It certainly has our support.

THE CHAIR:

Thank you.

Will you remark?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

I appreciate that, and I appreciate the opportunity to stand in strong support of this -- this amendment. It's -- it's out-of-the-box thinking. I think it's wonderful that Senator Linares, who is now familiar with the legislative process, understands that there are all kinds of different things that you can propose. You don't necessarily have to stick to what might be considered the rigid rules and regulations of the legislative process. And this is a good one.

One that none of us -- none of the rest of us were capable of thinking of. So if families or individuals, at this very difficult, challenging time economically, if they have to refile or change papers or ownership of a -- of a mortgage, and they have to pay these fees, well it might as well go to a good cause. And the Community Investment Act is a terrific cause.

We all have dealt with it, we all know what it's all about. It's something that is designed to improve the living conditions for people throughout the State of Connecticut and it's been a very proven and successful program.

So I think it's a noble idea to take these funds and dedicate them to that -- or some of the funds, anyway, a portion of them for this particularly worthy cause. So I want to thank you, Senator Linares for thinking of this, and working so hard to bring it to the floor for a vote here this evening. Thank you.

Thank you, Madam President.

THE CHAIR:
Thank you.

Will you remark? Will you remark?

Senator McKinney.

SENATOR MCKINNEY:
Thank you, Madam President.

I, too, rise in support of the amendment. I want to thank

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Senator Linares for offering it. I also want to thank him for his hard work on the Banking Committee. As the Senate may remember, Madam President, we passed a series of banking-related bills trying to make our foreclosure system better.

And as the ranking member of the Banking Committee, Senator Linares working on those issues spent a great deal of time educating me and the rest of our caucus on those bills. And at one point, the original bills had the mortgage filing fee increase from, I believe, \$53 to now \$159 in the bill.

He was not comfortable with the fee increase, and I asked him, I said, well, you know, sometimes you have to increase a fee to implement the changes to our mortgage program. And what he told me was that that was the problem. That none of this money in increasing the fee was to change or implement our mortgage and banking approvals. It was simply for to us grab more money. And that's why this fee should be deleted from our budget.

You know, we can -- we can get up and say there's no new taxes, but when someone files their mortgage on MERS -- so we're talking about 60 percent of mortgage holders -- they're going to now pay \$159 instead of 53. Imagine somebody, a young couple, maybe not too much older than Senator Linares, buying their first home, struggling to get that financing, which we know, and I'm sure we've all heard from our constituents, which is so incredibly difficult to find in these tough times, struggling to make those payments, struggling to make ends meet, but doing it all because of the joy of, perhaps, starting a life together, starting a family, and now getting socked with another \$106 increase in the cost of buying the American dream.

That's why we ought to eliminate this. And I want to thank Senator Linares for bringing the amendment out.

Thank you, Madam President.

THE CHAIR:
Thank you.

Will you remark? Will you remark?

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If not -- oh, sorry. Here we go.

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

I rise to oppose the amendment. The -- these fees have not been changed since 2013. And there are a number of aspects of it that would be affected if we did not move forward with it as it is in the budget. So I would ask if there hasn't been a roll call vote requested that there be one when there comes time for the vote.

Thank you.

THE CHAIR:

A roll call vote will be ordered, sir.

Will you remark? Will you remark?

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

THE CLERK:

Immediate roll call is ordered in the Senate. Senators please return to the Chamber. Immediate roll call on Senate "E" ordered in the Senate.

THE CHAIR:

I'm sorry, Mr. Clerk will you call for a roll call vote again, please. Thank you.

THE CLERK:

Immediate roll call has been ordered in the Senate on Senate Schedule "E." Senators please return to the Chamber.

THE CHAIR:

If all members have voted, all members have voted, the

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machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

Senate Amendment Schedule "E" for House Bill 6704,

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? Will you remark?

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

Truth be told, I was going to rise for the purpose of an amendment. And come to find out the amendment is not ready. I know. It -- and I was actually anticipating a close vote on this one. But more importantly than the amendment, Madam President, is the point I want to make in regard to the amendment I would have proposed.

In this underlying budget, I spoke with Senator Harp earlier about some of the one-time revenue grabs that have taken place. And one of them is to the CEFIA, which is the Clean Energy Fund. So I've noticed it in relation to a whole laundry list of funds that were being raided and/or swept. And I talked about that a little bit.

But during that debate, I received an e-mail. And the e-mail came from a constituent in my district who said, and if I may, Madam President, the headline on the e-mail, in bold letters, is emergency. And it says "I don't ask you for much, but right now I have to talk to you about my livelihood and about my partners, and what -- they are facing an emergency I'm hoping you can fix.

The House of Representatives has dropped a bomb on the Clean Energy Fund, CEFIA, and would cut residential solar PV and solar thermal funding by 20 percent in Fiscal Year 2014 and a whopping 80 percent in Fiscal Year 2015. Those funds are what allow a company and other solar installation companies to sell solar PV and solar thermal systems to homeowners across Connecticut at net prices they can afford. We will be put out of business without it.

I urge you to vote no, but that won't be enough to save my business from being decimated by the budget raid on CEFIA. I need to you please take emergency action to remove the CEFIA raid from the state budget. Please do not let this new budget drive my business into the ground.

The electric ratepayer surcharge that funds CEFIA is supposed to be dedicated, in part, to residential solar PV and thermal. Lawmakers shouldn't use ratepayer surcharge money to fill holes in the state budget because lawmakers cannot find the money anywhere else."

That's a real e-mail from a real legitimate business who is now going to be out of business because of this raid on this fund.

So I had an amendment, Madam President, that would do away with the sweeping of \$6 million in Fiscal Year 2014 and \$24 million in 2015, and quite honestly take that from the Citizens Election Fund. Because I would rather see this company stay in business, keep people employed, and help promote green energy, that we all say we want, than the State of Connecticut paying for my bumper stickers and lawn signs.

So I'm sad to say that the amendment is not ready. I'm even more sad to say that it would have gone down in a party line vote. And even more sad and upset that, by this action, by this raiding of this fund, this company and probably a lot of others are going to go out of business, while yet we claim we want to be green, we want solar, and we want to move ahead environmentally.

So a lot of things upset me in this budget, Madam President, and I stated them earlier. I clearly said we're in the wrong direction, I clearly said we're on the wrong path. But when a company writes me an e-mail and says I'm going

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out of business because you're removing this fund that keeps us afloat and provides clean energy to the citizens of the State of Connecticut, that really upsets me.

THE CHAIR:
Thank you.

Will you remark further?

Senator Markley.

SENATOR MARKLEY:
Thank you, Madam President.

While we await Senator Kane's amendment, I have something we might deal with in the meantime, if the Clerk is in possession of LCO 8690.

THE CHAIR:
Senator -- Mr. Clerk, will you please call the amendment?

THE CLERK:

LCO Number 8690, Senate "F" offered by Senators McKinney, Fasano, et al.

THE CHAIR:

Senator Clerk -- Markley. Sorry.

SENATOR MARKLEY:

Thank you, Madam President.

If I may move the amendment, ask the reading be waived, and beg leave to summarize.

THE CHAIR:

Motion is on adoption.

Will you remark, sir?

SENATOR MARKLEY:

Senator Kane just referenced receiving an e-mail from a business that is going to close due to actions of this Legislature. I received, as many of us here did, a visit from a couple of old teachers of mine concerned about the Retired Teachers Health Fund, a fund which was established and funded regularly for many years for the purpose of paying health costs for retired teachers.

I have found few petitioners who I had more sympathy for than Mr. Walsh, the long time guidance counselor at Southington high school who I knew well who was a great friend of my sister's as well, served the town for many years. People that did their job, did it well with pride, that left a magnificent impression on a generation of young people in my home town, who only asked that the state honor the commitment that it made to the retired teachers.

Of course, the -- the fund was initially -- the contribution to the fund was eliminated in the budget that we saw two years ago, but the funding was restored at that point. This time, again, it was eliminated in the proposed budget. I'm pleased to say that the Appropriations Committee restored about two-thirds or more, a little more than two-thirds of the contribution, but not the full amount of the state contribution.

And I think, again, we're playing games with the future when we decide to underfund an obligation which we know we are going to have to face up to and which I think all of us want to face up to. All of us feel a moral obligation to fulfill to the teachers that have served us, that have held up their side of the agreement.

So for that reason, I move this amendment, which would fully fund the state's contribution to the Retired Teachers Health Fund by using money from lapses in unfilled positions for state employees.

And I would encourage the members of this Chamber to do what I think they would like to do and what they know is both the best thing for the people who have served us and also for the long-term future of the state and to meet our funding obligations.

Thank you, Madam President.

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Will you remark?

Senator Harp.

SENATOR HARP:

Thank you, Madam President.

While I recognize that this is a laudable goal, I don't believe that we can do it in this budget this year. The allocation that we are giving is similar to the one that we gave in the last biennium, and I urge rejection of this amendment.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President.

I stand in firm support of Senator Markley's amendment. I can't recall now how many phone calls I've gotten from retired teachers in my district who are very concerned. Frankly, they're very concerned, and they're also very surprised that they even have to call a Republican State Senator to ask them to protect their pension.

So -- they normally would call their -- their Democratic majority party elected officials, but apparently, that side of the aisle isn't listening on this topic, which is alarming to them. And so they're asking for to us pay attention to this. They're very concerned, as I am.

I thank Senator Markley for bring this forward.

Thank you, Madam President.

THE CHAIR:

Thank you.

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Will you remark? Will you remark?

Oh, Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

I rise to oppose the amendment, and I ask for a roll call vote when --

THE CHAIR:

A roll call vote will be had. Thank you, sir.

Will you remark? Will you remark?

If not, Mr. Clerk, will you call for a roll call vote. And the machines will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate. Senators please return to the Chamber. Immediate roll call vote on Senate Schedule "F" has been ordered in the Senate.

Immediate roll call has been ordered in the Senate on Senate Schedule "F." Senators return to the Chamber please.

THE CHAIR:

Have all members have voted, all members have voted? The machine will be closed.

Mr. Clerk, will you call the tally.

THE CLERK:

Senate Amendment Schedule "F" for House Bill 6704,

Total Number Voting	34
Necessary for Adoption	18
Those Voting Yea	14
Those Voting Nay	20

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THE CHAIR:

The amendment fails.

Will you remark?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

The seriousness of this issue and of this budget, I think, is reflected in the fact that we've already heard 14 amendments and there is plenty of time for more. I have one to add to this, and -- another one to add to this list of 14 so far, because I think we owe it to the taxpayers and the citizens of the State of Connecticut to do the right thing by them going forward when we're talking about doing something as drastic as changing the way that we account for our spending as it relates to future increases and the spending cap for the Connecticut State Budget.

I know a lot of the debate may sound confusing to people at home if they're watching CTN or watching the tapes, and for that we are apologetic, but that's the nature of this business.

But to simplify the issue that I'd like to talk about with respect to my amendment, simply put, and it's been stated a few times before, in 1991, upon the passage of the income tax provision for the State of Connecticut, there was a conversation and ultimately a debate and a deal that was made to bring about a constitutional provision that would cap our spending at a certain level. The general understanding amongst the public was that we were doing this in good faith for their benefit.

Once you pass a new, broad sweeping taxing scheme, such as the personal income tax, in a state that previously had not anything like that, and had that as a huge competitive advantage, the check and the balance in the system was to introduce something that sounded really good. It sounded very powerful, and sounded like it had a lot of teeth, and that's a constitutional provision which was later put up

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for a vote. And we've heard ranges of anywhere between 75 to 81 percent of the people voting for something -- for this particular provision was -- was the case.

And -- and it's been pointed out before, but you get more than 55 percent of the people voting on anything out there resembling a referendum or constitutional amendment, you've got something to talk about. Seventy-five to eighty-one percent, you really got something to talk about.

So I think the implicit understanding in that initiative, in that constitutional amendment, was that we were going to take care of the people of Connecticut by not allowing spending to increase more than the inflation rate as measured by CTI and the growth and personal income, a very, very good, healthy, fiscally responsible idea for the -- for the benefit of future generations.

So Madam President, the Clerk has an amendment, LCO Number 8708, if the Clerk could kindly call that amendment.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 8708, Senate "G", offered by Senator Frantz.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

I move adoption and seek to summarize.

THE CHAIR:

Motion is on adoption.

Will you remark, sir?

SENATOR FRANTZ:

Yes. Thank you, Madam President. I appreciate that.

This is LCO Number 8708, and what this amendment does is -- is simply ask for this -- this constitutional change that we are addressing here, namely messing around with the spending cap, goes back to the people -- goes back to the people before it becomes law. And I think it's only fair to ask for that, because we asked the people what do they want in 1992 -- '92, I think it was, for the -- for the constitutional amendment.

And they spoke loudly -- really loudly, to the tune of somewhere between 75 and 81 percent, and I know there were a lot of conversations, in addition to the pure numbers of people voting, with their Legislators and Representatives, as well as the Governor at the time, that this was something that was very, very important to them. So if we're going to change, at least in spirit, what that constitutional amendment was all about, I think this needs to go back to the people.

We're a representative body. We don't know any better than the taxpayers and the citizens of the State of Connecticut. In fact, in many cases they know more and better than we do on issues such as this. So this amendment here, 8708, calls for the sections for adding this to the last part of the bill after the last section, adding -- it's Section 30 -- sorry -- it's 501, "Notwithstanding the provisions of this act or the General Statutes, the sections of this act shall not be effective unless the Secretary of State certifies that a majority of the electors have voted yes to the question presented in Subsection B of this Section at the general election to be held November 4, 2014."

And the question that will be presented to the voters at that election will be, do you approve of the provisions of the public act, the one that we are working on right now entitled, whatever it ends up being titled, if it -- if it makes it through.

It's a simple amendment. It's a fair approach to changing potentially dramatically how we deal with our spending cap going forward, because it will affect -- it will affect all taxpayers and all citizens of Connecticut down the

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road, perhaps in a very dramatic, and perhaps very, very adverse way. And I urge everybody to think about this and ask as many questions as you want, and at the end of the conversation vote for it.

Thank you, Madam President.

THE CHAIR:

Will you remark?

Senator Kane -- whoops -- Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I'm not one to ask many questions, but Senator Frantz asked if there were any questions, so I figured I'd get up.

SENATOR FRANTZ:

Why not.

THE CHAIR:

Prepare yourself, Senator Frantz.

SENATOR FRANTZ:

I am prepared.

SENATOR KANE:

Thank you, Madam President.

In all seriousness, earlier in your conversations with Senator Harp, you went back to the history of this spending cap and the proposal that took place, and of course enacted back in the early nineties. And you made mention to the fact that there was a vote and that, I believe, it was offered that there were 75,000 votes and it came out 75 percent of that were in favor.

So is it your intention, through this amendment, that because you put it on the November 4th, 2014, ballot that -- and because of the fact that we are debating this

budget for a number of hours now and there will be great attention, whether it be in the local newspapers, television, Internet, chat rooms, what have you, social media, that there will be a great deal of attention on the subject, and you could anticipate greater turnout this November that, you know -- I guess my question is, do you anticipate a great interest and participation in this question if we do put it on the November ballot?

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes, thank you, Madam President.

Great question, Senator Kane. I appreciate you asking it. I think the answer is absolutely. Absolutely there will be a keen amount and a lot of interest in the issue. There will be lots of debates. There will be lots of different groups that take a position on this. And I can't imagine anybody who's a taxpayer -- and then a lot of citizens on top of that -- not paying very close attention to this because it's a -- it's a monumental shift that we're asking for here tonight on the floor of the Senate and on the House two nights ago.

And therefore, I think it's absolutely going to generate a great deal of interest and a great deal of study also, in terms of, really, what is the right thing to do for the State of Connecticut long-term, as well as short-term. And I don't see any downside to doing that.

I know that November 4, 2014, is a year and a half off, and we would have to wait. We'd have to have some patience before we'd get some feedback from the electorate and -- and the citizens in the state. But I think it's -- it's worth waiting to do something as monumental as what we're asking the Legislature and the Senate here tonight to do. So great question.

Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

I thank Senator Frantz for his answer. I tend to agree with you in that regard, and do believe there will be a great deal of interest on this topic and should be.

In my hometown, our town budgets are put out to referendum each and every time, and we have two questions on the referendum which would be the town side and the education or school budget, as it were. And I know it may be different in differing towns, but certainly, in our hometown, we don't hold the education budget hostage. If one fails, they both fail. Both of them need passage. And it's very important that we do it that way so we have equality amongst the schools versus the towns.

And I think it's very important that we have that budget referendum, that people have a choice, they can speak up on their taxes, speak up on the spending of local government, and have a voice in the process. And I think your amendment does just that.

It's very important, as we spoke earlier, about transparency in government and how the people of the State of Connecticut, all three and a half million of them, know what's taking place with the spending cap, and I think this is a very good instrument to do that.

And I do anticipate, as you said, great participation in it, because I think people are fed up with the state spending that has taken place over the last 20 years, and I think this is a good way. So I appreciate you for bringing out the amendment and I look forward to its passage.

Thank you.

THE CHAIR:

Wait -- oh, sorry.

Senator Harp.

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SENATOR HARP:

Thank you very much, Madam President.

I rise to oppose this amendment and to ask that the roll be taken --

THE CHAIR:

A roll call vote will be taken.

SENATOR HARP:

-- by roll call.

Basically, this amendment is kind of unusual. It says, "Notwithstanding the provisions of this act, the sections of this act shall not be effective unless the Secretary of the State certifies that a majority of electors have voted yes on a question in subsection B of this section at a general election to be held on November 4, 2014."

Well, we're really talking about this year's budget. So the first thing is that this absolutely doesn't work. It is -- I mean, I guess the best thing that I can say is that it -- in trying to solve a problem around the spending cap, it creates another problem around a budget, which is our first constitutional duty.

And so, for that reason, I would say that this amendment -- I wouldn't really call it frivolous, but just unworkable. So I urge rejection.

THE CHAIR:

Thank you.

Will you remark?

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

If I may, a question or two to the proponent of the

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amendment.

THE CHAIR:

Senator Frantz.

Oops, sorry.

Senator Frantz, prepare yourself.

Senator Witkos, proceed.

SENATOR FRANTZ:

I am prepared.

Thank you Madam President.

SENATOR WITKOS:

Thank you, Madam President.

Through you to Senator Frantz.

The previous speaker had made comment that the -- the bill was unconstitutional and it's one of our primary constitutional duties to adopt a budget. And by reading the amendment, it states that the voters will have a vote on -- in November 2014, but yet our budget will take place July 1, 2013.

How would that work if we have to pass a budget to take place July 1, 2013, but not vote on it until November 2014?

Through you, Madam President.

THE CHAIR:
Senator Frantz.

SENATOR FRANTZ:
Thank you, Madam President.

Through you back to Senator Witkos.

The -- the first comment is we are still checking to see

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if this is an unconstitutional move. No one would ever want to do something unconstitutional under this dome. But -- and I believe that there is a provision whereby we can actually introduce this kind of a question to the voters. It's that important.

To get to the heart of your question, through you, Madam President, if -- if this were -- if this were approved the -- what would happen is the Governor would through, as we have done in the past, would -- would operate on the continuing resolution approach to keeping the budget in effect.

I believe that's done on a monthly basis going forward, or at least a smaller period of time during the calendar and fiscal year going forward. So I think it would just be a result of several continuing resolutions to get to November 4, 2014.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

And a follow-up question was, what happens if the voters affirmed in the negative that they do not support the act as published or on the question on the ballot. What would happen then?

Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President.

Thank you, Senator Witkos.

The -- the unimaginable, but must be considered, if the voters turned this down, would be that the General Assembly would have to come back together again to approve a budget

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for the remaining period within that fiscal year which would be approximately seven months if the General Assembly were to come in directly after the election.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Madam President.

I want to thank Senator Frantz for his answers.

Ladies and gentlemen, I don't find this unimagable. What I find unimagable is the fact that we are proposing a budget today that exceeds the spending cap and we're removing spending from outside the spending cap, something that folks, as Senator Frantz so eloquently stated earlier, back in 1991 said you must do and you must follow by 70 percent of the vote.

This amendment before us today, we know that over 70 percent of the voters turned out for a gubernatorial election. So let's have the same percentage of voters that approved the constitutional cap back in 1991 come out and vote for this amendment in 2014.

We know very well in this Legislature that we've used continuing resolutions. I remember back -- Governor Malloy's predecessor, where -- there were only two states left in the nation that had not passed a budget, and I believe it was in September and we were operating under continuing resolutions. And that was the pressure, ladies and gentlemen, which got us into the mess that we're in today fiscally. Because a budget did not receive one Republican vote in either the House or the Senate, and the Governor said, I will let this budget bill become law without my signature.

Let us not forget, a republic is representative elected by the people. We didn't inherit this job. To return the power to the people in the form of asking them a question we are trying to interpret, what did you mean when you voted for the constitutional spending cap in 1991. Did you mean to say that if the federal government supplants or reimburses you then that should not be counted as spending?

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Because it wasn't placed at the time.

So all these years we thought it was in place, but today, we have a different mindset. Let's go back to the people and ask them, is this what you wanted? You have another opportunity to state your mind. Because it is the people's money.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

Madam President, I rise to support this amendment. And I know there's been some discussion about timing of the amendment, and in fact, it is a two-year budget, not a one-year budget, so I think it does apply.

But more importantly, I'd like to ask the proponent of the amendment, because this afternoon one of my biggest concerns has been that so much of what is in this budget and what has been in the budgets recently are broken promises to the constituents and the voters of the State of Connecticut. And how do you address your particular amendment as to the broken promise to the taxpayers that reluctantly had to absorb a new, first-time-ever state income tax in Connecticut?

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you.

Through you, Madam President.

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Thank you for the question, Senator Boucher.

And it really is a broken promise. What we're doing tonight is unfathomable, and it's not something that I would have, as recently as two weeks ago, thought possible here in the capitol, because we are here on the wishes of our constituents to act as fiduciaries, to act as their representative in a whole bunch of complicated issues.

And, yes, representative government is a wonderful, wonderful way to have a lot of issues dealt with where voters and constituents don't necessarily have to wrangle with the finer points of criminal law, criminal justice, how to deal with the corrections system. Leave it up to us delve into that and figure out, you know, tweaks in the system or new laws that are appropriate.

But this one is so fundamentally simple to the pocketbooks of taxpayers and citizens, because they will all be affected if we go down this road and we start to take out of the budget all of these different spending categories that are -- that are, yes, reimbursed by the federal government, but we are not rebasing accurately or legitimately to where we should be in terms of the next set of increases. And it always is an increase, ladies and gentlemen. Always an increase in state spending. So it's just a question of how much it is, and that's what we're looking at.

So we're talking about a promise that was made back in 1992, at least in -- at least in spirit to the Connecticut taxpayers and citizens that we be on their guard, on -- on the watch for them to make sure that nothing terrible happens, so that they would not be unduly burdened fiscally and financially going forward when it comes to paying their taxes to the State of Connecticut.

And what this does is it eliminates from the calculation, this proposal tonight, to take a certain amount of money out of the spending cap calculation, it takes it away from all of us as the representatives of these constituents and taxpayers. And if that is the case, it absolutely has to go back to the people for them to consider, and yes, they will consider it.

Thank you.

THE CHAIR:

Will you remark further? Will you remark further?

Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President.

Madam President, I rise to oppose the amendment, and I know that the proponent of it to be a serious-minded person and I enjoy very much working with him.

With respect to this proposal, however, what this essentially does is it puts the budget before us today to referendum of the public, the voting public.

And there are a lot of complicated things that we do in this building every session. There are few that compare to the budget in terms of its complexity, either on the spending side or on the revenue side.

I daresay there are more than a handful of people here who intimately know every aspect and probably (inaudible) every single aspect on both sides of that budget. That's why we have committees. That's why we have, within the Appropriations Committee, subcommittees. And why we have individual responsibilities over that, because of that complexity.

And it's not just about numbers, but it's about implementation. It's about effect. It's about how things work. And as my first year as chair of the Finance -- the cochair of the Finance Committee, that responsibility is even more changing, because it's one thing to be a member of a committee, it's another to be a Chair or a Ranking Member of it where you're looked to by others, just here in the Circle, just here on the committee as to what our opinions are, much less the public, which doesn't have the benefit of the resources that we do, as inadequate at times we think they are for a part-time Legislature, we do have staff.

We do have the Office of Legislative Research, Office of Fiscal Analysis, Legislative Commissioner's Office to help us understand these very complex subjects and what

the impact of the funding decisions are.

That's why we have representative democracy. We are sent here as the representative of our constituents to learn these things and to articulate on them. And that's our most important job. There is no bill, no proposal that we're required to undertake in any given year except the budget. This is the one thing we must do every year.

And so, for those reasons, Madam President, I would request the members of the Chamber that we vote this -- this amendment down.

Thank you.

THE CHAIR:

Thank you.

Will you remark? Will you remark?

Senator Markley.

SENATOR MARKLEY:

I feel compelled to respond to the good Senator's remarks on this. And I know where he's coming from, the sense that government has almost grown too complicated for the average person to comprehend it. It's grown too complicated for us to comprehend it, in my opinion.

I -- I think sometimes -- I think it's Clausewitz said that, "War is too important to be left to the politicians." I begin to think that politics is also too important to be left to the politicians, or at least government. It's a very difficult thing. It seems more difficult, in some ways, the deeper we get into it.

I guess what I'd say is -- and harkening back to my experience that I referred to in 1991 with the -- with the state income tax -- I think that the people might be said to have been naive in their view that the tax was a mistake. And certainly, all those who felt themselves to be deeply entered into the functioning of government were united right and left, and to a large extent, Republicans as well as Democrats were united in their conviction that the state has no choice but to impose an income tax, and that if we

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did so with the proper strictures that we would not face this kind of fiscal problem again.

I can remember the talk about the need for a reliable revenue stream that the income tax would provide us. I think, if I looked back over the 22 years since that income tax passed, I am more certain now than I was when I stood with them, that the people were right and the politicians were wrong about it.

And I do feel that we have a form of government which, if we assume the people don't know enough, we may as well just give up on. And I think that the notion that a kind of a bureaucratic class or a class of experts has emerged which should be entrusted with decisions which the average person can't grasp is a mistake and a rather dangerous mistake.

I believe that, when I look back -- I, at one time, had one of the old registers and manuals from the 1850s. And one of the things I found especially charming about it was that it listed all -- not only the Legislators, but their professions. And the professions of the Legislators in those days was just a list of all the professions that existed in the 1850s, farmers and coopers and brewers and lawyers and doctors and everybody. A cross section of the State of Connecticut.

And the other thing that was interesting about it was there was an asterisk next to those who had previously served a term in the State Legislature. And no more than a quarter of the Legislature, in any given year, had any veteran Legislators in it at all. Virtually everyone going up to Hartford was going for the first time. I think they went more or less in the spirit that we now might take over as being the head of the Kiwanis, which is -- Bob has done it and Jack has done it and Dan has done it, and now it's your turn to do it.

So you do it for the two years that you have to do it, and then you come back and it's somebody else's turn. That's changed, and yet I think that we had a superbly run government in those days. I trust the people because I don't think there's a better way for this government to work. And insofar as this amendment would put forward that philosophy, I support it wholeheartedly.

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THE CHAIR:

Thank you.

Will you remark? Will you remark?

If not, Mr. Clerk will you call for a roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call on Senate Amendment Schedule "G" has been ordered in the Senate.

THE CHAIR:

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you call the tally.

THE CLERK:

Senate Amendment Schedule "G" for House Bill 6704,

Total Number Voting	35
Necessary for Adoption	18
Those Voting Yea	14
Those Voting Nay	21
Those Absent and Not Voting	1

THE CHAIR:

And the amendment fails.

Will you remark further?

Senator Fasano.

SENATOR FASANO:

Good evening, Madam President.

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THE CHAIR:

Good evening, sir.

SENATOR FASANO:

Madam President, many of the colleagues around this Circle on the Republican side have stated their objection to the budget and I concur with many of their objections. And I'm not going to, at this hour, reiterate many of the words that have been said by my colleagues because they were precise and accurate.

However, Madam President, I do want to point out one very simple fact. It is clear that under the current budget, the Manufacturing Transition Grant and the Municipal Revenue Sharing are going to be eliminated in this budget.

Madam President, what that means is towns, like my town of North Haven, is going to lose, in terms of actual dollars, \$1,335,400. Now that's real cash dollars.

Now, the idea under the budget is that towns will be able to use LOSIP for capital improvement projects, and the idea is that makes up for this run. And this is the run that I asked OFA to do under the budget for what money would be lost.

You can't do a run on the LOSIP request for capital improvements because there are none. No one in this Circle, when they vote, can say I am going to get X out of this deal, but they could certainly say, I am going to lose X if I vote in favor of the budget.

So, for example, towns like Berlin are going to lose almost \$800,000. Branford is going to lose almost a half a million dollars. East Hartford is going to lose \$4 million. Norwalk is going to lose \$940,000. South Windsor, \$1.2 million. Waterbury, \$4 million. West Hartford, \$1.1 million. West Haven, almost a million dollars.

You're going to lose that on a vote. What you're going

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to pick up? You don't know, because you have to ask for the bonding. Even if you were to get the bonding, understand the significant difference. This money that you're voting against, should you vote in favor of the bill, that you're not going to get is cash. You're going to get a check from the State of Connecticut of those sums that I just read off. You could use that money for pencils, desks, salaries, repairs.

You could use that for all sorts of everyday expenses that the town has. And the way it works today is you do that. You take this and you supplement your salary pool or your other expenses, and then you bond for your capital improvements. You float your down bonds or you get STEAP grants or urban grants, whatever, but you bond and pay that capital improvement over time.

When you vote in favor of this budget, you're not getting the cash anymore and you got the bonding you already have. It's a lose-lose for those people who are going to lose cash, which is every town -- city that everyone represents around the Circle, you're going to lose money and all you're getting is capital improvements, if you get that, which is upon request based upon the Governor's office. A lot of ifs before you get money or permission.

If you agree with me that towns are cash poor, and I think most if not every town is cash poor after their reserve balance, to the extent that you have a healthy reserve balance, then the only way you can do capital improvements is by bonding. You don't have any cash to supplement your budget. That's what this did under our old scheme. This would give you the cash so you can operate your town halls.

So towns are going to be forced to get cash. What does that mean to you and I? They have to go up in the mill rate, because they're not getting this infusion of cash. It's simple math. It's not complicated. It's simple, simple math.

The other thing we do in this budget is, in one bill,

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we're going to raise the cost of energy so we could put it in the Conservation Fund and then we take this budget and we sweep the Conservation Fund. So we're going to raise the rates so we pay more. And the argument goes, so you could put in the Conservation Fund so that can be leveraged to do certain projects with private capital, which sounds like a great idea and we've started some of those projects through DEEP and others. And now this budget wipes it away, cleans it out.

I don't even understand that policy. I don't understand how you could say, in this very room, we're going to vote tomorrow on an energy bill that's raising electrical rates with the argument to make them in the Conservation Fund, and we're swiping the fund today. So that money is going to be gone. What are we doing? What are we trying to do? Are we really trying to set a policy, or are we just trying to do a money grab?

You know, it kind of gets back to what Senator McKinney was saying earlier. We raise the minimum wage, but yet, we're taxing the clothing. So we're putting -- we argue you can't live and you've got to put more money in one pocket so we can take more money out of the other pocket.

We argue we've got to put more money in Conservation Funds so we've got to raise your electric rates, but we're taking it out because we're sweeping the accounts. I really thought that we weren't going to sweep all these accounts, like the Transportation Fund. That we're going to try to live within our means.

I have to talk briefly about the cap. And a lot has been said on our side of the aisle about the cap. You know, we all sit in the seat for a slice of time in history. This isn't our seat. We just use it for a short period of time. And there were deals made back in 1991, and part of the deal to allow us to right to tax was to give the public the protection that they wanted, which was the cap.

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So what did we do? We said, well, we're going to honor the cap, but we're going to go around the cap and make a new argument that because there are federal funds that no one anticipated they really didn't belong in the cap. That's not our call. Our obligation is much higher than that.

Our obligation is much -- \$6 billion is going to go out of the cap? First of all, that amount of money has a slow growth rate which makes a big difference when you talk about cap in the future. Secondly, as the federal government doesn't subsidize as much, and the State has to, you've already created, by 2017, 2018, a cliff which this State has yet to see in its history that's going to result in significant tax increases or ridiculous cuts.

We are setting up the next budget cycle -- not the one we're voting on -- the next one for, a terrific hit. And no one seems to care. Now I'm not saying to the Circle -- because I can predict the votes on that board as soon as we vote. And this is not a topic for which people are glued to CT-N to watch the outcome, or frankly, even understand all the different nuances that we live with -- with everyday.

So at a 10,000-foot level, let's just look at it this way. We've cut money to municipalities resulting, undoubtedly, in a mill rate increase in our towns. We have taken unrestricted funds that municipalities already set their budgets for starting July 1st, and we're going to give them restricted funds which are going to leave them short, i.e., they're going to have to raise taxes at some point or make cuts on the go. Bottom line is more taxes at municipal level.

Number two, there's no longer a guarantee that anybody is going to get any money. It's based upon capital projects which the Governor's office has to approve.

Number three, we are going around the cap to a tune of \$6 billion. We're spending more than what we promised we would never do to the constituency. In 1991 the public gave us a credit card, which are taxes,

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the income tax. And we said, in lieu of that, we'll put a -- we'll put a self-imposed limit on our credit card and now we said, it doesn't include \$6 billion. That's what we're doing.

Other than that, it's very difficult to understand the other nuances. Other than that, this budget speaks to wiping out other funds that we've put tax dollars away to run good programs, and they're all going to be gone. And those who complain about our roads, well, that transportation money is gone, too.

Madam President, if we don't get control over our spending, if we don't get off the drug dependency that we have to spend and to figure out ways to get money to allow us to continue to spend feverishly -- and I've got to tell you, you're pretty much the bottom of the barrel when you're looking at gambling as a mean -- means to subsidize our spending habits.

Gambling? We actually are saying to our constituency, gambling is bad, but you've got to gamble because we've got to balance our budgets. We even had to make a deal with the casinos to give them a percentage to allow us to do keno. That's how far we've gone. Are we really that desperate?

Are we really -- face the ability that we can no longer have the courage to make the cuts? Have we really faced our responsibility that we can't take a hard look at government and say where our fat is and cut that? That we have to go to gambling money to save our State?

I just don't understand where we're going. I just don't understand the road. I just don't understand how young people are going to look at this budget and say I want to stay in Connecticut. It has a future. I want to stay in Connecticut where I'm the most taxed person -- or one of the most taxed individuals in the country.

I want to stay in Connecticut where the gas tax is exorbitant and is going to go up July 1st. I want to stay in Connecticut where the unemployment rate has been higher than the national average for at least two

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years. I want to stay in Connecticut where we make it tough to open up a business. I want to stay in Connecticut so when I raise a family I can pay tax on clothing and sneakers that are of modest means for my children.

I have three kids. One has moved out of the state. One has moved to South Carolina. I'm upset that she's moved to South Carolina and she's a nurse. Upset that she's moved to South Carolina, but she understands that a check in South Carolina matched to a check in Connecticut, you could live a lot better in South Carolina because the cost of living is so much cheaper. And if you don't think that's a raise, then I don't know exactly how you do your analysis in this Chamber.

I don't want to lose my daughter to that state, but I did last week, and it bothers me. And now I've got a son who's going to go to law school up north and I hope he stays there. And I have another daughter who's in college in the South, but I hope she comes back. But I know why I left -- I lost my daughter to South Carolina. There was no hope and no future here.

I always tell that quick story that she said to me when she was in college, she said, dad, it's so much cheaper in South Carolina. Rent is so much cheaper. Gas is so much cheaper. Clothing is so much cheaper. And I said, yeah, because I'm paying for everything. But the truth of the matter is, she did recognize that it was that much cheaper. She did understand that. And when she was working she did know how far a dollar went in Connecticut versus how far a dollar goes in South Carolina. And that's why I don't have her back here.

So Madam President, for a person who's born, raised, never left the state of Connecticut for any of my education, all the way from high school through college through law school, I don't want to see my kids leave this state. It's a wonderful state, but we have to do better. We have to give them promise. We have to give them a future and we have to let people know you don't have to work 120 hours a week just to make ends meet.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, speaking in -- in support of this budget bill, first, I wanted to begin by commending the extraordinary work, once again, of Senator Toni Harp, our Appropriations Chair this year in her mastery of every detail of the budget, her commitment to good policy in every aspect of this -- of this budget and the untold hours that went into the preparation of it.

Also I wanted to commend her cochair, Representative Walker, and all of the subcommittee chairs who also put in so much time, effort and painstaking work throughout the -- the subcommittee hearing process and all of the other work that went into preparing this budget since the Governor presented his budget at the beginning of February, almost four months of dedication now since that -- since that time through the April vote of the Appropriations Committee and all the negotiations since then.

But this is -- it is, in many ways, a painful budget, but a responsible budget. For the most part, municipal aid which is such a priority to -- to most legislators is maintained intact.

I think that the towns should be very, very pleased with what this budget gives them, especially if you look at -- at state budget patterns in -- in many other states in our region over the last couple of years

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where municipal aid has been -- has been slashed and there's been a -- a tremendous shift onto the property tax, whether at the municipal or the county level. And we have been able to avoid that by the decisions made in -- in our budgets here.

There are -- there are significant, painful, painful cuts. Obviously we are scaling back the funding on the Earned Income Tax Credit from 30 percent to 25 percent the first year of the biennium, and twenty-seven and a half percent in the second year.

But -- but fortunately, we were able to institute that -- that credit at -- at a responsible level a couple of years ago. And the fact that we have increased the minimum wage this year will be, to some extent, an offset of what people will -- will lose in the scaling back of the EITC over the next couple of years.

But, at every step, this budget is a -- is a responsible one, meets the needs of the State in continuing difficult economic times. It apportions the burden in ways that are -- are equitable and balanced. And I think that the -- the give and take with the administration and the -- the hard work of the -- of the committee has -- has borne fruit in something that we can all, I think, vote for with confidence that it does provide us a basis to go forward soundly over the next -- the next two years.

And with that, Madam President, I would -- I would urge support for this budget as something that is, as I said, responsible, evenhanded, and also does prioritize and take into account the most important obligations of -- of state government, preservation of social services, support for education, support for health care within the constraints under which we operate. Those needs are met in this budget.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Madam President.

Madam President, it is with some disappointment that I rise again to oppose the budget offered by Governor Malloy and the majority for the people of the State of Connecticut. I say that because, in my 15th year, it has not been the norm to have partisan budget votes.

For the first six to seven terms I served here we worked together on bipartisan budgets. Yes, there was a Republican Governor and Democrats in control of the Legislature but, for most of the time, budgets were agreed to by Republicans and Democrats.

And so it is with regret that for the second time we've had a budget process that has been controlled completely by the majority party without the inclusion of the Republican minority.

And I know there's been some fun made in this building, but it -- it does make you wonder when some -- and my good friend Senator Williams and the Governor have spent more time talking about why Republicans haven't offered a budget than they have talking about their own budget that is actually going to be passed.

And I've met with a lot of constituents, and they've said what's happening with the budget. I said, I'm not in the room. Governor Malloy and the Democrats have -- have chosen, as is their will as the majority, to not invite us.

And if you tell us we can't come in the room, if you tell us our ideas aren't welcome, if you tell us if we offer a budget you're going to reject it and not accept it, why should we offer you a budget? What we

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should do is focus on what is going to pass and what is going to become law for the people of the State of Connecticut, and that's what we will do.

There will be time going forward on Thursday after session where we will -- and I've gone around the state at budget forums and presented my and our Republican ideas of what we would do with our priorities in a budget. And we will continue to do that because the people of Connecticut deserve to know where we are, what we would do and what our solutions are versus what you've done. But you don't deserve that, because you've kicked us out of the room, quite frankly.

This budget is wrong in a lot of ways. It's wrong because it increases taxes. It's wrong because it raises spending at a time where people in Connecticut cannot afford it. And it's wrong because it engages in the same type of gimmicks and one-time revenue and kick-the-can-down-the-road philosophy that Governor Malloy and so many people stood up in 2010 and said we're going to stop doing this. So let me explain those three areas.

First, tax increases. And I think people get frustrated with government. I know people get frustrated with government when they hear us -- and I keep going back to that famous Clinton-ism when he was under deposition and he was asked a question. And he said, well, it depends on what your definition of is is.

And I don't need to bring up that case, but most people in America think, well, is mean is, and there aren't multiple definitions. And yet, they hear their Governor and the majority go through mental gymnastics as to what is a new tax and what isn't. There are tax increases in this budget and there are tax increases that amount to \$315.9 million. That's an indisputable fact.

If you want to say they're not new taxes, does it matter to the people paying 315 million more in tax increases whether they're new or old? It just matters that

they're paying more. The gasoline tax that everybody pays, at least that portion of the petroleum gross receipts tax, will increase on July 1 because this budget does nothing to undo that.

The electric generation tax is seventeen and a half million dollars. That is a new tax that if this budget hadn't passed would not be there. The 20 percent corporate surcharge is in this budget, that if this budget weren't passed, would not fall on all of the corporations in the State of Connecticut which is, over a two-year period, \$118 million taxing our businesses.

This from an administration that says Connecticut is open for business. How is Connecticut open for business when you continue to increase taxes on the backs of the hard-working people and business owners across our state?

This isn't a tax on big business. This is a tax on all companies, all corporations. That small mom-and-pop that has five, six, seven employees is paying a higher tax today because of your budget.

And the irony is that at the same administration who says we're going to tax the small guy is giving hundreds of millions of dollars to the billionaires and the big multinational corporations.

And this is an interesting one, too, because this budget reduces the insurance premium tax utilization cap from 70 percent to 30 percent. That's an increase in cost to those businesses that were relying on that 70 percent. And what -- what is -- what is an example of that?

Several years ago, Governor Rell reached an agreement with Starwood to move them from New York, Westchester County, into Stamford. They brought over 400 jobs, similar to the deal Governor Malloy brought with NBC moving out of Pennsylvania into Connecticut. Not moving a company from one town in Connecticut to another -- bringing a new company to Connecticut,

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hundreds of jobs, over 400 moving on their way up to 800.

The deal that Governor Rell and the State of Connecticut made with Starwood was that they would get 70 percent to use on their insurance premium tax utilization cap. We are taking that money away from them. We cut a deal. We said, move your jobs into the state, we'll give you this benefit, and now we pull the rug right out from underneath them. Congratulations.

Are we doing that with the billionaire hedge fund that Governor Malloy is giving 150 million to? No. Are we doing it to all of the companies that he's paying hundreds of million of dollars to hopscotch from one town in Connecticut to the next, to the bicycle company so they can move from Bethel to Wilton?

All around the state, those economic development deals are being -- we're being told will revitalize Connecticut and say we're open for business. But a deal that was cut by the previous administration that brought real jobs into Connecticut that heretofore had never been in Connecticut is being undercut by this budget.

What message does that send to future companies to move into Connecticut? Come on, companies, please move into Connecticut, we're going to cut a deal. We're going to make you promises, and then when times get tough, we're going to yank the deal right out from underneath you.

So we have a gasoline tax increase that goes into effect on July 1. We have an electric generation tax that goes into effect. We have a 20 percent corporate surcharge tax that goes into effect and the insurance premium tax utilization cap. And yet, we're told there are no tax increases in this budget.

I would like to take anyone who wants to say that to the small business owners who are going to pay that corporate surcharge in my district and let you have

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a conversation with them. Of course, Governor Malloy and my friends in the majority don't think raising a fee on something is a tax increase because it's called a fee increase. We debated earlier the \$106 mortgage filing fee increase, which creates over \$5 million.

And last, but not least, and I know it doesn't fit your definition of a tax, but we're going to introduce keno. We're going to rely on expanding gambling in the State of Connecticut to balance our budget and solve our economic woes. Let me tell you, gambling is a form of a tax. And it's a tax that is regressive and hurts people at low-income levels more than it hurts people at upper-income levels.

So we have this amazing contrast of an administration that's giving hundreds of millions of dollars to billionaires and multinational corporations, and then when it looks for revenues, looks for people at the lowest income end with gambling, and a reduction in the Earned Income Tax Credit to make up the money. Those are amazing priorities we're told.

We were also promised that the era of gimmicks was over, that the era of honesty and transparency was upon us and we were going to solve our problems and we were going to address those problems forthright. We were going to confront them. And let me say that none of us on our side have, in any way, diminished the nature of those problems, because they are severe.

We understand that our unemployment rate in Connecticut exceeds the national average and refuses to go down, like the unemployment rate in our surrounding states.

Part of that is because we understood that when you impose the largest tax increase in the history of Connecticut upon the businesses and people in Connecticut, you don't just get revenue, you stunt economic development.

That small-business owner who's paying this corporate surcharge now has to use that money to pay the government rather than to hire an extra employee or

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two. And that's what happens when you raise taxes the way you do, you stop economic development. And that's why our unemployment rate lags so much higher than other states who have not engaged in the policy of massive tax increases.

But this budget also uses \$557.9 million in one-time revenues and nonrecurring revenues, 453 million -- 451 million in the first year and 106 million in the second. From use of the surplus, to the CRRRA fund sweep, to the tobacco settlement, to tax amnesty, to other transfers and sweeps, that money is not available in the next budget cycle, but it's being used for ongoing expenses.

Friends, that is the very definition of kicking the can down the road. And that's why, according to OFA, nonpartisan Office of Fiscal Analysis, not Republicans, we are looking at a \$1.3 billion budget deficit in the next biennium. Problem solved? No. Kick the can down the road? Yes.

With respect to those one-time revenues let me just highlight one that is without question the most egregious. And I know Senator Witkos earlier talked about the fact that, at one point, Governor Malloy had said something in the budget, and he stood up cheered and I think I did at that point, too, but one of the louder cheers I had for his initial budget was when he said we will not take money from the Transportation Fund.

Well, he didn't keep that promise in the first budget. Okay. Times were tough. Guess what? In the second budget we fail and we fail even worse. Your budget takes \$91.3 million in the first year and \$18.4 million in the second year, over a hundred million dollars from the special Transportation Fund.

Why is that important? It's important because we know our own Department of Transportation has inspected hundreds of bridges across the state of Connecticut and they have failed those inspections. It's important because our own DOT commissioner has said

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we have significant, serious, long-term expensive infrastructure needs for the State of Connecticut and we don't have a plan to pay for it, and yet, you're taking money away from the Transportation Fund.

So what happens? People run around the state saying we need tolls. We can't fix our bridges. We can't pave our roads. We don't have money. We need tolls. The reason why we don't have money in our Transportation Fund is because you raid it every year. The reason why we don't have money in our Transportation Fund is because you spend it on priorities that don't make any sense.

Should we take money out of the Transportation Fund or fix a bridge that might fall down? Should we fix the bridges in the state of Connecticut or waste half a billion dollars on a nine-mile busway that nobody is going to ride? Those are the different priorities we have as a party.

I remember the Mianus River Bridge, now the Michael Morano Bridge, named after a wonderful former member of the Legislature. I remember when that fell down. We've all seen recently a bridge collapse. We all hope and pray it never happens again. But our own department has said there are bridges that have failed inspections and we can't fix them because we don't have the money. And you're taking a hundred million dollars away from them. How many bridges can we fix with a hundred million dollars? I would say we could fix a lot.

So we've increased taxes over \$300 million. We've used one-time revenues to the tune of \$557 million. Both numbers, the 315 million dollars tax increase and the one-time nonrecurring revenue of 557 are OFA numbers, not Republican numbers.

Again, I'll repeat what I said earlier. Somebody accused me of trying to score political points by politicizing the budget. And I said it before, I'll say it again and I'll continue say it, I don't need to try to score political points. I just need to tell

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the people what the facts of this budget are, and the points were score for themselves, because this not the priority of the majority of people in Connecticut. This is not right direction and the right solution. This is an inability to make tough choices to reduce spending.

Let's even put aside the gimmick around the spending cap and the Medicaid funding and the money we get from the federal government. Even taking that money out, this is an increase in spending -- not my numbers, OFA's numbers. Over 5 percent increase in spending.

How many of your towns and cities have incurred that kind of spending increase as we see them pass budgets or struggle to pass budgets through budget referendums? None of mine. None of mine.

Why is it okay for the State of Connecticut to increase our spending beyond the means of the people when none of our mayors and first selectman are allowed to do the same? And that's not a partisan statement, because there are Democrat first selectman and mayors who are struggling with budgets with significantly lower spending increases than what you've done here.

In one of my towns, in Weston, with a Democrat first selectman, they're actually spending less on the town side of the budget than they spent the year before. Yet, Governor Molly and the majority here can't do that. We can't make those tough decisions.

We can't look at things like legislative commissions and say, I'm sorry. We're willing to say to a young child who graduated from high school, we're going to have to reduce the number of scholarships we give out. I'm sorry. You can't go to college, which as we all know, is part of economic development in the State of Connecticut.

We need a college-educated, workforce-ready workforce. And if we're giving that kid who would have gone to college, or taken that chance to go to college away from them, we've hurt that high school

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senior.

But no, we can keep our legislative commissions and, in exchange, tell somebody, sorry, you can't go to college. Yet, we're told that this budget represents the right priorities for the people of the State of Connecticut. If anybody can make that one makes sense I'm all ears, because it doesn't for this Senator.

And lastly, let me just talk about what we talked about earlier with an amendment. And that is the gymnastics that we've gone through, the flips and spins to get a budget passed that we can say is balanced and comes under the constitutional spending cap.

If taking federal Medicaid money that we get in a hundred percent and the tune of billions of dollars, and taking it out of our budget and putting it over into an account that we pretend doesn't exist is such a great idea, why didn't Governor Molly propose it when he offered his budget? He didn't.

He actually did the honest and commendable thing. He said we have a spending cap problem. The amount of money that I, as Governor, of the State of Connecticut want to spend and believe we should spend will exceed the constitutional spending cap. And therefore, I, as Governor, am proposing to change the definition of that cap.

Now, I think he spent too much money in his budget proposal and I didn't support changing the definition, but it was the honest way to attack the problem. Now he could have offered a declaration of an emergency, as has been done in previous years to exceed the spending cap, but he said we're going to change the definition.

And then the budget goes to the Legislature and the Finance and Appropriations Committee. And I have great respect for all members who serve on that. The Appropriations Committee is, without question, the most important and hardest working committee of this Legislature. And both parties and their

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subcommittees work extremely hard.

But they passed out a budget that also said we're going to look at changing the definition of the spending cap. And lo and behold, we actually had Senators in the majority who were uncomfortable with the idea of exceeding the spending cap and changing the definition, and we didn't have 22 votes, and so we come up with this scheme. There's nothing about this scheme that is honest and transparent with the people of Connecticut.

I understand how difficult our budget situation is and I am -- I started my speech, Madam President, by talking about how I was somewhat disappointed to be here in a partisan manner.

It wasn't long ago, in November of 2012 that we all recognized, Governor Malloy, Democrat majority, Republican minority, that we would end this fiscal year with a significant deficit, and that the options, if we did nothing to address our budget, would be to raise taxes retroactively or borrow to cover operating expenses that had already been incurred. And both parties said that is not the right recipe.

And guess what? We sat in a room. Secretary Barnes on behalf of the Governor, Senator Williams, Senator Looney, myself on behalf of both parties in the Senate and our counterparts down in the House, and we both came to the table with a series of reductions of spending.

And we passed a package that I know included items that Senator Williams in the majority did not like, and I know it included spending reductions and policies that we, in the minority, didn't like, but we all agreed we needed to do it to solve our problem. And lo and behold, we end our year with a, quote, unquote, surplus because of the work that we did in a bipartisan fashion.

We cut spending midyear together, and we did it. And we did a good job. We worked in a bipartisan fashion

on things related to guns that are the most emotional and politically partisan issues we could ever deal with, but we did it together.

We worked on a jobs package together because we both understood that rather than being partisan about our economy, that would not help the 8 percent who are unemployed, and we did a jobs package together.

And I know, and I think history will prove that all three of those will turn out to be far more successful than this budget, because this budget suffers from the fact that the first budget, which was partisan, also failed. We never got \$180 million in savings in that magical employee savings box.

So when you go to your constituents and you say, look, we had to make some tough choices, I'm going to remind them that there's \$180 million that we were promised as part of the shared sacrifice that never materialized, and nobody asked for it either.

There were some \$90 million in technology savings from the SEBAC deal that never materialized. And we know even from the administration that maybe as much as 30 percent of the SEBAC agreement, the \$1.6 billion in savings, was not realized or achieved.

And here's why I bring that up because 30 percent, which I think is a minimum of what was not realized of that 1.6 billion, comes out to about 485 million dollars. And what we've said in this budget is hospitals, you're going to get \$500 million less than you're supposed to.

If we had kept that promise of the SEBAC deal, if we had insisted that the savings we've agreed upon would be realized -- because that's what a deal is. You negotiate a contract. You shake hands and you reach a deal. And when one side is realized and the other isn't, quite frankly, you haven't done your job.

Hospitals are going to be hurt by this budget, Madam President. And even there, I would suggest to you

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that maybe if you ask the hospitals, they'll say this is a tax increase as well. Remember the hospital tax?

Two years ago Governor Malloy's idea of a hospital tax -- but it wasn't a tax increase and here's why. Because while the hospitals were going to pay a tax, that tax was going to be used to go get more federal revenue, and then we were going to take all that money and give it back out to the hospitals. So since they were going to pay money and get money back, it's not a tax.

Guess what this budget does? They still have to pay the money. We still get the federal money, but we don't give it back to the hospitals. Sounds like they got that tax increase.

At some point -- at some point, we're going to have to realize that you actually have to cut spending for real, not cut spending off a current services budget. And I heard someone else earlier in one of our debates talk about that.

In many of my town meetings I brought slides and PowerPoint, all that. And in the ones I started right after the Governor's speech, I was challenged by some people. And they said, Senator, we read, we saw, we heard. Governor Malloy said he's cutting spending. You've got numbers here that you claim are from the Office of Fiscal Analysis that say he's increasing spending. Why can't you guys even agree on the numbers? It's so bad up there you guys can't even agree on the numbers.

And I explained to them why we can't agree on the numbers, because the Governor works off a current services budget. So if you spend more next year than you spent this year, but you spend less than what you want, they call it, in Hartford, a spending cut.

And every single person -- every single person I met across the State of Connecticut said you're crazy. If you spend more next year than you spent this year, we don't care how much it is you want to spend, that's

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a spending increase. And they're right. And they're right.

This budget increases spending. It increases taxes. It relies on \$550 million of one-time revenue that's never coming back and leads to a deficit of \$1.3 billion over the next two years. You tell me how that meets the priorities of the people of the State of Connecticut.

I don't underestimate the challenges we have, but the product we have before us is not the right recipe. And one of the main reasons why is because we weren't allowed in the room.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark?

Senator Williams.

SENATOR WILLIAMS:

Thank you Madam President.

I rise to support the budget, to thank Senator Toni Harp, the Chairman of the Appropriations Committee, John Fonfara who was the Chairman of the Finance Committee, all of those Democrats and Republicans who served on those committees, sat through many public hearings where we had hundreds and hundreds of folks from across Connecticut come and provide input into the budget for the State of Connecticut.

This budget, Madam President, is balanced. This budget does not increase taxes. This budget keeps our commitment to senior citizens, to children, our schools, and our cities and towns which otherwise would have been facing massive property taxes.

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You know, we've heard a lot, over many hours now, from folks on both sides of the aisle, but I want to address my friends on the other side of the aisle for just a minute.

You know, Senator McKinney pointed out that it's true, they have not put forward their own proposal. And you know, we have not neglected to talk about our proposal. We're proud of this budget. It's a tough choices budget. We know that everyone agrees with the hundreds and hundreds and hundreds of millions of dollars of spending cuts that were necessary to balance the budget.

We know, for some reason that I can't understand, that most, if not all, of my colleagues on the other side of the aisle do not agree with Connecticut fighting for it's fair share of federal tax dollars, so that finally we can have our own taxpayers in Connecticut get the benefit of the fair share of the dollars they send to Washington.

You know, when I talk to my constituents, whether it's in a supermarket, whether it's on the street, whether it's at a senior citizen center, when they find out that we have blocked ourselves from getting our fair share of our own tax dollars back, they can't believe it. And I'm going to have to tell them that, you know, in this battle on the budget, there were folks who wanted to continue to put obstacles in front of the State of Connecticut.

They wanted to continue, when it comes to all the additional Medicaid dollars under the Affordable Care Act that other states are getting and Connecticut is eligible for, they wanted Connecticut to be unlike 49 other states. They wanted Connecticut to be unlike every other state in the country in either denying our taxpayers the benefit of our fair share of the dollars we've already sent to Washington, or in the alternative -- or in the alternative, to crowd out critical services for seniors or children or our schools or our cities and towns. Now that's why we haven't seen a proposal from our friends on the other

side of the aisle.

They know tough choices are required this year. Unlike every other budget cycle that I can remember, when there have been proposals by the minority party, in this tough choices year there was nothing. Nothing. Because they knew if they were going to argue to deny taxpayers the right to getting our fair share of tax dollars back for Connecticut, they'd have to serve up hundreds of millions of dollars in cuts to critical services. Never the intention of those who put a spending cap in Connecticut. Never the desire of our constituents across this state.

This is a commonsense budget. It finally puts Connecticut in step with every other state in the country. Those states acknowledge that we should not deny ourselves the ability to get the dollars we send to Washington, we've already been taxed on. And we send those dollars to Washington, we deserve to get those dollars back just like 49 other states do. That's what this budget does.

Yes, let's be honest. Let's be transparent. That's what this budget does. Let's not make this complicated. It's about getting our fair share and not turning our back on seniors and those in the greatest need, and the schools that are fighting to improve in terms of performance. The Governor is keeping his commitment to our cities and towns. He's keeping his commitment to our schools.

We, in the Legislature, are keeping our commitment to fighting for our fair share of federal funds. We're keeping our commitment to the safety net and those in the greatest need. Yes, it's a time of tough choices. Can we do everything? No. And I know there are people who are watching who would say, I disagree with this cut. I disagree with that cut, \$2.7 billion of cuts over the biennium.

And I understand there's a reasonable discussion about the tough choices we have had to make. But when it comes to the basic premise of fighting for our fair

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share of federal dollars, as opposed to crowding out critical investments and commitments to those that we've made in the State of Connecticut, that choice is easy. That choice is transparent. That's what we've built this budget.

Madam President, I know this has been a long road. And I know that we have incorporated ideas along the way from both parties, and I appreciate the effort that everyone, Democrats and Republicans, have put into this. And those who disagree with this budget, I respect their opinion.

But I will not allow folks, Madam President, to take something that is so straightforward, in terms of fighting for the people of the state of Connecticut and the critical services that they depend on and our fair share of the federal tax dollars that we send to Washington and we deserve to get back, I won't let folks try and make that complicated because it's real simple. And that's what we're doing right here, fighting for our fair share, balancing the budget, not raising the income tax, not raising the sales tax.

Madam President, for those reasons, I proudly support the passage of the budget for the State of Connecticut.

THE CHAIR:

Thank you.

Will you remark?

Mr. Clerk, will you call for a roll call vote and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators, return to the Chamber. Immediate roll call has been ordered in the Senate.

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If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you call the tally.

THE CLERK:

House Bill 6704,

Total Number Voting	36
Necessary for Adoption	19
Those Voting Yea	19
Those Voting Nay	17
Those Absent and Not Voting	0

THE CHAIR:

The budget is passed.

Will you remark further? Will you remark further?

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, before calling the -- the next item that was marked earlier, we do have some other -- some other markings.

THE CHAIR:

Please proceed, sir.

SENATOR LOONEY:

Some referrals, yes.

Thank you, Madam President.

Madam President, beginning Calendar page 1, Calendar 61, Senate Bill 863, Madam President, move to place that item on the foot of the calendar.