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HB7061

House	7785-8006	222
Senate	3268-3435	168
		390

H – 1224

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CLERK:

Emergency Certified Bill 7061 AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017, AND MAKING APPROPRIATIONS THEREFORE, AND OTHER PROVISIONS RELATED TO REVENUE, DEFICIENCY APPROPRIATIONS AND TAX FAIRNESS AND ECONOMIC DEVELOPMENT, introduce by Representative Sharkey, Aresimowicz, Senator Looney and Senator Duff.

SPEAKER SHARKEY:

The distinguished Chairman of the Appropriations Committee, Representative Walker. Just a second, Representative Walker. We have, I think you have the wrong mike.

REP. WALKER (93rd):

Good morning.

SPEAKER SHARKEY:

There you go.

REP. WALKER (93rd):

This is good. This is good. Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. WALKER (93rd):

Mr. Speaker, the Clerk has an amendment, LCO

9305. I ask the Clerk to please call the amendment and I be granted leave.

DEPUTY SPEAKER MORRIS:

Representative Walker, I think you have to move passage of the Emergency Certified Bill.

REP. WALKER (93rd):

I'm sorry. I thought I said that.

SPEAKER SHARKEY:

I don't think we, you may have, madam, we didn't hear it in the Chamber, so if you could just.

REP. WALKER (93rd):

Okay.

SPEAKER SHARKEY:

Ma'am, I think your mike is faulty for some reason, and so, maybe you could use, with the Chamber's permission, if we could use the adjoining microphone?

REP. WALKER (93rd):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

That seems to work, madam. So if we can start over again.

REP. WALKER (93rd):

Okay, let's try. Can we take it from the top?

SPEAKER SHARKEY:

Absolutely, madam.

REP. WALKER (93rd):

Mr. Speaker, I move passage of the bill.

SPEAKER SHARKEY:

The question before the Chamber is passage of the bill. Will you remark, madam?

REP. WALKER (93rd):

Mr. Speaker, the Clerk has an amendment, LCO 930. I would ask the Clerk to please call the amendment and I be granted leave in the Chamber to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 9305. Is that correct, madam? 9305?

REP. WALKER (93rd):

Yes, that's the one I have.

SPEAKER SHARKEY:

Which we designated House Amendment "A."

CLERK:

House Amendment "A," LCO 9305 introduced by Representative Sharkey et al.

SPEAKER SHARKEY:

The gentlewoman has sought leave of the Chamber to summarize. Is there objection? Seeing none, you

may proceed with summarization, madam.

REP. WALKER (93rd):

Mr. Speaker, good morning again to everybody. Good morning, good morning. The birds are up. The sum is up and I'm awake.

SPEAKER SHARKEY:

Good.

REP. WALKER (93rd):

I want to thank everybody. I want to thank everybody for their patience and their support for this process. I want to thank my Co-Chair, Senator Bye who was my partner and aide through this whole process.

I want to thank all the Subcommittee Chairs and all the Ranking Members who were participatory in the process that we went through.

I want to thank the staff at Appropriations area, Sue Keen, Amanda Szabo, Kyle Abercrombie, Liz Gillette, Elsa Christ, Saul Shipman and Brittney Holiday.

I really want to thank OFA, Alan Calandro and his wonderful staff, particularly Chris Perillo, Rob Wysock, Michael Murphy.

I want to thank LCO lawyers, Joe Roberts and Nick

Bombase, and I want to thank OPM, Ben Barnes, Sue Wieselberg and their staff and from the Governor's staff, I'd like to thank Mark Ojakian.

I especially want to thank my Ranking Members, Representative Melissa Ziobron and her sidekick, Senator Rob Kane. I want to thank them for their friendship, their support, their collaboration and all the work that we put together in getting to know each other and knowing our communities to make sure that this truly is the hardest working Committee in the General Assembly.

It is my intention that everyone understand that this budget was not created by myself and my Co-Chair alone. It was presented and vetted by more than 4,000 Connecticut residents and their contribution of over 2,000 pieces of written testimony we received in two weeks, over a two-week period.

You know, we listened to everything that everybody said and we talked about it, and this budget reflects their input and their concerns. Every year when I start this process with a shaky microphone, I think to myself, how can we make sure that the budget supports opportunities and economic stability for all Connecticut families?

The question continued with me as we went through the budget negotiations and as I stand here today, I'm going to present to you a budget that I believe reflects all of that.

You know, I talked to a lot of people when I did this, and I asked, how do you craft a budget that touches the lives over 3.5 million people in the State of Connecticut with 169 towns and cities, with five cities that take up more than one-fifth of the population in the state, 21 percent of whom are under 18 years of age and more than 15 percent that are over the age of 65.

The budget before you has a General Fund appropriation of $18.175 million in General Fund in '16 and $18.738 in '17. As I speak, the growth rate will be 3.98 percent in '16 over estimated '15 earnings and 3.10 in '17 over estimated '16.

This budget is $9 million under the spending cap in '16 and $93.7 under in '17.

Of all the things that I am proud of that we have accomplished in this budget, I'm most proud of a few things, and I want to identify them.

The Department of Developmental Services will continue to provide the resources and the voluntary

services program, placement for high school grads and employment opportunities and day programs.

In the Department of Mental Health and Addiction Services we will continue our commitment to mental health supporting regional mental health boards, grants to mental health providers and adult services.

In the Office of Early Childhood we continue the funding of Birth to Three, continuing a commitment to ensure that every child in this state has the opportunity to thrive.

Our budget supports employment opportunities, economic stability in the form of two-generational approaches, the youth employment program, and the platform to employment.

In the coming years our budget will continue to reflect our commitment to enriching the lives of all Connecticut residents through the arts, state parks, local libraries, providing opportunities and learning opportunities for the people that we want to focus on the most, our children, giving them opportunities through fish hatcheries, museums, neighborhood programs and especially park activity.

Mr. Speaker, before you is the 2016-17 Biennial Budget. I move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "A." Will you remark? Representative Berger.

REP. BERGER (73rd):

Yes, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning.

REP. BERGER (73rd):

This is the reason why we make the big bucks here in this Chamber everybody. We are going to proceed to the revenue side of this budget, and I thank my colleague in Appropriations and certainly all of the people that she highlighted in her presentation before this Chamber.

Myself personally, I'm very proud of the Committee's work, proud of the staff, of the nonpartisan staff, OLR, OFA, LCO that spent tireless hours working through this document.

My Co-Chair, Senator Fonfara and his knowledge and expertise in the budget process was so instrumental in the final document that we have before us here today.

My Vice-Chairs, Representative Hilda Santiago,

Representative Lemar, Ranking Members Representative Davis and Senator Frantz, it has always been a pleasure to work with them in a bipartisan way, and oftentimes, Mr. Speaker, we may not agree, especially on the revenue side of the budget.

But we're cordial, we're friendly, we work together, and most of all, Mr. Speaker, we're respectful of others' opinions.

In looking at this budget and looking at the revenue side, we adjust the top marginal rate from 6.7 percent to 6.9 percent and create a new rate of 6.99 percent for a million and greater an income.

We reduce the property tax phase-out thresholds for the credit in FY '16, reduce the credit from $300 to $200 in FY '16. The credit will remain, Mr. Speaker, at 300 in FY '16.

We reduce the sales and use tax rate from 3 percent to 2 percent in FY '16 as part of the worldwide web services.

We reduced the sales and use tax for computer and data processing services from 3 percent to 2 percent in FY '16.

We increased the tax on cigarettes by 25 cents in FY '16 and 25 in '17. The bill increases the

cigarette taxes in the two steps that I have outlined, 3.40 from $3.40 to $3.65 per pack on October 1 of 2015. The second increase $3.65 to $3.90 per pack on July 1 of 2016.

Also within the budget I believe is an important component that sometimes gets left behind, and that Representative Claire Janowski has worked on for close to 10 years in this General Assembly to try to make a difference as far as the single filer exemption.

And while we were not able to find all of the money to bring that back in FY '16, in FY '17, we raised that single filer exemption from 14,500 to 15,000 with the hope that when we do budget adjustments in February of next year we can move that bar even higher to bring that exemption level to a level that will bring relief to those that need it most, especially in our middle class.

Also there's various changes, Mr. Speaker, to the alcohol policies. We add growlers and everybody in the Chamber I'm sure knows what a growler is, so I won't get into the explanation of that.

We extent the hours of one hour for package stores and we allow for the increase in permits currently at three to four and five in FY '17.

We establish mandatory combined reporting and within the document that's before you there's also a change from what was done within the Committee process.

Now, on combined reporting and unitary reporting, there's been much discussion on that, and what other states do and what Connecticut does, but let's make it perfectly clear that combined reporting and unitary reporting is done by every state that surrounds the State of Connecticut, and is inclusive of 24 states that encompass the United States.

I won't go into naming all the states, but if someone has a question, we can certainly answer that.

But also the clarification in the amendment before you, outlines a term called water's edge, or shore to shore that was spoke of many times within the Committee.

Now, the original language that we had outside of the document and amendment that now becomes the bill that's before you, was not clear in that, and maybe that's where there was some angst.

Within this document we clarify that, that no business under combined reporting that shows an income will have that income go outside the water's edge into

an international market, and I think that's an important component of what we do with combined reporting.

We do extend the surcharge on the corporate income tax but it is the desire of the Committee to phase that out to 10 percent and to zero in the out years of the biennium and the next biennium.

We maintain the three-tier credit system against the premium tax, now, just to explain a little bit about that, if you give me a minute, Mr. Speaker.

That's a three-step process that covers our credit system and it outlines several different credit systems that have to do with digital animation, movies, and et cetera and we extend that out.

Now also, under the original governance budget there was talk of the reduction of the ability to use tax credits to offset corporate liability, and the Committee heard testimony, talked to various corporations, and determined the level that was acceptable to the industry, and that was 50.01 percent.

As you remember correctly, the Governor proposed 35, 45 and 60. We reached consensus at 50.01, which is satisfactory to the industry.

This document now will also advance Keno gaming in the State of Connecticut. Now let's talk about Keno gaming a little bit and what that does. Now, some people in this Chamber will agree with it and some won't.

But one thing that we must agree upon is that we need, as a Legislature, to support the Connecticut Lottery Corporation. If we are going to support casino expansion in this state, then in the same breath, we must support our Connecticut Lottery that this year brought in more revenue than the two casinos combined at $310 million compared to $285 million.

And why do I say we need to support that? The states that surround the State of Connecticut offer Keno. The Connecticut Lottery is at a competitive disadvantage to those other lottery systems, and by that disadvantage is not able to expand their business model.

So by having Keno, it's just not about revenue. It's not about, as some people will say, we're using gambling to fill a revenue hole. It's not what it's all about.

Granted, there's revenue that's obtained, but we are supporting a quasi-governmental agency that came

to this General Assembly. We had a public hearing, and they said, we need your help to be competitive.

Massachusetts is one of the most successful lotteries in the country. They bring in $1.4 billion in revenue. Their casino, their Keno operation brings in $790 million.

So we've talked about revenue. We've talked about having the Connecticut Lottery be competitive. One thing we haven't talked about is the support of our veterans.

And this Committee, Finance Revenue and Bonding, received over 500 letters from veterans and VFW Halls in the State of Connecticut that are in support of Keno.

And what other thing did we do for veterans in this budget? We exempt 100 percent of veterans' pay against the state income tax. Previously, it was 50. It is now 100 percent within this document that's before us.

So a vote in support of this document supports our veterans, supports the expansion in the State of Connecticut of transportation reform and property tax reform. So let's talk about that for a moment.

Within this document you have before you is

what's called S.B. 1 and what does S.B. 1 do? It is groundbreaking legislation never before done in the State of Connecticut history. It is historic.

When we look at what we do with the sales tax, we reduced the sales tax in the State of Connecticut to 5.35, and what do we do, and why does that now go to 6.35, where it presently is?

Well, here's what we do. We take .5 percent of that and direct it directly to property tax reform, a change in our PILOT system. And everybody in this Chamber, Republican or Democrat says, we don't do enough for PILOT.

We have reimbursement levels that were way above 50, way above 60. This returns PILOT dollars and raises the levels.

What about car taxes, the most regressive tax in our history? This levels the playing field with car taxes. It starts it at 32 mils. In the second year, goes to 29.36. The money is directly diverted. It does not go into the General Fund. That's what gets lost in this.

You could say that we've raised taxes a billion dollars, but what this budget does is, that money, all of that money, granted we help out our friends in

Appropriations, the people that need our help the most, granted we do that.

But a majority of the money goes back to everybody's communities. Property tax reform, car tax reform and transportation initiatives that we've all heard that we need to do.

So this isn't a diversion of dollars from our sales and use tax that goes into the General Fund and goes into our municipalities without any guidance or control.

So with that, Mr. Speaker, I conclude my comments on the revenue side of this document. I strongly urge my colleagues to support it and it's a document that we could all be proud of and that moves the State of Connecticut forward in initiatives for property tax reforms, transportation, and supporting our most needy citizens. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark further on House "A?" Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. DAVIS (57th):

Before I begin, I would just like to ask that when the vote be taken on this amendment that it be taken by roll call.

SPEAKER SHARKEY:

The question is a roll call vote on the amendment. Let me try your minds. 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. Please proceed, sir.

REP. DAVIS (57th):

Thank you, Mr. Speaker. Four years ago when I first started my time here in the State Legislature, we were facing a massive budget deficit, one that was built up for many years, passed by this Body for many years, kicked the can down the road.

Four years ago we were told that the largest tax increase in state history would solve that problem. We were told if we passed the largest tax increase in state history, that our economy will turn around, that

our state would be facing greener pastures, that we would be in much better position four years ahead.

Well, here we are, just about 6:00 in the morning, June 3rd, last day of Session, and what are we facing? We are facing the second largest tax increase in state history. We are facing massive spending increases to the tune of $713 million.

And what is possibly most offensive to our constituents is that we are blowing straight through our spending cap that so many people asked for us to put on ourselves, and to the tune of billions of dollars being moved out from underneath that spending cap in the out years.

Now, many of our constituents are waking up this morning. They are likely heading to work. It's a Wednesday. Unfortunately, we just heard yesterday that 180 employees at one of our largest employers in the state in Sikorsky are going to be receiving their pink slip either yesterday before they left, or most likely this morning when they show up to work.

And why is that? Because of the business culture that we have created here in the State of Connecticut by passing bills like this, like this budget that we're doing right now. One hundred and eighty people

are losing their jobs in the State of Connecticut in one of our largest employers.

Now that's just what's in the news. What we don't know about is all those small businesses that are laying somebody off in the State of Connecticut this morning.

What we don't know about is all those families that are now searching for a way to pay their bills because of the decisions that we're making right here in this Chamber right now at 6:00 in the morning on the last day of Session.

Those are the decisions that we're making right now, everybody. Those are the decisions that are going to set the path for the future of the State of Connecticut and we're doing it right now at 6:00 in the morning on the last day of Session.

We heard from many of our largest employers in this last week, GE, Aetna, Travelers, Boehringer Ingelheim. I personally heard from many others ones that probably told me, this budget is absolutely terrible.

But you know what possibly is one of the most interesting headlines that I saw in these last few days? Once we were finally made aware of what was

actually in this budget, or potentially in this budget, the Hartford Courant had a headline, the state budget is an attack on the modern economy.

That's what the Hartford Courant article said, an attack on our modern economy rests within this state budget that we will take a vote on shortly.

Is that truly what we want to do, when our constituents are waking up now thinking about heading to work and asking, what in the world are they doing? What in the world are they doing in Hartford right now?

They're making it harder for me to make a living. They're making it harder for me to save for my kids' education. They're making it harder for me to save for my retirement. They're making it harder for me to live here in the State of Connecticut, and that's the decision that we're making here this morning.

Ladies and gentlemen, this budget does not set us on a brighter path. It sets us backwards, and unfortunately, it's setting us down a path that will most likely lead us to a much worse future than what we have here today.

And through you, Mr. Speaker, I have a series of questions for the kind Ranking, or Chairman of the

Finance Committee, if I may?

SPEAKER SHARKEY:

Please proceed, sir.

REP. DAVIS (57th):

Thank you, Mr. Speaker. Mr. Speaker, through you to the Chairman of the Committee, I see that we are reducing the property tax credit on families here in the State of Connecticut from $300 to $200 in Fiscal Year '17. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and through you, did that proposal receive a public hearing?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you Mr. Speaker, I believe it did.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Through you, Mr. Speaker, would the kind Chairman of the Finance Committee please tell me which date that public hearing was held on, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

I do not have that date available at this time.

DEPUTY SPEAKER MORRIS:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, because I don't think that date exists.

I see that we are reducing the threshold for those filers in order to qualify for this exemption. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. What we're doing right there is $125 million tax increase on the middle class and the working class here in the State of Connecticut. That is what we're doing by lowering that property tax credit and lowering those thresholds.

Mr. Speaker, I see that we are delaying the increase in the personal exemption for single filers for one year in 2016. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. That is a $10.8 million tax increase on single filers, young people trying to make a living, seniors who are single filing their taxes that still make a little bit of money because maybe they're able to have social security, maybe they have some income still coming in. That's a $10.8 million tax increase on those individuals here in the

State of Connecticut.

Mr. Speaker, I see that we're attempting to reduce the per item exemption for the sales tax holiday from $300 to $100. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. That is a $1 million tax increase on the middle class here in the State of Connecticut.

Mr. Speaker, I see that we are repealing the exemption on clothing and footwear for the sales tax. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct, Mr. Speaker.

SPEAKER SHARKEY:

Representative David.

REP. DAVIS (57th):

Thank you, Mr. Speaker. That is a massive tax increase on our middle class and our working class here in the State of Connecticut because that's the exemption on clothing and footwear under $50, the ones that are most commonly bought by our constituents.

We're looking at raising their taxes, making them pay the sales tax to the tune of $136.8 million in 2016 and $142.6 million in year '17.

Through you, Mr. Speaker, I see that we are increasing the state's luxury tax on sales from 7 percent to 7.75 percent. Is that correct, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and oftentimes we think of this luxury tax that was implemented four years ago, someone may be buying a Maserati or buying a nice Rolex watch, but it's also the girl that works at

Paul's Pizza, maybe making $10, $11 an hour if you include her tips, working her tail off, trying to get as much money as she possibly can because she's getting married.

And you know what she would like to do? She would like to buy a wedding dress here in the State of Connecticut so that she can get married. And you know what she's going to have to do now? She's going to have to pay higher taxes because we're passing this luxury tax.

If she goes down to David's Bridal and tries to buy a wedding dress for more than $1000, boom, we're hitting her up for a higher tax, everybody, because we think the State of Connecticut deserves that money more than she does.

Mr. Speaker, did that luxury tax increase receive a public hearing, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Oh, I'm sorry, Mr. Speaker, I was somewhat distracted here. Could the Representative please repeat the question?

SPEAKER SHARKEY:

Representative Davis, could you repeat the question?

REP. DAVIS (57th):

Most certainly, Mr. Speaker, through you, Mr. Speaker, did the luxury tax increase receive a public hearing?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

I don't believe it received a public hearing this year, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. I see that we're also increasing the rate on computer and data processing services to 2 percent in Fiscal Year '16 and 3 percent in Fiscal Year '17. Is that correct, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. That is a tax increase on our businesses here in the State of Connecticut, both small and large to the tune of $39.9 million in Fiscal Year '16 and $83.1 million in Fiscal Year '17.

Mr. Speaker, did that receive a public hearing this year, through you?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, I don't have the exact date of that public hearing.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. I believe that's because that public hearing did not take place.

Through you, Mr. Speaker, I see that we are raising the tax on the worldwide web services from 2 percent to 3 percent. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. That is yet another tax on our businesses here in the State of Connecticut to the tune of $15.5 million and $32.4 million in Fiscal Year '17.

Through you, Mr. Speaker, did that tax increase receive a public hearing?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Mr. Speaker, I don't have available a date and time of that exact public hearing, through you.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, because I do not believe that public hearing took place.

Mr. Speaker, I see that we are amending alcohol policies in the State of Connecticut to extend the hours at liquor stores and to increase the franchise permits. Through you, Mr. Speaker, how much revenue

is that intended to receive here in the State of Connecticut?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, we add growlers to that also and the estimated revenue obtained is $2.1 million in each year of the biennium, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. And I see that we are also repealing the exemption for water companies to make purchases. Now they will be paying a 6.35 percent sales tax. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker, that would be for non-municipally owned water companies, through you, as a clarification.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and I appreciate that clarification. Did that tax increase receive a public hearing, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, Mr. Speaker, I do not have the exact date and time of that public hearing, through you.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, because that also did not receive a public hearing, and that is a cost that is almost most certainly going to be passed down to us, the consumers.

Through you Mr. Speaker, I see that we're removing the exemption for car wash sales. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and did that receive a public hearing, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, Mr. Speaker, I do not have available the time and date of that exact public hearing, through you.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, I believe that's because that also did not receive a public hearing.

Through you Mr. Speaker, I see that we are eliminating the Fiscal Year '17 deposit of the Regional Performance Incentive Account Diversion. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

That is correct, Mr. Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker. To be clear, that is when our hospital, or our hotel tax, rental car taxes are deposited into an account that is supposed to be used for regional incentivizing for our municipalities, supposed to be used for property tax relief, ways for them to save money.

We are eliminating that under this budget and we're just putting $10 million into the General Fund because the State of Connecticut thinks that we need that $10 million in the General Fund rather than property tax relief.

Through you, Mr. Speaker, I see that we are repealing the exemption on motor vehicles parking, long-term parking and now charging the 6.35 percent sales tax. Is that correct, Mr. Speaker, or Madam Speaker, at this point?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

That is correct.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and did that receive a public hearing?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, Madam Speaker, I do not have the exact date and time of that public hearing.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, because that public hearing also did not take place.

I see that we are establishing a mandatory combined reporting for our businesses here in the state, most specifically those who are headquartered here.

Through you, Madam Speaker, could he tell us how much of a tax increase that is on our businesses in Fiscal Year '16 and Fiscal Year '17, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, Madam Speaker, through you, the estimated revenue in 2016 would be 38.6 million and estimated revenue in 2017 of the biennium would be 23.7 million, through you, Madam Speaker.

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and did that tax increase receive a public hearing, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, Madam Speaker, through you, I do not have the exact date and time of that public hearing on that particular event.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, because I believe that public hearing never took place this Session.

Madam Speaker, I see that we are extending the surcharge on corporations' income taxes. Through you,

Madam Speaker, can the kind gentleman please describe the tax increase that is taking place on businesses in 2016 and 2017 in that line item, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

I'm sorry, Madam Speaker, what was the line item. Was that on the surcharge?

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Yes, Madam Speaker, I see that we are extending the surcharge on corporate income tax.

REP. BERGER (73rd):

Yes, through you, Madam Speaker, that is a 20 percent surcharge that currently was in place that we are also extending to the biennium. It is the desire of the Committee in 2018 to slowly wean ourselves off that and reduce that from 10 to zero, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and that is a 44.4 percent tax increase on our employers, those that employ us and employ our constituents, a $44.4 million dollar tax increase in Fiscal Year '16 and a $75 million tax increase in Fiscal Year '17.

Madam Speaker, I see that we are reducing the use of credits against certain taxes for businesses here in the State of Connecticut. Through you, Madam Speaker, would the kind Chairman please describe the impact of that line item tax increase in Fiscal Year '16 and Fiscal Year '17, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, Madam Speaker, I certainly will, as I think in my opening statements, that was a tax that was originally stepped down to 35 percent, then 45 percent, then capped out at 60 from an original proposal. That is currently established at a set percentage of 50.01, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and that is a tax

increase of 42.5 percent, or $32.5 million in Fiscal Year '16 and $34 million in Fiscal Year '17 on the people that employ our constituents here in the State of Connecticut.

Through you, Madam Speaker, I see that we are restricting net operating loss carry forwards by the use of corporations. Through you, Madam Speaker, would the kind gentlemen please describe the tax increase in Fiscal Year '16 and the amount of the tax increase in Fiscal Year '17, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, Madam Speaker, that is, those figures are derived through a reduction from 100 percent to 50 percent for the NOI loss carry forward, through you, Madam Speaker.

SPEAKER SHARKEY:

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker. That is a very interesting tax increase that we have proposed here

before us because that tax increase specifically targets those companies that have net losses. Those companies are oftentimes are small businesses that file as corporations. Those companies are ones that oftentimes are ones that are just starting up incurring those costs, trying to create jobs here in the State of Connecticut.

And instead of, you know, reducing spending or trying to do other things, we are saying, we want to take $156.3 million in Fiscal Year '16 and $91.1 million in Fiscal Year '17 from the employers that employ our constituents here in the State of Connecticut.

Through you, Madam Speaker, I see that we are increasing the tax on cigarettes here in the State of Connecticut to the tune of 25 cents in Fiscal Year '16 and 50 cents in Fiscal Year '17. Is that correct, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Through you, Madam Speaker, that is correct.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and whether or not you agree with smoking or the use of cigarettes, it is a $21.7 million tax increase on our constituents in Fiscal Year '16 and a $40 million tax increase on our constituents in Fiscal Year '17.

Through you, Madam Speaker, did that tax increase receive a public hearing?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Through you, Madam Speaker, I do not have the exact date and time of that public hearing related to that specific event.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and that's because I believe that public hearing did not take place this Session.

Through you, Madam Speaker, I see that we are updating the hospital net revenue tax. Through you, Madam Speaker, are we raising taxes on hospitals by $160.5 million in Fiscal Year '16 and $160.5 million

in Fiscal Year '17, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Madam Speaker. That is not the total amount. The hospitals will actually have some federal gain back to them. That is the amount minus the federal give back to the hospitals that will be retained by the State of Connecticut, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and that's interesting because I believe that means we're actually taxing them even more, and this just happens to be the share that we get to keep as the State of Connecticut to use as we see fit in our General Fund.

Through you, Madam Speaker, I see that we're also increasing the hospital tax rate to 6 percent. Through you, Madam Speaker, did that tax increase receive a public hearing?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Madam Speaker, I do not have the exact time and date of that public hearing as it relates to that particular event.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and that's because that public hearing also did not take place this Session, and that's a tax increase on our hospitals to the tune of $46.5 million in Fiscal Year '16 and $46.5 million in Fiscal Year '17.

Through you, Madam Speaker, I see that we're attempting to place a new tax on ambulatory surgical centers at the tune of 6 percent on their gross receipts. Is that correct, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

That is correct, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker. And did that tax increase receive a public hearing?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Through you, Madam Speaker, I do not have the exact date and time as it relates to that particular event, through you.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, it's because I believe that public hearing also never took place this Session.

But that is a $15 million tax increase on our ambulatory surgical centers in '16 and a $20 million tax increase in 2017. What's interesting about that tax is that it's on their gross receipts.

So what they'll do is, they'll just pass that on to the consumer, and then it will actually be double taxation because they'll be passing that on to the consumer and then paying the tax when that takes place as well, so the State of Connecticut will probably make even more money off of that change in policy.

Through you, Madam Speaker, I see that we are adjusting reimbursement rates for resident State Troopers Program and we're now requiring our small towns that take advantage of this program to pay 85 percent of the costs. Is that correct, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, Madam Speaker, that is correct, and it's hopeful that the incentives that we do in S.B. 1 that will take effect in 2017, will help alleviate that expense, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, and that is a tax increase, potentially property tax increase that's going to be necessary and/or a services decrease by our towns to the tune of $2.5 million in Fiscal Year '16 and $2.5 million in Fiscal Year '17. That impacts so many of our small towns.

Madam Speaker, I see that we are authorizing Keno. Through you, Madam Speaker, does the

authorization of Keno require an agreement with the Native American Tribes in the State of Connecticut, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Through you, Madam Speaker, it does, and those negotiations as the good Representative is aware, were conducted several years ago when Keno was authorized by this Legislature, and those will have to be, as the Representative alluded to, would have to be signed and documented and percentage determined, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, so I see that in Fiscal Year '16 we are raising $13.6 million in Keno revenue, in Fiscal Year '17, $30 million, although we don't have an agreement with the Tribes signed yet. We don't really know if we're actually ever going to receive that money because two years ago we did the same exact thing.

We did the same exact thing. We passed this Keno

expansion, but in fact we never actually had Keno put in the State of Connecticut and we had to come up with about $50 million that we had built into the budget.

Through you, Madam Speaker, I see that we are dedicating sales tax funds to the Special Transportation Fund but then we're also not making the statutory deposit into that Special Transportation Fund, so in Fiscal Year '16 it's actually a net of only about $6 million. Is that correct, through you, Madam Speaker?

DEPUTY SPEAKER GENTILE:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Madam Speaker, it was determined through a policy decision that the ramp up of S.B. 1 through Transportation would allow for an additional, slower ramp up through '16 and '17 but considerable ramp up in the out years, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Davis.

REP. DAVIS (57th):

Thank you, Madam Speaker, so make no mistake about it. We're being told that we are going to

divert money from the sales tax into the Special Transportation Fund to pay for transportation projects, but in fact we're not really putting very much money into that Special Transportation Fund because we're not diverting the money that's supposed to go there already.

So we're basically just having the same amount of revenue go into that account as we originally would have, anyway.

I would like to thank the kind Chairman for his answers, Madam Speaker. When we went through the election just a few months ago, we were told by both of our gubernatorial candidates that we would have no new taxes, that no taxes would be put on the people of the State of Connecticut, that that would just be too much, we couldn't handle it, our economy is too fragile, but look at where we are today.

Now it's about 6:10 in the morning on the final day of Session and we're about to raises taxes to the tune of almost $2 billion in new revenue over the next two years.

These taxes are not only on going forward, but they're also retroactive. A number of these corporate taxes, a number of these personal income tax

increases, they go back. They go back to January. We are raising taxes on people retroactively, and we were told by many a people that that is not a good policy decision.

What's also most troubling is that the OFA analysis on this budget does not take into account the potential job losses, the potential that businesses may move out of our state, and that these revenues actually may not actually be met and our budget will be out of balance.

And we can say all of that's just speculation, but look at where we are today. We're $200 million in the hole from a budget that we passed two years ago and updated only a year ago, and we're still $200 million in the hole because what we attempted to do then by raising so much revenue didn't come through because so many people were leaving our state, so many businesses were closing, so many people were losing their jobs.

My fear is that we will be right back here in just a few months trying to determine how we're going to close the deficit because these revenue numbers will not come to fruition.

I also find it very ironic that we're putting a

spending cap on our towns in this budget. We're saying, you can't spend more than 2.5 percent when you receive money from the State of Connecticut when in fact, we're blowing straight through our own spending cap here. We're blowing right through our own spending cap.

We're changing the rules as the game's being played, and we're saying that that spending cap no longer means anything, but we're going to put that spending cap on our towns.

Do we truly believe that the state will keep its promise when it comes to giving this money to our towns? Do we truly believe that? Just four years ago we created a scheme very similar to this one. We said we're going to take a portion of the sales tax. We're going to put it into an account and then we're going to redistribute that back to the towns.

Well guess what happened? About a year later we said, nope, nope, we need the money. Let's keep it in our pockets. Sorry towns, you don't get that money. Do we really think that we're going to be able to do this is in the out years as described by the kind Chairman from the Finance Committee? I don't believe so.

And let's be honest with ourselves. I don't think we're going to be able to do it in the Special Transportation Fund either, because most likely, we're going to need that money very quickly.

So what are we doing here? We're balancing our budget on a huge tax increase. We're doing it on unsubstantiated gambling revenue because we don't have an agreement in place. We've got to go back to our Native American Tribes and ask them for their assistance. We don't know how much money they're going to ask for in return.

And then we're also saying, we want to balance our state budget on people drinking for longer hours at night? We're saying we want to balance our state budget by people going to the package store for an extra hour? Is that really what we want to do here in the State of Connecticut?

Is that the kind of State of Connecticut that we want to live in, that I with a three-month year-old daughter want to raise here in the State of Connecticut? I quite frankly think we can do a lot better, and I believe the people of Connecticut deserve much better. Thank you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Thank you, sir. Will you remark further on the amendment before us? Representative Ziobron.

REP. ZIOBRON (34th):

Good morning, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Good morning.

REP. ZIOBRON (34th):

Good morning. You know, I stand here thinking about how the process started and it's hard to believe it started in record-degree cold in February with lots of snow and how far we've come since then.

Before I begin on my questioning of the budget, I first want to take an opportunity to thank very much for the friendship and the working relationship that I've had and I've enjoyed with Representative Walker as well as Senator Bye and also Representative Porter and their staff.

Because I think when we're all in that area we are a little bit of a family, although you're going to see we have a lot of squabbles and we disagree on a lot of things when I talk about the budget later on, and we certainly do, but it's always with respect and appreciation.

I also want to take this moment to thank OFA,

specifically Alan Calandro. I, as the new Ranking Member of Approps, really took advantage of Alan's time and expertise and his staff, and I'm very appreciative of that.

I also want to take a moment to thank my very good friend and mentor, Representative Craig Miner who I have come to respect immensely and also, all of the Republican members of the Appropriations Committee, especially the Ranking Members of the Appropriations Committee.

For the first time, I think ever, we did something different on the Appropriations Committee as Republicans. The Committee, the Appropriations Committee has always reported out to Subcommittee Chairs, then reported out to the actual Approps Chairs.

And this year I had Republican Ranking Members reporting out in the same way, which is why I think you got the quality of the budget document that the Republicans produced because it was very inclusive, step by step by step. So I want to thank them for their time and due diligence.

I also want to thank the Republican staff. We have an amazing staff and I'm very grateful.

A budget is really a reflection of priorities, isn't it, and we certainly saw the Governor's priorities when he came out with his budget, and I think we were all shocked, regardless of party, what that budget said.

But there's a real distinction of priorities between this budget as a Legislature and the ones that the Republicans put out. And while my good friends on the other side of the aisle are very, very well intentioned, they've created a document that doesn't begin to solve the budget and fiscal crisis of the State of Connecticut.

Our Republican budget proposal was realistic. Although we wanted to provide more, we cut programs that were important to all of us. We couldn't provide the tax relief all of a sudden that we wanted to. It was a balanced approach.

We were honest about the spending cap. We put more money towards our debt service than the Governor's budget, the Appropriations budget, and the Legislature's budget.

And while my colleagues here in this Chamber may strongly agree, disagree, I believe we dealt fairly with the state employees by making the Governor keep

his promises of shared sacrifice. Those were the promises that the Governor made in 2011 and then we saw again repeated in the updated fiscal note from the Office of Fiscal Analysis in 2013.

The reality is, Madam Speaker, that our state employees' salaries and benefits take over 30 percent of our taxpayer resources. Our state employees are hard working, they're our friends, they're our neighbors.

Our Republican proposal in no way was meant to single them out. It simply was to make sure that the Governor kept a $900 million promise that he made to every taxpayer in the State of Connecticut in 2011. How can we deal effectively, prioritizing taxpayer spending, if we ignore the largest beneficiary of our taxpayers' hard-earned dollars? We can't.

My friends on the other side have decided to remove 30 percent of the budget from the negotiation table. They will claim that we keep going back to the same well. But the truth is that this well is the largest portion of our state budget.

We simply cannot continue to do the same things while expecting a different result in the State of Connecticut. It's not in the best interest of our

citizens, whether they're state employees, private employees, or not employed at all.

Madam Speaker, the largest problem we have in this building is the notion that there is such thing as state money. That's our problem. It's not true and it's never been true. There is no such thing as state money.

Our constituents and the residents of this state are paying that tab, and this budget document promotes the misperception that they will stay here and keep paying because they're not going to do that.

I submit to you that that is ultimately false. They don't have to stay here, and I hear from many of my constituents that they are counting, counting the days to leave, whether that's because they're waiting for an elderly parent to move on or their child to graduate high school. They are counting it down.

Interestingly, this morning, or maybe yesterday morning, now that it's 6:00 on Wednesday, I posted something on social media about the budget and my local eye doctor in my town made a comment that this is the third referral he has had requested by a patient to move to South Carolina, the third referral he's been asked to make in the last month.

And those are the kinds of people that sit quietly by and watch what's going on, but he took the time to say, hey listen, you're right. Every day those kinds of things are happening in our state.

Yesterday I took a different route to the Capitol than I normally take, and I passed by our local food bank in Moodus. Now, I have a very small rural district, one of those weird places that has four zip codes but one town, and Moodus is a wonderful little community in the Town of East Haddam.

My family and my husband's family, Polish immigrants, working in a factory, good, small town, and as I passed by our local food bank, it was 30 minutes before they opened and yesterday in the pouring rain, I had to literally stop the brakes when I saw four people huddled against the side of the wall with empty shopping bags waiting for the food bank to open.

This has been a growing issue in many of our communities, big and small, and my fear is that this example is only going to be replayed in communities across the state, but worse because those lines are going to continue to grow.

And our latest data shows that, Madam Speaker,

because our Medicaid rates are climbing. Almost 800,000 residents in the State of Connecticut are now served by that taxpayer program.

Think about that. Eight hundred thousand residents in the State of Connecticut are served by Medicaid, and at the very same time, this budget appears to me to cut the Medicaid reimbursement rates. It can't be sustainable. It's not sustainable.

Instead of creating opportunities for new jobs so businesses can grow roots here, we starve their potential growth and change the rules, change the rules so businesses would rather pull up their stakes and leave.

In this legislative budget we have added new state jobs. We've given raises to judges. We've given raises to managers, and we continue to approve union packages with almost 5 percent in raises and benefits. I submit to you, Madam Speaker, that these are not the kind of policies that help grow Connecticut.

Obviously, we've been all waiting around a long time to vote on this budget, so I've had plenty of time to review it, and Madam Speaker, I have several questions for the proponent of the Appropriations

Committee budget, through you.

DEPUTY SPEAKER GENTILE:

Representative Walker, prepare yourself. Representative Ziobron, you may proceed.

REP. ZIOBRON (34th):

Thank you, Madam Speaker. First I'd like to say good morning to my dear friend, the Chairman of the Appropriations Committee. You know, I really have enjoyed our working relationship, but I've got some tough questions for you. I'm sure you're going to be able to answer them.

Through you, Madam Speaker, after reviewing the budget, can the good Chairwoman tell me if there's a net reduction or gain of new state employees, and if there is a gain, how much have their benefits increased, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, first of all, I also would like to say good morning. As I was walking in the Chamber this morning, I got to hear the birds so it made it a wonderful day.

In the budget before us today we have 135 new

state employees. The exact amount for the increase in the budget I do not have before me at this time, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and through you, would it seem reasonable that the new benefit package for those state employees are between $16 million and $22 million in Years '16 and '17, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, and I want to thank the gentle lady from East Haddam for the questions, also. I could not begin to tell you exactly how much it is because I don't have that number, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker. The next question I have is, you know, I'm learning a lot through this budget process. I learned quickly what programs are moved off budget, and that's a fancy term for a lot of

different things we would call it in our household, and I'm wondering if the good Representative could explain to me what programs have been moved off budget, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, again I thank the good gentle lady for her question. Through you, the majority of the questions that we have, the majority of the programs off budget are the programs who are Medicaid programs, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I was wondering if the good, gentle lady could explain to me the new programs that are off budget from the spending cap, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, could I ask the gentle lady to repeat that question, please, because

I'm trying to process it?

DEPUTY SPEAKER GENTILE:

Representative Ziobron, could you repeat your question, please.

REP. ZIOBRON (34th):

Sure, I'd be happy to. Let me rephrase that. When we are looking at the spending cap, and I understand it's been changed many times. I believe in this budget it's been changed dramatically and a number of programs have been moved outside the cap and off budget.

If the good, gentle lady could confirm that and explain to me which programs those are, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker, I believe the gentle lady is talking about the, again, back to the programs that are supported through our Medicaid funding.

We've started this process a couple of years ago when we started moving some of our Medicaid programs off budget because of the fact that 50 percent of the programs have been net appropriated through the

federal dollars, and the program that we did in this budget was Husky B, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and if the good Chairwoman could confirm for me what I read in draft documents is accurate, that the state retirement judges, family magistrates' retirement system and teachers' retirement system have all been removed from outside the spending cap, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker, the gentle lady is correct. We have now moved the judges, the family magistrates, the state employees' retirement and the Commission, let's see, the SERS, the TERS, the JERS, that's how I remember them. I can't remember them, teachers' retirement, that was the other one, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I'm glad she can say those acronyms and I don't have to do that.

Further, my questions are, through you, Madam Speaker, I noticed in the Appropriations budget there was a line item for something called direct care workers. In the Appropriations budget it was $9 million in each year. In the Legislature budget it's $12 million in each year.

I'd like to understand what direct care workers are and who this affects, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, that was established for the nursing homes, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I've had a lot of questions from folks trying to understand nursing home workers. Are those unionized workers, non-unionized workers, managers, what is the definition of direct care workers, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Again, I thank the gentle lady for asking that question because, you know, I think the good lady from East Haddam sat with me through a lot of the hearings and we all met with a lot of the front line workers in the nursing homes.

And first of all, I should answer that this is for both, non-union and union.

Secondly, it's for the front line workers, and that was one of the things that we really wanted to make sure because we heard from so many people about the fact that they are struggling with the low-income wages, and we wanted to make sure that they alone were getting the increases that were important to help them maintain a good quality of life in the good State of Connecticut, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I thank the good Chair for that answer. My next question revolves around debt service, and as the good Chairwoman knows, we had a lot of conversations about that. The

Governor's number was very low. The Republican budget took the OFA recommendation and increased the debt service allocation and it appears to me that this budget does not do that and underfunds debt service and goes with the Governor's number.

Can the good Chairwoman please confirm what we are doing for debt service and whether it abides by the Office of Fiscal Analysis recommendation, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I'd like to allow the Committee Chair for Government A to answer that question because he and his good Chair were the ones that handled it.

DEPUTY SPEAKER GENTILE:

Representative Ziobron, would you mind addressing your question to Representative Lesser?

REP. ZIOBRON (34th):

I guess so, sure, through you.

DEPUTY SPEAKER GENTILE:

Representative Lesser.

REP. LESSER (100th):

Thank you, Madam Speaker. Madam Speaker, through you to Representative Ziobron, the budget funds 1.937570, I'm sorry, $1,937,570,413 in FY '16 for debt service and $2,053,088,166 in FY '17, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and if the good gentleman could tell me whether that is the Governor's recommendation or the OFA recommendation, through you?

DEPUTY SPEAKER GENTILE:

Representative Lesser.

REP. LESSER (100th):

Through you, Madam Speaker, that is the Governor's recommendation.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and through you, does the kind Representative recall many meetings after the Governor's budget was released specifically with the bond experts and OFA warning us that that would not be enough, as well as many letters from the Treasurer

regarding this?

Does he recall that we were actually advised to raise that amount of allocation, through you?

DEPUTY SPEAKER GENTILE:

Representative Lesser.

REP. LESSER (100th):

Through you, Madam Speaker to the good Representative, I recall considerable discussion regarding the adequate debt service figure. I would remind the gentle lady that any debt service figure is inherently a projection, and recently on May 28th, the most recent bond issuance, we were able through debt service savings, to achieve over $55 million beyond what OFA had projected.

So I do know that there's been a considerable discussion. I'm personally interested in it, and there is a difference between what OFA is projecting and what the Governor has, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker. My next question probably would be for the Chairman of the Appropriations Committee. I'm wondering, what is the

final numbers that have been allocated in the RSA account, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Just one moment, Madam Speaker.

[pause]

REP. WALKER (93rd):

Through you, Madam Speaker, I apologize for the delay. I don't remember every number that's in the budget. It's a little difficult to keep up with each one.

So through you, Madam Speaker, for FY '16, $16,836 million, in FY '17, $113,826 million, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I appreciate that clarification because you know, a lot of our conversations during the last few months have been why we are front loading the amount of money only to then

agree to future wage increases.

And like our municipalities who are deemed whether they can afford to pay, their ability to pay, we believe that we are setting ourselves up for constant increases because of these sorts of allocations.

Through you, Madam Speaker, there has been a lot of discussion with the Ranking Member of Finance and the Chair, trying to understand hospital tax. If the good, gentle lady can explain to me, what is the actual appropriation of the tax payment to the hospitals?

In the Appropriations Committee it was one line item for $56 million. I didn't quite see an appropriation to hospitals in this budget, and I'm looking for clarification, through you.

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker, for the appropriations side of it, we are allocating an additional five, I'm sorry, wrong, wrong wrong, $11 million in our Appropriations budget for the hospitals, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and to the kind woman, are there new agencies in this legislative budget, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, I'm trying to think. I know that, through you, Madam Speaker, I don't believe that we had additional agencies.

Through you, Madam Speaker, yes, we did, the Office of Broadband. Thank you, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I know that that was something that one of our colleagues felt very passionate about, but at the same time I believe in this budget we may have then cut the Commissioner's Network, and I'm just trying to understand, did we do that?

Have we established a new agency and cut an existing agency, or have we funded both, through you?

REP. WALKER (93rd):

Through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

I'm sorry. I apologize. Through you, Madam Speaker, we funded both, through you.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, in the original Appropriations budget, Madam Speaker, there was a line item with $41 million appropriated with absolutely no information. I know we're looking a lot about S.B. 1 and some other things.

In the Legislative budget we're seeing things regarding potential cuts to municipal aid of $20 million in the budget. If the good, kind, gentle lady could explain to me the municipal aid calculations and tell me, has municipal aid been cut, the line item in the budget, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, the municipal aid to towns has been increased, but that would have to be sort of answered through the Finance Chair.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

I'll wait and have that question later. I have a number of others, and while the good Representative's on her feet, I'm going to keep going.

My next question, Madam Speaker is, how do the constitutional officers' budgets are structured? There was some discussion in Appropriations that they would be changed, and then I'm not sure, I couldn't pick that up in the new documents that were presented to me yesterday, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, the gentle lady has a good recollection. We did have a discussion about making some adjustments and changes, but because of the circumstances this year and sort of the need for a

little bit more understanding, we decided not to do that in this budget, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I'm glad to hear that, because if that had gone through, they would have been immune to future cuts, and that was a concern that we had.

There was a few things that I believe were good recommendations that may or may not have been picked up in this budget from the Republican's proposal, one of which was to deal with the, frankly, abusive amount of overtime allocation over $200 million.

And when I was going through this budget I was having a hard time tracking every single overtime allocation. It's added in some, taken away in others. If the kind woman could tell me, what is the bottom line of overtime savings in this budget, and then the flip side is, what are we appropriating for overtime in the budget, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker, yes, we had, and I thank the gentle lady for her participation in this conversation, because it was something that all of us were concerned about and it was something that we wanted to try and emphasize to all the agencies.

We also had some savings in our budget. It was probably about half the amount that the anticipated amount for the prepared, presented budget from the Republicans about 30 million.

We ended up at approximately 20 million, and the reason why we did that was because of the achievable efficiencies that the agencies are going to have to go through in order to accomplish that.

And the way we have it broken down now is 5 million for the Department of Developmental Services, 5.3 million for the Corrections Department, and then we have given the responsibility to the Secretary of Office of OPM to achieve another $10 million from the other collective agencies.

And we hope that with this beginning process, that we will be able to increase it in the year '17 because I think, and I think we all looked at how the work week was established and how things were designed for completion each week with several of the

departments, especially agencies, especially the Department of Developmental Services.

So through you, Madam Speaker, the total is a little over $21 million.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I'm glad to hear it. It's a good start. It's a good start.

What is the total amount of carry forwards used in this budget, Madam Speaker, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, the gentle lady has got me on that one. I can't really remember all of the carry forwards that we have in this budget. Some of those carry forwards were used to address our deficiency bill, but I do not have that right now.

I will try and find that before the day, or the discussion's out, because I will make sure that I will provide you with that information, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I appreciate that very much. My next question is regarding the Insurance Fund. This was a topic of discussion quite a bit. We have an off budget Insurance Fund account and in this proposal, as in our, what had been discussed earlier I think in the Governor's proposal, they take $8 million of different services provided to state residents, instead of taking it out of the General Fund and paying for it like we always have, we put that burden on insurance companies.

And if the good, gentle lady can confirm for me whether we're doing that in this budget as well, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, we are.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker. My next question revolves around Husky A. Again, quite a bit of

discussion regarding what we were doing with Husky A. There was different proposals coming through the Appropriations Committee. If the kind, gentle lady can confirm for us what we are doing with our Husky A population, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker, this is a hard one because as we all talked about. Providing people with services is extremely important and making sure especially helping those people that are struggling and that are at the brink of either losing healthcare or others.

We did do a reduction. We moved the Husky A population from 185 federal poverty level to 150 as a maximum in order to participate in Husky A. It meant that it would be a little over $2 million in the first year and about $41 million in the second year.

Were we happy to do that? No. Was it hard? Extremely, and I want to thank my Chair of the Human Services Committee, Representative Abercrombie because we pained over this one. This one was really difficult but we had to make some adjustments.

And in looking at it, we thought that the way OFA helped us understand what it would do, it would probably move about 13,000 people off of the health plan.

We do have the Affordable Care Act and the Exchange that we have in the State of Connecticut, and they would be able to qualify. We're not sure, because it is right at that brink. Many of the people that are going to be moved off are going to probably have to make some tough decisions on how they budget.

What we also decided to do because it was really hard to do, we have a managed care, a MAPOC, which meets once a month to evaluate and look at how we manage our vulnerable populations to the healthcare system in the state.

We've asked them in this document to meet monthly and provide us with that information and keep track to see how many people actually are going to, that are going to the Exchange and those that aren't.

If the number is really close to 13,000 that just can't get to a healthcare plan because of loss, we will have to readdress this back in 2016. The expectation is that if we have to, maybe we'd come up with a different level of healthcare that has

different types of co-pays and different premiums, and I know the State of Massachusetts has accomplished this also.

So hopefully, we will not allow people to fall, and for the good gentle lady's information, the reason why it's such a dramatic difference between year '16 and '17, by law, federal law, we are required to give them up to 12 months to get off of the plan to move over. So hopefully as that happens we will be able to judge it and then evaluate. Is this an adequate cut?

So through you, Madam Speaker, this one was hard, and through you.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I do appreciate how hard that decision was and it's, you know, not easy when you're building a budget of $40 billion and you have to balance the needs.

But that's why it's so important to grow jobs and raise the tide, and we just don't seem to have the strength to do that.

My next question, Madam Speaker, is probably another hard conversation for the good Chairwoman of

Approps and it has to do with DCF and CSSD, and I'm sorry to have to do it to you, but, you know, I think it's important to get this on the record because CSSD is a program that is for all intents and purposes, all the reports we get, it's wonderfully functioned program with high results.

I don't know if we can say the same about some of our DCF programs, and yet this budget actually removes CSSD from the Judiciary Department, and puts it into DCF, which is already struggling to do so much already.

And if the kind, gentle woman could explain to me why we are doing such a thing, and also, how are we going to obtain $2 million in savings with this move, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Through you, Madam Speaker, the gentle lady from East Haddam is absolutely correct. This is, this one is a hard one. But I do have the good news. The good news is that I think that maybe through the way the Exchange is laid out in the budget document before us, CSSD is staying in CSSD and we are not making that

move into the Department of Children and Families.

I think we all talked about this and we all agreed that we felt that there could be some savings if we combined the agencies, but the preference from the General Assembly and the Committees was to move all of the programs over to the Department of Court Supported Services Division because they did such a fabulous job when we did our Raise the Age and they have done a remarkable job and the savings that they've helped to achieve with also the number of kids that they've been able to keep out of the system.

We were not able to achieve the savings because of the shift, but just like Husky A and some of those tough decisions, we're going to monitor this and we're monitoring this through the Juvenile Justice Planning and Operation Committee. We're going to do a monthly evaluation and we're going to look at the system because we all know that we have other ways that we can address children that don't necessarily require incarceration and we are going to make that a priority, because for me, that is one of the main reasons why I came here, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and I just have a couple more questions and then I'm sure the folks around me have many things to say.

One of the ideas that I think the Republicans honed in on very early was the idea of the compound drugs and how expensive that has been. I see in your budget you're taking a savings of $10 million and I just want to say that I think that's a good place to start.

I think we heard from the Comptroller that it is growing and growing potentially over $25 million.

Two other issues I just want to highlight quickly are the amount of increases. I talked about it in my opening statement, and I just need to highlight it because I think we need to understand what we're getting with this budget.

Not only are we getting the massive tax increases that my good friend and Ranking Member of the Revenue and Finance Committee talked about, what's important to think about is what are we getting for that, you know?

And I think if you're going to put up something, you want to know what you're getting and I want my

constituents and I want the residents of Connecticut to know that part of what they're getting are additional pay increases and salary increases, and I think we need to get that on the record.

So through you, Madam Speaker, could the good Representative tell me specifically the 3 percent managerial raises for non-union staff and the judge pay increases, and if she could potentially tell me what the total cost of that is, through you?

DEPUTY SPEAKER GENTILE:

Representative Walker.

REP. WALKER (93rd):

Yes, through you, Madam Speaker, I do know that there were 3 percent increases made to non-managerial, I mean to non-union members, staff members in the state agencies, and for the judges there was a 3 percent increase.

And for the good lady's information and the people in the Chamber there was a higher rate that was offered, and in our process we did feel that because of the struggles and because of the things that we had to cut, that they were going to be reduced and flat at 3 percent, especially for the judges.

We talked to the judges and we explained to them,

this is a tough budget and we have so many things that are important that we have to support. But at the same time, we also understand that people deserve to be recognized for all the hard work that they do.

So we realize that it is tough, but we do have to set sort of a standard in appreciating people adequately. So through you, Madam Speaker, I don't have the actual dollar amount. I could find it for her, and again, I will get that to her through the regular conversations that we have today, through you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Representative Ziobron.

REP. ZIOBRON (34th):

Thank you, Madam Speaker, and again, going along the lines of you get what you pay for, I think I just want to make two closing comments to highlight a couple of the other places I think we need to be very cognizant of when we're taking a vote here today.

The first is, probate, major probate court changes, and I mean major probate court changes. Probate courts are, I think, you know, part of our society. They're an important critical part for people at their worst time of need or when they're

trying to help a loved one. This budget eviscerates once again, probate court support.

And then lastly, in the back of the fiscal note, the very last page of the fiscal note, you're going to see the future of Connecticut. And although the Governor would like to be able to say that we are in for a brighter day, all's you have to do is turn to the fiscal note and look at the last page to know that that is not true.

If you look at the FY '18, FY '19, FY '20 out years for spending, you're going to see what we saw two years after the largest tax increase in history and we're going to see it again unless we get our house in order, and that is potentially a new $832 million deficit in '18, $731 million deficit in '19 and a $794 million deficit in '20.

We cannot continue to do the same things over and over again, and I ask this Chamber to think about that and their constituents and vote no. Thank you, Madam Speaker.

DEPUTY SPEAKER GENTILE:

Thank you, madam. Will you remark further on the amendment? Will you remark further?

If not, staff and guests please come to the Well

of the House. Members take your seats. The machine will be opened.

CLERK:

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

[pause]

DEPUTY SPEAKER GENTILE:

Have all members voted? Have all members voted?

[pause]

DEPUTY SPEAKER GENTILE:

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

If so, the machine will be locked.

[pause]

DEPUTY SPEAKER GENTILE:

Will the Clerk please announce the tally.

CLERK:

LCO 9305 as amended by, well, designated House "A"

Total Number Voting	140
Necessary for Adoption	71
Those voting Yea	72
Those voting Nay	68
Absent and not voting	11

DEPUTY SPEAKER GENTILE:

The amendment passes. [gavel]

[pause]

SPEAKER SHARKEY:

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

REP. DAVIS (57th):

Thank you, Mr. Speaker. The Clerk has an amendment, LCO No. 9331. Will the Clerk please call the amendment and may I be allowed to summarize?

SPEAKER SHARKEY:

The Chamber will stand at ease for a moment, sir. The Clerk does not have the amendment yet.

(Chamber at ease.)

SPEAKER SHARKEY:

Will the Clerk please call, the Chamber will come back to order. Will the Clerk please call LCO 9331.

CLERK:

LCO 9331 designated House Amendment Schedule "B" and offered by Representative Klarides, Candelora, Miner, Hoydick and O'Neill.

SPEAKER SHARKEY:

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

REP. DAVIS (57th):

Thank you, Mr. Speaker. I move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "B." Will you remark, sir?

REP. DAVIS (57th):

Thank you, Mr. Speaker. This amendment is quite simple, ladies and gentlemen of the Connecticut House of Representatives. This simply says all those tax increases that we just talked about on the middle

class and our working class here in the State of Connecticut we do not have to do them.

And we don't have to do them because four years ago the State of Connecticut entered into agreement with the SEBAC public employees union for the State of Connecticut. And what that agreement said is that that group of individuals, along with the Governor's office would find $253 million in savings, $253 millions in savings that has not been found in the last four years.

And what this amendment says is that we do not need to restore, we can restore the property tax to $300 and remove the phase-out changes that will deeply affect each and every one of our middle class and lower-income families in our districts.

We can restore the $300 threshold for the sales tax holiday. We can restore the sales tax exemption for clothing and footwear. We can provide a supplemental grant of $46 million to our hospitals, so we can take that tax increase.

We can take that and provide it as a supplemental grant to our hospitals and then get two to one reimbursement from the federal government making our hospitals in better shape because of this amendment.

We can eliminate the proposed tax on ambulatory surgical centers, and we can reduce the reserve for salary adjustment account by $56.7 million in Fiscal Year '17 to reflect the reduction in anticipated salary increases.

But most importantly, and it was discussed during discussion on the previous amendment that a vote in favor of that was in fact a vote in favor of veterans. Well, ladies and gentlemen, a vote in favor of this amendment is truly a vote in favor of veterans, because we're saying let's do that exemption from 50 percent to 100 percent as proposed in the underlying bill.

But let's take it a step further for our veterans. Let's show them the respect that they deserve, the respect that they had taken away from them when we made cuts to the Honor Guard, the Honor Guard that provides services at the funerals of our veterans. We're going to cut that? In this amendment we're not going to.

In this amendment we restore the funding for the Honor Guard for our veterans, and all of this is done on the savings that we are supposed to have from our SEBAC agreement four years ago.

Mr. Speaker, I ask that when this vote is taken that 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 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.

REP. DAVIS (57th):

Thank you, Mr. Speaker, and I ask that all of my colleagues here today vote in favor of this amendment so that we don't have to tax our middle class and our working-class families in our districts, so that we don't have to put a deeper burden on one of the largest employers in our state, and that's our hospitals, and so that we can restore the honor that is appropriate for our veterans here in our state. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark on House Amendment "B?" Representative Yaccarino.

REP. YACCARINO (87th):

Thank you, Mr. Speaker, and good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. YACCARINO (87th):

I rise in strong support of this amendment for many reasons, but mainly for helping our middle class. Over the last four years our middle class has suffered greatly with the clothing tax exemption removed, and our veterans with the $100,000 Honor Guard reinstatement.

I'd like to tell a personal story, through you, Mr. Speaker, with your indulgence. Thank you. It's a personal story. It's a little hard to tell, but I think I have to tell this.

I've owned my own business for 25 years and we had a Republican public hearing for Finance last month. Everybody was invited. We had hundreds and hundreds of people there, and at the end of the public hearing an older gentleman said his father would teach him or tell him there's always a problem and a cause, but if you don't address the cause the problem will reoccur.

Well, my business, seven years ago, I started,

there was a problem arising. I was spending too much money. I wasn't living within my means and my business. I had a very successful business and things changed in my life, and I was spending more than I was taking in.

But my employees kept saying, Dave, we gotta make the changes, we gotta make these systemic changes, and I refused. I said, I know better. I've been in business all these years, at that time 18 years, and I refused. So every month I would borrow money. After a few years I owed the bank $200,000. I had owned my property. I had very good credit, but the bank, I went to the bank to pay one of my monthly loans. My bills were very expensive at the end of the month and I couldn't borrow any more money.

It was embarrassing. It's embarrassing to say today, but it was a kick in the stomach. It was a reality check. Either I made the systemic changes and go to the cause of the problem, or I just kept putting a mask on the problem. I would be out of business today.

I made those changes through the advice of three of my employees and two of my boys and it was very difficult, and I did those proper changes to stay in

business to keep these people employed.

What I'm saying here is, we as a state, we have great people. I have the most utmost respect of all the people in this Chamber. I am so proud to work with you.

The fact of the matter is, and the reality of life is, there's people hurting. There's mothers hurting. There's seniors hurting. When you go door to door, I live in a sort of a medium to working class town. People are hurting and we, our policies are putting one more nail in their coffin, one more hammer in the board every single year.

So what I'm saying here is, until we go to the cause of the problem it's not going to change, and that cause is, our size of government is massive and we spend too much money.

We have to be honest with the people we represent, because I could almost guarantee you and my fear is, in two years and in four years, whoever is in this Chamber will have the same situation and we won't, if we don't go to the cause, we will have the same problem.

And it's common sense. I'm not trying to scare anybody, but this is the reality of life. I'd like to

thank you for your time and I would please consider this amendment. It helps our veterans. It helps our doctors, our ambulatory services, our working families, our working moms. I urge adoption. Thank you.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark further on House Amendment "B?" Representative Srinivasan.

REP. SRINIVASAN (31st):

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

SPEAKER SHARKEY:

Good morning, sir.

REP. SRINIVASAN (31st):

I rise this morning in strong support of this amendment. We have heard of a brighter tomorrow. The brighter tomorrow will start with this budget.

Our good Chairwoman of Appropriations talked about a beautiful morning, birds are chirping. It is a beautiful morning. Birds are chirping, and that bright day, that bright morning for us will only happen if we pass this amendment, Mr. Speaker.

This amendment talks about our middle class, people that we need to protect, people we need to make

sure they stay here in Connecticut, they are able to provide for their families and do not need handouts from our state. It is critical that we always, always cover their backs and protect them.

It is important that we address the concerns of our hospitals, of our ambulatory centers. Hospitals provide so much in return for what they take in, our health, our services, and much more than that. They are the major employers in our state.

So what this amendment does with the money that we will get back from the SEBAC agreement is able to take care of our middle class, people that are vulnerable, people that will be impacted by this tax. It will take care of our hospitals.

We have hurt them. We continuously seem to hurt our hospitals by taxing them, taxing them again and again, and here we go again taxing the hospitals, and that is what we need to make sure that we do not do.

So all of us here are middle class, our hospitals, our health have a brighter today and a brighter tomorrow.

Mr. Speaker, I hope my colleagues on both sides of the aisle will consider and support this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Representative McCarty.

REP. MCCARTY (38th):

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

SPEAKER SHARKEY:

Good morning, madam.

REP. MCCARTY (38th):

I rise also in very strong support of this amendment. Our hospitals can no longer sustain the onerous and continuous tax increases that are placed upon them.

Tonight we also heard about Medicaid reimbursements and we all know, and I've heard from numerous hospitals that the Medicaid reimbursement is not been given as promised.

So we continue to place these onerous taxes on our hospitals with a healthcare landscape that is continuously changing, and we're putting extra burdensome regulations and requirements on our hospitals, but we're not providing them with the necessary resources that they will need to provide quality healthcare.

Our hospitals are also the economic engine of many of our communities providing jobs, services and

programs. They do so much in community outreach that help improve the quality of the lives of all that they serve.

So I would ask that you consider greatly this amendment that will add somewhat relief to our hospitals and I would urge my colleagues to support this amendment. Thank you, Mr. Chairman, Speaker.

SPEAKER SHARKEY:

Thank you, madam. Would you care to remark further on House Amendment "B?" Representative Betts.

REP. BETTS (78th):

Good morning, Mr. Speaker, thank you.

SPEAKER SHARKEY:

Good morning, sir.

REP. BETTS (78th):

I also rise to support this, and as you know, and I'm no different than every single person in this Chamber. Community hospitals are one of the most important assets we have in our communities.

Everybody knows how passionate I am about Bristol Hospital and I know how passionate and how important your hospitals are to you. And you heard me say before that the administration and legislative policies have used hospitals like ATMs.

What I've not shared with you before is supporting evidence to demonstrate this and I want to do that now. As you recall, the hospital provider tax was put in place for the specific purpose of giving the state more money from the federal government so we could help pay off our deficit and the hospitals were told they would come out as net winners when this was taking place.

Well, let me show you the exact opposite has happened and I think you're going to be very startled and surprised when you hear the bottom line to this.

For the Fiscal Year 2013 the net loss to hospitals was 53 million. Fiscal Year '14 the net loss was 141 million. Fiscal Year 2015 the net loss to hospitals was 276 million, and under the proposed budget that was just adopted, the net loss for hospitals is going to be 380 million and 2017 it's going to be a net loss of 388 million.

So during that five years, the net loss to our hospitals is going to be over $1 billion, and this is information I got from OFA and our staff. That's one billion. It is no wonder our hospitals are out seeking partners and struggling to try and get cash so that they can survive and meet the medical needs of

our community.

This is one small area, one small opportunity that we can seize in this amendment, in which you'll get $46 million distributed to all our state hospitals in each of the next two years, and for that reason, I implore you to please think of your community hospitals, how important they are to you and to support this amendment. I thank you very much, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House Amendment "B?" Representative Carter.

REP. CARTER (3rd):

Thank you. Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. CARTER (3rd):

You know, ladies and gentlemen, obviously there's some great things in this amendment, which I rise in strong support of. It does help reduce some of the taxes on the middle class, which we talk about a lot. I think it really does honor veterans as, you know, we knew there were some major cuts, you know, to their last rites.

But I also, like my colleague, I want to mention something about the hospitals. But not so much about the hospitals, but I'd like to talk for a minute about the patients.

You know, there's this notion along the way that somehow we can control costs by controlling reimbursement, and that somehow we can control costs by cutting taxes, or excuse me, levying taxes on the institutions, and somehow that's supposed to what, pass through to the patient.

They can't pass through to the patient. For instance, in the surgery center part in here, if you put taxes on the surgery center, there's nowhere to pass those costs through, because reimbursements are either fixed or we turn around and slash them.

So there's nowhere to go for the hospital. They're not going out of state. I guess that's the good news. We've heard a lot about people going out of state. But the problem is, they can't do anything with it. We got 'em in a corner. So what happens? What happens when that happens?

The institutions now have a hard time keeping programs afloat. If you want the institutions to be the hospitals that go out in the community and have

programs that increase the health and welfare of our community, they can no longer do it because they're not able to hire that extra nurse practitioner. They're not able to hire that extra PA, because we've slashed them and we've backed them into a corner.

So at the end of the day it's our constituents and our patients that suffer, not the hospitals. Folks in the hospitals, yeah, we're going to lose some jobs. No question about it. At Western Connecticut Health System we're going to lose jobs because of this bill. They've told us it's happening and other places around here, the smaller hospitals, Stamford. You know, Stamford's trying to, you know, trying to build a new hospital. You think they'll be able to do that now if we keep doing this?

So the bottom line is, we gotta stop hammering them and I don't know what it is about this Session this year, but it's been particularly ugly and I think it's just, I think we have to stand back and think about it for a second.

I think it's just a lack of understanding at what the institutions go through. It's not just a normal business. Their reimbursements are controlled, as I've said. We turn around and slash them. We've got

them in a corner. What else can they do? They're not going to able to pay any attention to the quality of healthcare in our community.

So the next time, you know, the surgery center is a great thing. I'm walking down the stairs the other day and I'm realizing that my knees are starting to make noise, and I'm thinking to myself, my God, you know, if I have to go to one of these surgery centers in 10 years, what's it going to look like for me?

I just had my arm done, but I've been told now that we've levied this new tax over the surgery centers. They're in the same boat the hospitals are. So I'm wondering, am I going to have the same surgery center right down the street, or am I going to have to go to an institution and do it?

You see, these are real-life things that happen to our constituents, and that's what we gotta be thinking about here, folks, and I don't think we're giving it the thought it deserves.

This is a very simple amendment, to take, to give those institutions and those surgery centers some relief. We got the money here to do it. This is one small step, and it's going to affect all our constituents. I urge, urge, the support of this

amendment. Thank you.

DEPUTY SPEAKER GENTILE:

Thank you, sir. Further on House "B?" Representative Berthel.

REP. BERTHEL (68th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. BERTHEL (68th):

I rise in strong support of the amendment as well. I also agree and align my comments with those that have already been made. Hospitals are an important and huge part of the economic engine in Connecticut. They are also, by all measures the guardian of our healthcare safety net.

They care for every person who appears at their doors regardless of their ability to pay. They stand in the ready 24 hours a day, 7 days a week. They employ more than 20,000 employees statewide.

The new taxes in the proposed budget are truly akin to robbing a bank. They are unfair. They will reduce the ability of hospitals to make investments in new innovations and technologies. These taxes, Mr. Speaker, are a strangulation of hospitals that will

also result in a reduction of services, thereby weakening the safety net.

It will also cause ultimately a loss of jobs, not only in the hospitals, but also in the local and regional businesses that support hospitals and their employees in communities across Connecticut.

The result, families will move away, businesses will close and move away for the very same reasons that we heard GE, Aetna, and Travelers talk about over the last 48 hours when they threatened to leave. We cannot afford to tax our hospitals any further. We cannot afford to take more taxes from our hospitals.

Mr. Speaker, this amendment provides funding of $46 million through grants to our hospitals. I urge all members to support this amendment and vote in favor of it.

And before I close, Representative Yaccarino neglected to note in his comments that he repaid all of the money that he borrowed in his story that he told earlier. Mr. Speaker, thank you very much.

SPEAKER SHARKEY:

Thank you, sir. Further on House "B?" Representative Berger.

REP. BERGER (73rd):

Thank you, Mr. Speaker. I rise to oppose the amendment that's before us, that's been presented to this Body, and I do have a couple of questions for the proponent of the amendment.

SPEAKER SHARKEY:

Please proceed, sir.

REP. BERGER (73rd):

Through you, Mr. Speaker, is there a fiscal note associated with this amendment?

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, there in fact is. What we're looking to do is increase the appropriation to our Honor Guard so that we can have the appropriate level for our veterans at their funerals by $119,533.

The amendment precludes revenue gains to the General Fund of $52 million in Fiscal Year '16 and $100 million in Fiscal Year '17 by maintaining the property tax credit as in current law.

It puts a million dollars in Fiscal Year '16 and a million dollars in Fiscal Year '17 by maintaining the sales tax holiday at $300 and precludes $136.8 million in Fiscal Year '16, $142 million in Fiscal

Year '17 by maintaining the exemption for clothing and footwear under $50.

It saves, potentially saves $253 million by identifying, collecting $253 million from the State Employees Bargaining Agent Coalition. It also uses savings attributable to that section to pay for an increase in the military exemption for pensions in the bill and results in a $46 million revenue loss to the state as it requires the Department of Social Services to provide refunds on the net patient revenue hospital tax totaling $46 million in each Fiscal Year '16 and Fiscal Year '17, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, and another question, through you, Mr. Speaker. Are there any of the items that are located within the amendment have a public hearing, through you?

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, in fact they did. I very much remember the Honor Guard being cut in the

Appropriations budget and hearing from a number of veterans across our entire state about how horrible that was. In fact, I think they even held a rally right here in the north side of the Capitol, if I'm not mistaken.

We also had a $253 million in savings. Well, that's been four years of public hearings, ladies and gentlemen, because that's four years ago that that savings was supposed to be identified and we've heard from our constituents year after year after year on that as well.

We also had public hearings on the maintaining the exemption on clothing and footwear because the Republican Party said, you know what? Some of these taxes that were raised, let's have our own public informational hearing so that we can hear about how impactful they truly are.

So through you, Mr. Speaker, in various different ways, the public has been able to weigh in on this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker. In Lines 13

through 20, Section 501, there's noted a figure of $253 million in savings associated with Bargaining Agent Coalition. Through you, Mr. Speaker, is the good Representative aware of any negotiations that are potentially scheduled or may be ongoing with the Governor's office in relationship to this?

SPEAKER SHARKEY:

Representative Davis.

REP. DAVIS (57th):

Thank you, Mr. Speaker, well, I'm certainly aware of the fact that they are supposed to, at the end of this upcoming fiscal year open up the SEBAC agreement to negotiate various different areas. But it also calls for the Governor to enter into good faith negotiations in order to achieve the savings.

Furthermore, these negotiations took place four years ago. We were supposed to have $253 million in savings based on the negotiations that took place four years ago, four years ago, and we don't have that now.

So the negotiations took place and they will continue to take place, and we're asking for them to take place within this amendment, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

And I thank, through you, Mr. Speaker, I thank the Representative for his answers and comments, and again, I stand in opposition to this amendment. There are, and while some of the items on there are laudable, I think the ability to find the funding source to pay for these particularly through a bargaining unit agreement that is non-existent and not agreed upon by both parties is shallow in its idea of revenue return. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House "B?" Further on House "B?" If not, staff and guests to the Well of the House. Members take your seats. The machine will be opened.

CLERK:

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

[pause]

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.

[pause]

SPEAKER SHARKEY:

The Clerk please announce the tally.

CLERK:

LCO 9331, House "B"

Total Number Voting	142
Necessary for Adoption	72
Those voting Yea	60
Those voting Nay	82
Absent and not voting	9

SPEAKER SHARKEY:

The amendment fails. [gavel] Further on the bill as amended? Further on the bill as amended? Representative Ziobron.

REP. ZIOBRON (34th):

Thank you. Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir, or madam, sorry.

REP. ZIOBRON (34th):

Good morning. Mr. Speaker, I rise to call an amendment, LCO No. 9328, and I move adoption.

SPEAKER SHARKEY:

The Chamber will stand at ease. The Clerk does not have the amendment yet.

(Chamber at ease.)

SPEAKER SHARKEY:

The Chamber will come back to order. Representative Ziobron, you were calling the amendment. Will the Clerk please call, and I believe it was LCO 9328. Is that correct, madam?

REP. ZIOBRON (34th):

That is correct, Mr. Speaker.

SPEAKER SHARKEY:

Will the Clerk please call LCO 9328, which will be designated House Amendment "C."

CLERK:

House Amendment "C," LCO 9328 as offered by Representatives Klarides, Candelora, Miner, Hoydick and O'Neill.

SPEAKER SHARKEY:

The gentle woman has sought leave of the Chamber to summarize. Is there objection? Seeing none, you may proceed with summarization, madam.

REP. ZIOBRON (34th):

Thank you, Mr. Speaker. This is a pretty straightforward amendment that does two things. One, it restores the funding for the Community Investment Act. That's a fund that is so important to so many of our communities all across Connecticut, especially our rural communities.

And the other thing it does is it restores funding for our Resident State Troopers, which is also another important issue for folks all across Connecticut.

And how does it do that? Very simply. We talked earlier about the compound drug savings. We believe there is definitely more to be achieved, and we also do it by limiting the number of deputy commissioners.

We have agencies in the State of Connecticut with multiple deputy commissioners and I believe that the Community Investment Act is so critically important to everybody in Connecticut. I also believe that our Resident State Trooper program should be protected and funded, and for that reason, Mr. Speaker, I move adoption, and when the vote is taken, I ask for it to

be taken by roll.

SPEAKER SHARKEY:

We'll do the first question first. 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. And I believe you've moved adoption. Would you care to remark further on the amendment, madam?

REP. ZIOBRON (34th):

I think I've explained it well enough and I think you've had more coffee than I have, so I'm glad you're keeping me straight, Mr. Speaker, thank you.

SPEAKER SHARKEY:

Just trying to be perky, madam. Would you care to remark further on House Amendment "C?" Representative Mulligan.

REP. MULLIGAN (55th):

Thank you, Mr. Speaker, and good morning.

SPEAKER SHARKEY:

Good morning.

REP. MULLIGAN (55th):

I rise in strong support of this amendment today and strongly urge its adoption. I represent the small rural towns of Andover, Bolton, Hebron and Marlborough, and all of these towns rely both on the Resident State Trooper program and the Community Investment Act.

Without these programs, my towns will be placed in dire fiscal positions, which could affect not only the security of our townships, but also their heritage. For example, none of my towns have a police force and rely heavily on their Resident Trooper for its public safety. Without the troopers, each town would possibly have to create their own police force task force, which could be financially devastating. They would be forced to transfer already strained funds from a central program to pay for police force.

Being these are all small towns, which do need which do not need, which do need full-time police forces, this simply doesn't make any sense.

In addition, the Community Investment Act is of critical importance to our townships. The four towns are rural and have an agricultural history.

The entire point of the program is to preserve

the land as this is to divert the funds into disingenuous to the intent of the act. This amendment before us would restore funding to these vital programs to go a long way and will really protect our municipalities.

So I would ask that you support me in voting on this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. Would you care to remark further on House Amendment "C?" Representative Shaban.

REP. SHABAN (135th):

Thank you, Mr. Speaker, I stand in strong support of this amendment. And it's, you know, probably the underlying theme of a lot of the amendments you are about to hear, and some of the, you know, discussion on the budget really gets summed up into one sentence.

It's how poor fiscal management leads to poor public policy. Poor fiscal management leads to poor public policy and that's what we're seeing here in this budget. We're cutting things that we shouldn't cut. We're raising taxes in places we shouldn't raise taxes.

So I stand in support of restoring the funding,

at least for the Community Investment Act. Our Community Investment Act funds things like open space, farmland preservation, historic preservation and even affordable housing.

You know, in this Session alone, in this Session alone we've seen either in Committee or in this Chamber, our majority colleagues vote down state park funding.

We've seen our majority colleagues vote down an effort to restore, or actually implement single stream recycling. We've seen, now we're looking at our colleagues voting a reduction to the Community Investment Act. Poor fiscal management erodes and leads to poor public policy, and that's what this budget's doing. That's what this amendment seeks to at least reel back in a little bit.

So while we may be cutting Husky, while we may be cutting the exemption on clothing and footwear, and while we may be even cutting funds to hospitals, let's at least restore some of the environmental protections that our communities and our towns have grown to expect and deserve and pass this amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House Amendment "C?" Representative Zawistowski.

REP. ZAWISTOWSKI (61st):

Thank you, Mr. Speaker, and good morning.

SPEAKER SHARKEY:

Good morning, madam.

REP. ZAWISTOWSKI (61st):

I stand in strong support of this amendment. I do echo Representative Mulligan's comments concerning the Resident State Trooper program, but I wanted to add additional comments concerning the Community Investment Act.

The Community Investment Act supports things that really make Connecticut, Connecticut, things like open space preservation, historic preservation, farmland, and also our farm economy including our Connecticut Grown program, which has become such of a part of our local farmers' markets.

It has a lot to do with heritage tourism, and moving these funds out of the Community Investment Act will actually impact the jobs that are associated with tourism and with agriculture as well.

I mean, I'm a native of Connecticut. I was born here. I grew up here. I love this state, and these

are the things that really make our state unique. It attracts people to our state and it keeps people here to the degree possible.

Let's not forget that this is also a dedicated account. The Community Investment Act is funded by $40 fee on each real estate transaction. This is not money that's coming out of the General Fund, and moving this fund will actually severely hit a lot of our towns.

When the state actually starts diverting funds like this, we have a really lousy track record of putting the money back. So I do urge my colleagues on both sides of the aisle to support this amendment, to support our farms and to support our historical heritage. Thank you very much, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. Further on House "C?" Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker, thank you. Mr. Speaker, I understand the underlying amendment but I feel that the way it's presented right now it's not achievable, so I urge my colleagues to vote against the amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. Further on House Amendment "C?" If not, staff and guests to the Well of the House. Members take your seats. The machine will be opened.

CLERK:

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

[pause]

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Will all the vampires in the Chamber 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.

CLERK:

LCO 9328, House "C"

Total Number Voting 143

Necessary for Adoption	72
Those voting Yea	59
Those voting Nay	84
Absent and not voting	8

SPEAKER SHARKEY:

The amendment fails. [gavel] Further on the bill as amended? Further on the bill as amended? Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. I rise for purpose of calling an amendment. It should be LCO No. 9360. Will the Clerk please call and I be allowed to summarize?

SPEAKER SHARKEY:

If we can pause for just a moment while it's distributed, thank you. I believe we have it now. Mr. Clerk, would you please call LCO 9360, which will be designated House Amendment "D."

CLERK:

House Amendment "D," LCO 9360 as offered by Klarides, Candelora, Miner, Hoydick and O'Neill.

SPEAKER SHARKEY:

The gentleman has sought leave of the Chamber to summarize. Is there objection? Seeing none you may

proceed with summarization, sir.

REP. O'NEILL (69th):

Thank you. The amendment provides for a methodology to calculate the spending cap for purposes of general fund expenditures and a procedure to vary from the calculations. To the extent that the expenditure is presented in this bill or in excess of the spending cap within the amendment, the General Assembly would not be allowed to authorize the expenditures.

Basically what this does is that it strikes out Section 35 of what is now the bill, what had been House "A," and would restore the calculations to the methodologies that we have been using since the spending cap was first enacted as a legislative enactment in 1991, and I would move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "D." Will you remark, sir?

REP. O'NEILL (69th):

Yes, Mr. Speaker, I would, thank you very much. If I may, perhaps I could ask a question of the Chair of the Appropriations Committee.

SPEAKER SHARKEY:

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

REP. O'NEILL (69th):

Thank you. Section 35 in the underlying bill before us now changes the methods by which the spending cap is to be calculated. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

Through you, Mr. Speaker, that is correct.

SPEAKER SHARKEY:

Representative O'Neill.

REP. O'NEILL (69th):

And it accomplishes that by changing the definitions of what constitutes the base of the spending cap and also the fiscal years versus the calendar years by which the rates of increase are to be calculated. Is that correct, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Walker.

REP. WALKER (93rd):

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

we did is we use calendar year as opposed to fiscal year, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker, and that's my understanding of what the impact of the amendment that is before us is. Since 1991, and I was here in the Assembly when we enacted the spending cap that year, we have always calculated the spending cap based on the fiscal years and not use the calendar years.

One of the consequences of switching to a calendar year is that it changes the amount of increase that is allowable under the spending cap and makes it possible for this budget to be considered if this section is adopted and is considered appropriate and legitimate. It would allow the spending to be done because it would seem to be within the terms of the spending cap.

In addition, and much more substantially in terms of the amounts of change, by taking hundreds and hundreds of millions of dollars that had previously been part of the base of the spending cap out from under the spending cap it redefines the spending cap.

What the amendment does is basically restores us to the situation that we have always utilized as we have calculated a spending cap. Now this is important, Mr. Speaker, because the spending cap to be redefined pursuant to the Constitution, requires a three-fifths majority of both Chambers.

And that is not just three-fifths of those who actually happen to be voting on that particular day, but three-fifths of all of the people who are sitting within the Chamber, who are members of the Chamber. That would be about 90 votes, Mr. Speaker, which based on what happened as the amendment was adopted initially, clearly was not present.

Therefore, if this budget with the Section 35 in it that's there now were to proceed, it would be unconstitutional and in violation of the state spending cap because these modifications and redefinitions were not done in accordance with the constitutional provision for the spending cap.

We would be, I think, in serious trouble if that in fact, is allowed to go forward. The problem with of course the budget is that the budget exceeds the existing spending cap with the existing definitions, which have been the ones that we have been using

consistently and in most cases unanimously have consented to, or in many cases unanimously consented to during the last 20 years or so that the spending cap has been in effect.

Now just quickly, and I believe that the Ranking Member of the Appropriations Committee did a very good job of explaining what the changes were to the base, but I would like to just briefly mention that the reason we have a spending cap is to try to restrain the growth in spending.

This came about in 1991, along with the income tax, because there had been such a steady and uncontrolled growth in the spending of the State of Connecticut, that it led us from one crisis to another crisis to another crisis, until finally we had no other choice as a state but to adopt massive tax increases and the biggest tax increase of all was the state income tax.

At that time it was promised that the state income tax was going to solve our permanent perpetual problem of crisis in financing. Obviously, it has not done that. We had a crisis four years ago, billions of dollars of deficits.

We have a crisis this year and according to OFA,

that crisis will continue through next year and the year after and we are facing a very, very serious problem with our finances.

Now the problem with spending of course is that it does lead to the tax increases and the tax increase that we are talking about here today again, have been, I think well understood and discussed previously by the other speakers who dealt with that.

We've heard from some of our largest corporations about how those spending, those tax increases, particularly the tax increases on computer services are going to have a very serious effect on their decisions about whether to stay in Connecticut

We've all heard about General Electric. We've all heard about the insurance companies. What you may not have heard about is IBM. They wrote to me, in particular, to tell me that if these tax increases go forward, that they're going to have to think very seriously about whether to stay in Connecticut.

They wrote to me, the long-term stakes are too high, the competition is too fierce for us to make such a costly mistake that is increasing these taxes on data processing based on short-term consideration, the short-term consideration being to get as much

money as we possibly can as quickly as we can from whatever source we can.

It is having a devastating effect on our economy. The way we control the spending, control the taxes, is to control the spending, and the way we control the spending in the State of Connecticut is by following the spending cap.

The proposal that is before us today eviscerates the spending cap. It all but obliterates it for all practical purposes, and it is necessary that we restore the spending cap, because that is the only likelihood that we are going to avoid tax increase after tax increase after tax increase going forward.

So, Mr. Speaker, I would request that when the vote is taken on this amendment that 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.

REP. O'NEILL (69th):

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House Amendment "D?" Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker, in favor of this amendment. Early on in the year, many of us go to these forums, I'll call them. We go speak to our farmers, the realtors, our chambers of commerce and usually after we give our two cents, we ask for questions or comments from the audience and inevitably a question will come up on, what are you doing about the spending cap? Are you honoring the spending cap? It always happens. I usually say, thank God for the spending cap. It keeps us, it keeps our spending restrained.

It's very, very important. Poll after poll shows that this is a real concern for a number, for a lot of our constituents. It's overwhelming 70 percent, 80 percent.

The previous speaker mentioned the referendum that put it in our Constitution. It was 80 percent

approved of a strict spending cap, and we really should honor that.

Representative O'Neill mentioned the legal aspects of the spending cap. I will touch on the moral. It's just very, very important that we stay within our spending limits. We just can't spend more than we take in.

So this is a very, very important amendment. This bill is starting here in the House. We could amend it. We could send it upstairs and they could pass it in concurrence if you want.

So this is an important one and I hope to have your support on this. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House "D?" Representative Walker.

REP. WALKER (93rd):

Thank you, Mr. Speaker. First, Mr. Speaker, I'd like to say, I'd like to answer a question that I had before, which was, I think Representative Ziobron asked me how much indebtedness we had and it was, carry forwards, it was $26 million in carry forwards. So I just wanted to answer that question.

Secondly, I want to address the amendment before

us, and I believe the good gentleman from Southbury said that this is changing a precedent, and when we first passed the income tax the first way we used the calendar year as a way of calculating and we went over to the fiscal year. So this is not something new. This is something that has been done.

And the second part of it is that these, the retirements are a form of indebtedness, and so therefore we are not redefining it in that regard, either.

So, through you, Mr. Speaker, I want to ask, encourage my colleagues to vote against the amendment. Thank you.

SPEAKER SHARKEY:

Thank you, madam. Further on House Amendment "D?" If not, staff and guests to the Well of the House. Members take your seats. The machine will be opened.

CLERK:

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

[pause]

SPEAKER SHARKEY:

Have all the 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. The Clerk please announce the tally.

CLERK:

LCO 9360, House "D"

Total Number Voting	143
Necessary for Adoption	72
Those voting Yea	59
Those voting Nay	84
Absent and not voting	8

SPEAKER SHARKEY:

The amendment fails. [gavel] Would you care to remark on the bill as amended? Back on the bill as amended? Representative Candelora.

REP. CANDELORA (86th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. CANDELORA (86th):

Mr. Speaker, I rise with a heavy heart to oppose this bill. You know, the votes in this Chamber are getting a little bit closer given the makeup now and this side of the aisle gaining some seats, but it seems to me that this process is getting a little bit too easy.

Yes, we've had to stay here all night, but I look at this budget compared to four years ago, when the votes were a little bit, the margins were a little bit wider. And four years ago, I thought that was a pretty difficult, terrible budget.

But I can't believe that we're doing something so far devastating. Never in my dreams would I have ever imagined it. We've heard a lot today about a tax on the middle class with the increases of taxes.

You know, one of the things I guess that we're touting here is that we're giving money back to our municipalities, and I took a look at my town run with some of the money, additional money that they're receiving.

So North Branford is going to receive about $400,000 in new revenue from this budget. When I translate that money out, it amounts to about $100 and some odd dollars per household. The irony here of

that money is that we're turning around and cutting the property tax credit by $100.

So any money that my town is getting, the taxpayers are being washed out by having their property tax credit taken away, and there's nothing left there that I could bring home to them and say, you know what, here's the silver lining of this budget.

What we're doing is smoke and mirrors and we're shifting tax burdens in areas that we have no idea what the ramifications are going to be.

One of my constituents who's a school teacher had just sent me a note and she said, you know, Connecticut was my home in every aspect of the word. It has now become a place of struggle and battlement year after year. It no longer holds dear to me. Keep fighting for us.

I don't know about you, but I can't stand to get e-mails like this and I can't believe it's only the Republicans that are getting these e-mails. And when you hear of polls where 50 percent of the people want to move out of this state, it's gotta hit ya. It affects me so deeply and I always go back and I think of my children, and I think about these three children

that I'm raising in this state, that I grew up in, that I so loved, and I'm starting to realize, I don't know if they have a future here.

And I need to encourage them to branch out, to look to other states. And I hear these stories from people who have children that are graduating now from high school, and I keep saying to myself, I really hope things turn around. They have a few more years left. Maybe things will turn around and my kids can be here with me.

And flash forward eight years and it's still the same old story. It's not getting better. It's getting worse. And when we saw this tax package break, what bothered me so much was to see that unitary tax, that combined reporting in this document.

You know, it's only budgeted about $50 million, but I think that number is far different and far dangerous than what OFA is estimating. It's why we have never, ever adopted that tax. And I've sat on the Finance Committee through public hearings. I've sat with UTC and people from GE where they've explained to me the implications of that tax, and mark my word.

Their comments to us, their warnings that they're

going to leave the state may very well come true. For $50 million in this budget, it's not a risk I'm willing to take, none of us should be willing to take.

You know, growing up in Connecticut, as I mentioned in the Finance Committee, we have a very diverse state. We have the wealth of Fairfield County, the beauty of New England. We have the rural areas in eastern Connecticut, and in my town we have many blue collar workers. A lot of the jobs have been spinoffs from some of these larger corporations.

My grandfather worked at Sargent's. My great-grandfather worked at Sargent's, and they spun off companies and created manufacturing businesses on their own. And those great giants that we had in the State of Connecticut, the UTCs, the Sikorskys, the GEs, they were our rock. They're our foundation.

And to see them putting out letters, Aetna and Travelers, saying that, you know, we have to think about leaving. And we're on the national news. National news is reporting this.

Not only is it embarrassing, it's scary to me. It should be scary to all of us. For $50 million we're willing to take this risk.

But I tell you why they're going to leave,

because it's not $50 million to them. That unitary tax is going to create far more of a tax burden than we can imagine and it is going to force them to move out of the state.

I know one company in particular the number is much larger, and that is why when Maryland looked at this, they never adopted it. Now I know the arguments will be made that tax is all over New England. Massachusetts has it, New York has it, Rhode Island has it.

Connecticut is unique. We have a lot of corporate headquarters. They are worldwide companies. They built their nest here and they sent out their offspring into other regions of this country and their nest remains. Part of the reason why they're allowed to exist in Connecticut is because we don't have that combined reporting, and we are pulling the rug out from under them.

Maryland has a similar economy. They enjoy those corporate headquarters similar to Delaware as well. If we lose these corporate headquarters, we lose the faith of Connecticut.

So with that, Mr. Speaker, LCO, I'd ask the Clerk to call LCO No. 9355. I ask that it be called and I be

allowed to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 9355, which will be designated House Amendment "E."

CLERK:

House "E," LCO 9355 introduced by Klarides, Candelora, Miner, Hoydick, O'Neill, and Frey.

SPEAKER SHARKEY:

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

REP. CANDELORA (86th):

Thank you, Mr. Speaker, what this amendment seeks to do is to first off, eliminate the unitary tax in this budget. In addition, it seeks to eliminate the data processing tax that we've also heard about.

This data processing tax doesn't just go toward digital downloads such as ITunes, it goes toward software processing. We've heard from our insurance companies that this tax is devastating to them.

And what we do is, we replace these taxes with savings that we ask OPM to find in our overtime account in Fiscal Year '16 of 75 million and in Fiscal Year '17 of 80 million, and I move adoption.

SPEAKER SHARKEY:

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

REP. CANDELORA (86th):

Thank you, Mr. Speaker. Mr. Speaker, as I pointed out, this unitary tax could be particularly devastating to the State of Connecticut.

One of the things that was pointed out by our Ranking Member Representative Davis, that tax did not receive a public hearing. And I will tell you when this tax was contemplated four years ago, and it received a public hearing, the bill didn't even get voted out of Committee.

After the Chairs, and I was Ranking at the time, we examined this bill. We decided to not even bring it forth for a vote because after the public hearings we realized how bad it would be and we shouldn't even let it out of Committee to put it on the floor. We needed to stop the debate and send a message to those corporations that we wanted them here in Connecticut.

Similarly, the data processing tax, another tax that we had a public hearing on, and you know, we raised that concept possibly for the same reason it was raised in this budget. It kind of makes sense to

look at taxing ITunes at the same rate as we tax say a CD that you buy in a store.

If you're going to download music, why should you pay one percent in tax? Well, when we had the public hearing we looked at it. We realized, that doesn't just hit those kind of downloads. It hits our insurance companies. Aetna alone it hits $15 million.

You know, you could look at this fiscal note and say it's $100 million tax. What we don't understand is, it may be $100 million that's only spread out among six companies or eight companies. It's much more devastating than we could ever imagine, and this is part of my frustration with the process of this budget.

Most of these taxes didn't get a public hearing this year. We pulled them out of thin air, threw them in a budget and we let the people run around in panic mode trying to defend themselves through e-mails, through phone calls, through standing behind those rails as we walk by coming into the Chamber.

We don't know the full effect of these taxes. But I do. I sat through them back when we had those public hearings and some of us in this Chamber also sat through those public hearings, and I think you all

know what I talk about.

These taxes need to come out of this budget, and I fear that if we go forward we are going only see revenues decline even more. Massachusetts recovery is 130 percent right now. Connecticut is at 80 percent. We are slowing ourselves from economic recovery.

Why? Because the choices we made four years ago, the billions of dollars of taxes didn't work. It stifled us. And what are we doing here today? The same thing but even worse because we are taking the taxes that were third rail items, that we said in Finance four years ago, we can't touch those industries. They're too important to jobs and to our economy. And these are now the taxes that are on the table without a public hearing.

So I urge this Chamber to adopt this amendment and stop this insanity. Thank you, Mr. Speaker. Mr. Speaker, I ask that when the vote be taken 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. Would you care to remark further on House Amendment "E?" Representative Kupchick.

REP. KUPCHICK (132nd):

Thank you, Mr. Speaker. I rise in support of this amendment. You know, I've only been here for my third term and I've been through several budgets now. I have to say, I thought yesterday, yes, yesterday morning was going to be like any other pre-budget Session except for when we walked in the building and we got the news that GE, which is located in my hometown, who's never made a statement that I can remember or recall in any history, that they were cautioning this Legislature because they might leave our state. And then Aetna and Travelers made similar statements and this place was pretty shocked.

But as a Fairfield resident, I was pretty scared because GE is an important part of my hometown. They're a corporate citizen that does a lot for our community and our property taxes would rise exponentially without them.

People who own homes who pay property taxes, who send their children to our schools could very well have to move and follow GE It would be a big hit to my hometown. I would think it would be a big hit to the surrounding communities whose residents are employed by General Electric.

You know, a lot of people are talking about corporations as being these sort of detached buildings that maybe aren't really anything important and everyone who works there is a millionaire or a billionaire, but that's not true.

These corporations create jobs for people. You know, I may be just a small business owner who owns a heating and cooling company with my husband, but we create jobs. And maybe some people look at our company as being some big, detached company. But we're just a family-owned company and it's all these companies and yes, corporations, that make up an economy that gives people the opportunity to have jobs to work, to pay all these taxes.

But at some point in time it's just too much. And I know the Republicans on this side of the aisle stand up all the time and talk about it's too much taxes. But you know, we had our own public hearing

because there weren't public hearings on a lot of these taxes and 800 citizens sent in testimony. Hundreds of people showed up to testify against these policies.

And I'll tell you something. I don't remember any billionaires being in the room, or millionaires being in the room. Frankly, I don't think there were any people making over $500,000 a year in the room pleading with this Legislature to give them a break. Just give them a break. They grew up in this state. They're trying to make a living and it's just getting out of hand.

I hope that you'll at least think about this because if these corporations leave our state, it's not just billionaires who will be hurt, or millionaires, but it will be average, every-day middle-class people. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. Further on House "E?" Representative Devlin.

REP. DEVLIN (134th):

Thank you, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning, ma'am.

REP. DEVLIN (134th):

I rise in support of this amendment. This is a really sad day for Connecticut, the shared sacrifices that we all participated in, the largest tax increase in our state's history that was retroactive to boot, was all for naught.

We face endless deficits, non-stop increased spending. It's become the norm, and the result of that higher business taxes and fees, among the highest in the nation. We are ranked one of the ten worst states in which to do business. We lag the nation. We lag New England and we have the dubious honor of being tied with Rhode Island as the state having the lowest job creation index since 2008.

Connecticut was one of only six states that last year lost residents. Yes, I know it's because of the weather here, right? What we heard from an executive in a moving and storage company that is booming now, thanks to a lot of our policies, that in fact, it's been cold in Connecticut for over 1,000 years.

Most disturbing is that our residents, whether they are wealthy, whether they're middle class, are not being listened to. I have said it before in this Chamber, they are taxed out.

You know, at this public hearing that's been referenced several times we heard from a woman from Windsor who was actually there to testify for her employer and then asked if she could speak on her own behalf.

She told us a story of her life that she became pregnant at a very early age and benefitted from many of the services that our state provides, and she was thankful for them. She also worked extraordinarily hard to get out of the social services circle that she called the hole.

Fast forward, she and her husband now have two more children and what she told us as she looks at her paycheck and he does his as well, and they wonder, is it easier just to be in the hole again, because they are not getting ahead. These are not millionaires. These are not billionaires. But maybe that's the goal, because if we can get more people on social services then we can increase government jobs.

It is bad enough that our citizens aren't heard, but our businesses are not being heard either. The businesses that provide the jobs that support our communities, and are the economic drivers for our state.

Earlier this month UTC expressed their concerns over the new taxes on data. Well, they sent letters to the Governor, to the legislative leadership, but I guess because they didn't make a threat of leaving the state, they did offer warnings, it fell on deaf ears.

It is shameful to me that it took GE, Aetna and Travelers, companies that are hallmarks of our state, to at least capture a bit of attention with their honest threats to leave.

And what do we do? Nothing. And yesterday Boehringer Ingelheim joined the list and let's see who else joins them.

Apparently you need a friend in the corner office here to win. Extending the hours on our liquor stores, expanding the number of permits helps total line, but it does not help the thousands of businesses that offer thousands of jobs that participate in our communities and contribute to our communities.

This budget is shameful. As Representative Srinivasan said at our Finance Committee meeting on Monday when we heard some of the numbers for the first time, one thing it doesn't do is discriminate. It is bad for our citizens. It is bad for businesses, small and large, including our hospitals.

most vulnerable.

However, I think the road splits on how we agree to achieve that, and it leads me to the question and answer, a question that I'd like the answer for. What do we invest in, people or businesses, or are businesses people?

Taxes are a fact of life. They support our roads, our schools, among other important services, but when they are too high, those who support the services that we find important to our most vulnerable leave.

So back to, what do we invest in, people or businesses? I believe that we invest in both, and I believe that the actions of our policies today are saying that we don't.

I believe that by supporting our businesses, especially our small businesses, we in turn support our people. I had a business in Milford and they e-mailed me, this is a small business. We have 40 employees in Milford and we have long-term contracts with our clients. We won't be able to pass the sales tax increases onto our clients for several years.

The sales tax changes could cost us more than $10,000 per month or two jobs, or two jobs, two

people. It also will reduce their competitiveness in future renewals further reducing jobs, impacting people.

I think this proposal pushes us past the tipping point. It pushes us past the tipping point so much that one of our business owners who unlike me, I chose to come to Connecticut with my husband and my family over 18 years ago. He grew up in Milford. His family grew up in Milford. He has a fine restaurant in Milford and he gives back to our community on a regular basis.

And he mailed me, you guys are not making doing business in Connecticut easy. Everything in Connecticut is horrible from the high income tax to utility costs, not to mention property and auto tax. Now you're going to raise them again. At this point, I'd love to sell my business and get out of Connecticut. When is enough enough?

Ladies and gentlemen of this Chamber, we need to rethink what we are about to do. Continuing to increase taxes, personal or on businesses undermines our citizens' belief, their belief that we are good stewards of their money, not ours. They deserve better. I urge my colleagues to vote yes on this

amendment. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. Would you care to remark further on House Amendment "E?" Representative Frey.

REP. FREY (111th):

Thank you, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. FREY (111th):

Through you, I'd like to begin with a question to the Chairman of the Finance Committee please?

SPEAKER SHARKEY:

Representative Berger, please prepare yourself for a question.

REP. BERGER (73rd):

Yes, Mr. Speaker, I rise, oh.

SPEAKER SHARKEY:

No. This is, there is a question pending, sir, and I just wanted to call your attention.

REP. FREY (111th):

I know it's early or late, Representative Berger, but I've got a question for you, please.

SPEAKER SHARKEY:

I hope we didn't wake you, Representative Berger.

REP. BERGER (73rd):

I rise in preparation for the question that is ongoing.

SPEAKER SHARKEY:

Thank you, sir. Representative Frey.

REP. FREY (111th):

Thank you. Regarding Section 138 to 163 the unitary tax, can you explain to me how the estimated numbers were arrived at, Year 1, 38.6 million and Year 2, 23 million?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker, a good question, and that is part of some of the repair that was done in the amendment that is before us. It certainly is the intent, and it was the legislative intent of the Finance, Revenue and Bonding Committee to review the unitary tax in a shore-to-shore water's edge tax, and not to reach out beyond the water's edge to the international ability of a corporation to create income, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Frey.

REP. FREY (111th):

Thank you. I appreciate the answer, but I don't think it's the answer to my question. How were the numbers arrived at, the 38.6 million and the $23 million? In other words, my point is that I've heard from several corporations since Sunday and it seems like those estimates are quite, quite low, and I think Representative Candelora touched on that.

So I'm just wondering, I was just curious how those particular numbers were arrived at, through you, Mr. Speaker?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker, those were arrived at with the intent that those would be, the income from that, and the line item through 16 and 17 are derived from the taxation, unitary taxation of water's edge corporations that operate within the State of Connecticut.

SPEAKER SHARKEY:

Representative Frey.

REP. FREY (111th):

Okay. Okay, we'll disagree that, well, maybe

we'll just agree that I didn't get the answer. You don't have the answer that I'm looking for, so let me move on.

I'm very concerned about the unitary tax among other things that are in the underlying bill, or the amended bill now. One of the things I was concerned about is, in the explanation of the bill, the Chairman of the Finance Committee spent more time talking about shoring up the Lottery Corporation and helping our largest employers, and that troubles me.

So going back to our job creation history here in Connecticut on January 30, 2012 Jackson Lab was approved $291 million by the Bond Commission for 300 bioscience jobs. That's 3 million per scientist and that was heralded as something fantastic.

And Governor Malloy at the time said that the decision by Pfizer, the recent decision then by Pfizer, it was going to move more than 400 jobs out of southeastern Connecticut to Cambridge, Massachusetts, home to Harvard University and the Massachusetts Institute of Technology.

He described it as a very clear warning shot that was fired across our bough regarding the moves that Connecticut needs to make to attract future jobs.

Well, I think we've had some more recent shots across our boughs.

Monday morning at the Finance Committee guesstimate some news with the statement from GE and my conversation over the weekend with them, but I'm not going to read that again.

But early yesterday afternoon, Boehringer Ingelheim, which is headquartered in my town, my district, had this to say. Implementing the current shortsighted tax proposals will stifle innovation, especially research and development of critical medicines and have far-reaching implications on our ability to plan and make long-term business decisions, the company said. The current proposal will undermine the financial feasibility of continued capital investments at our Litchfield/Danbury site.

Keep in mind, Mr. Speaker, and I know everyone's not listening because there's a lot of chatter in the room, but there are employees at Boehringer Ingelheim in 155 out of 169 towns in Connecticut, and I think that's pretty staggering.

Thirdly, Hartford Courant story from last night at 9:55, which this first part I can understand. Governor Dannel Malloy who negotiated the compromise

package with Democrats said shortly after noon Tuesday that he couldn't comment on any of the latest revisions because he had not seen them.

But he had negotiated the compromise and he later says, I haven't been briefed on them he told the Courant at the Capital complex. So I'm not sure how involved the Governor exactly was when he negotiated the compromise, but yet hadn't been briefed on them so he couldn't discuss them with the reporter.

But the next paragraph is really what I'm getting at. When asked about the concerns about General Electric, Malloy responded, I had a conversation with General Electric, yes. It was a good conversation.

That conversation took place on Saturday. Sunday afternoon I got a call from GE, the same person who spoke to the Governor on Saturday. A constituent of mine, the CFOA of GE, and as I said in the Finance Committee on Monday, I hung up the phone shaking.

The unitary tax will be incredibly impactful to GE and I shared that up, well, I hung up the phone with this gentleman, okay. I hung up the phone. In fact I was shaking. I didn't know what to do. So I figured, what the heck? I've got nothing to lose and we're all here out of our concern for the state.

through the gubernatorial campaign to April 1st of this year, he said there would be no tax increases.

Our actions and our words mean things and what we do today here on this amendment in particular, I think can have cataclysmic damage to the State of Connecticut.

The Governor in talking about the budget that he negotiated but wasn't familiar with said that we'd position Connecticut as an easier place to get to and get through with regards to his transportation plan. That will definitely happen, Governor, by having so many fewer employees traveling our roads.

In a state that has increasingly become uncompetitive and unattractive to businesses, and as a result job growth, this proposal moves the state further down the scale. A decade ago, the notion that New York State would look more attractive on a relative basis for both business and individuals would have been farfetched but it's incredible and sad and true.

Tonight, I'm leaving at 12:01, I promise you. I'm not sticking around for the back slapping that typically takes place because this is such a sad day. It's pretty well known in this building and

throughout, that it took two days to gather the votes to pass this budget that's going to take place shortly here.

Those that have reconsidered or in some way been swayed, I hope you go back to your original instinct. Vote for this amendment and vote against the underlying budget. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House "E?" Representative Genga.

REP. GENGA (10th):

Thank you, Mr. Speaker. I have a couple of questions for the proponent of the amendment.

SPEAKER SHARKEY:

Please proceed, sir.

REP. GENGA (10th):

I'd like the proponent to explain Lines 26 and 27 of the amendment and what he hopes to accomplish with that.

SPEAKER SHARKEY:

Representative Candelora.

REP. CANDELORA (86th):

Lines 26 and 27 cover the recommendation that the Secretary of the Office of Policy and Management find

savings in the overtime accounts in each fiscal year, through you.

SPEAKER SHARKEY:

Representative Genga.

REP. GENGA (10th):

A question for the proponent. What are those amounts?

SPEAKER SHARKEY:

Through the Chair, sir.

REP. CANDELORA (86th):

The amount if Fiscal Year '16 is 75, it's 75 million and 80 million in the fiscal note. In the amendment language it looks like it's off 75,000 and 80,000. So it appears that we need a couple more zeroes.

In the bill the fiscal note correctly points out that it's 75 million and 80 million, through you.

SPEAKER SHARKEY:

Representative Genga.

REP. GENGA (10th):

Thank you, Mr. Chairman. Through you, if we adopt this amendment as stands after hearing how good this amendment is, we are missing a $20 million savings through the Democratic proposal that was put

on the floor.

This is a very poorly written amendment, and if you vote for this amendment you're really putting the State of Connecticut in very poor management, just like we heard. Thank you very much Mr. Chairman.

SPEAKER SHARKEY:

Thank you, sir. Further on House Amendment "E?" Representative Berger?

REP. BERGER (73rd):

Through you Mr. Speaker, I believe the opposition has been duly noted by Representative Genga.

SPEAKER SHARKEY:

Thank you, sir. Further on House Amendment "E?" Representative Candelora, for the second time?

REP. CANDELORA (86th):

Thank you, Mr. Speaker, as we do so often in this building, it's certainly easier not to draft a corrective amendment to add a couple of zeroes and make sure that we achieve the savings.

But as the fiscal note points out, the intent is to receive overtime savings in the amount of 155 million overall.

I think that this amendment is important because it is desperately needed to get rid of this unitary

tax and this digital download tax so we have half a shot at keeping GE, Aetna, Travelers and all the other companies we heard about, in the State of Connecticut. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on House "E?" Further on House "E?" If not, staff and guests to the Well of the House. Members take your seats and the machine will be opened.

CLERK:

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

[pause]

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. The Clerk please announce the tally.

CLERK:

LCO 9355, House Amendment "E"

Total Number Voting	142
Necessary for Adoption	72
Those voting Yea	59
Those voting Nay	83
Absent and not voting	9

SPEAKER SHARKEY:

The amendment is defeated. [gavel] Would you care to remark further?

[pause]

SPEAKER SHARKEY:

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

REP. ALBERTS (50th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, sir.

REP. ALBERTS (50th):

You know, we've been called the land of steady habits in Connecticut and as anyone who will have spent the past 48 hours will attest, some of our

habits in terms of our consumption of donuts, bagels, candy, you know, hasn't been very good.

Unfortunately, one problem that we have on a much larger scale is that we have failed to adequately fund our pension obligations. The Day of New London last year reported in an article that underfunding of pensions was a financial time bomb and clarified that the state pension system is one of the country's most underfunded pensions, period.

Later last year, Bloomberg, the Bloomberg Company reported that for the fourth year in a row, Illinois, Kentucky and Connecticut topped the list of the most underfunded pension plans.

In fact, according to one of the individuals that covers our activities up here, the Connecticut News junkie, the most recent actuarial evaluation of the pension funds show that as of June 30th of 2014, the end of the fiscal year, the State Employees Retirement System was funded at 41.5 percent of our obligations, so essentially we had $10.5 billion of assets and $21 billion in liabilities. To me, Mr. Speaker, that's just not acceptable.

Several days ago we had a discussion in terms of what the average pension was for state employees, and

I do remember the Majority Leader opining that the average state employee does not get a very wealthy pension and he was absolutely correct.

Based on figures from 2012, the pension amount for the average state employee, and this is from the Office of the State Comptroller, was $31,666. I recognize that everyone comes into retirement from a different place and we have a social security benefit that probably most of these employees also qualify for, but the odds are not great that this person, this average state employee, had retirement benefits that exceeded $50,000.

So what do we do about this? What do we about this mess that we're in where we're funding pensions to 41 percent? I believe everyone in this room, regardless of party affiliation is as concerned as I am, with making sure that state employees get what they've earned. Anyone that has worked for the state and has earned a benefit should receive that benefit. To me, that is sacrosanct.

So with the goal of finding a solution, Mr. Speaker, the Clerk is in possession of LCO 9356. I ask that it be called and I be granted leave to summarize.

SPEAKER SHARKEY:

The Chair will stand at ease while the Clerk processes the amendment that was just filed.

(Chamber at ease.)

SPEAKER SHARKEY:

The Chamber will come back to order. Will the Clerk please call LCO 9356, which will be designated House Amendment "F."

CLERK:

LCO No. 9356 designated House Amendment Schedule "F" and offered by Representative Klarides, Representative Candelora, Miner, Hoydick, and O'Neill.

SPEAKER SHARKEY:

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

REP. ALBERTS (50th):

Thank you, Mr. Speaker, essentially what this amendment proposes to do is to ensure that any new state employees hired on or after June 30th of 2016 would be able to participate in the Connecticut Employee Defined Contribution Plan. This is a 457

plan. It's actually a plan that's offered right now without a match to all employees of the state.

Additionally, it would charge the Comptroller to work on creating a matching contribution plan by the state in the amount of no more than 4 percent, so it would allow a new or participating employee to receive matches on their contributions.

Essentially, this defined contribution would replace the defined benefit that we have now. There would also be a voluntary process for state employees that have been hired by June 30, 2016. So if they so chose, they could convert from a Defined Benefit Retirement Program to this system. There is no requirement that anyone who has a benefit today would have to convert to this system.

There is a fiscal note. In the first section of the bill there is a savings of approximately $1.1 million in both fiscal years '16 and '17 from the withholding of salary increases for certain individuals in the Executive Branch agencies and in the second section there is a potential savings long term from converting to this system beginning in Fiscal Year '18. Mr. Speaker, I move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "F." Will you remark?

REP. ALBERTS (50th):

Thank you, Mr. Speaker. This is an important bill. This is something that we can do right now to help safeguard the pensions of everyone including that average state employee who has a pension of $31,666.

The time is now. The Majority Leader was correct. I stand with him in looking to safeguard these benefits. Mr. Speaker, I ask that when the vote be taken 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. Further on House Amendment "F?" Further on House Amendment "F?"

If not, staff and guests to the Well of the House. Members take their seats. The machine will be opened.

CLERK:

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

[pause]

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Would 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.

CLERK:

LCO 9356 designated House "F"

Total Number Voting	143
Necessary for Adoption	72
Those voting Yea	59
Those voting Nay	84
Absent and not voting	8

SPEAKER SHARKEY:

The amendment fails. [gavel] Further on the bill as amended? Representative Ackert.

REP. ACKERT (8th):

Thank you, Mr. Speaker, and good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. ACKERT (8th):

You know, we've had the discussion now almost probably three hours plus on the two-year future, financial future of the State of Connecticut, and we have it down in a document on a piece of paper with numbers and spending and what we're charging taxes and so on and so forth.

I think what everybody likes in life is some type of predictability, whether it's predictability that you have a paycheck coming on Friday, or that you can afford to feed your family, or whether you can afford to put your kids through college or your retirement fund will keep you for as long as you're on this earth.

I think at times that we come into this building and it seems, since the few years that I've been here, that we mess up that predictability for individuals. We've talked about just recently the corporate businesses coming in and having concerns. We hear about people at Sikorsky that might not have that

paycheck on Friday.

We wonder if, we talked for quite a while about how we help our young people afford college, so on and so forth in terms of predictability, and our businesses struggle with predictability when we talk about retroactive taxes.

A lot of those businesses are the ones that are in our hometowns. The small little businesses that have that plumbing company or have the flower shop, maybe the small grocery store, and they wonder what their customer base is going to be like.

The storefronts in Connecticut are not being filled. The housing market is still struggling. We hear so often too many things regarding the amount of people that would rather not be here.

Nobody in this Chamber wants to represent people that want to leave this state. They want to represent more people. They want to see for as long as we're in this Chamber and we serve our communities that we see them from their littlest infants. We watch them grow up in our communities. We watch them become active civically, raise their family, retire here in this state. Wouldn't that be a noble cause to sit there and watch our people want to stay and live in this

state?

A very good friend of mine, very good friend of mine, council chairman, coached his five teams, good business in Connecticut, but the business climate changed for that one business and he now lives in North Carolina. Took up roots and lived in North Carolina, very civically involved, predictability.

We've become too predictable in terms of how we're handing our taxes, how we're spending our money here. People know that this probably isn't the place for them. We need to change that attitude.

Those small businesses that I talked about, for years we've been talking about this business entity tax, this little tax that we have to pay before we can make a dime in business in the State of Connecticut. It's called the business entity tax.

As a matter of fact, this administration said this is the year to get rid of that. This administration said, this is the year to end the business entity tax. We've been talking, I think both sides of the aisle have been talking about this business entity tax and it's time for it to go away.

We've had an opportunity to make some changes in this budget. All of us put our fingerprint on it and

say, you know what, maybe we can add this in or make this change and make it a little bit better, a little bit more palatable.

On that note, Mr. Speaker, the Clerk has amendment LCO 9329, and I ask I be allowed to summarize.

SPEAKER SHARKEY:

The Chamber will stand at ease until the Clerk has logged in the amendment and it's been distributed.

(Chamber at ease.)

SPEAKER SHARKEY:

The Chamber will come back to order. Mr. Clerk, would you please call LCO 9329, which will be designated House Amendment "G."

CLERK:

LCO No. 9329 designated House Amendment Schedule "G" and offered by Representatives Klarides, Candelora, Miner, Hoydick, and O'Neill.

SPEAKER SHARKEY:

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

REP. ACKERT (8th):

Thank you, Mr. Speaker. What this essentially does is reduces the raises in Section 38 of the underlying bill, the amendment that passed and became legislation, to reduce the expenditure in the General Fund by 22,000, and this is Line 6, 22,910,616 in Fiscal Year '16 and 38 million plus in Fiscal Year '17.

Essentially it's just reducing raises, just reducing the raises of those non-unionized state workers. To offset that, we eliminate the business entity tax. So reducing raises in the two years for non-union members and eliminate the business entity tax and give a little bit of a breather for the so many small businesses that have that limited liability company that pays that business entity tax, and I move adoption.

SPEAKER SHARKEY:

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

REP. ACKERT (8th):

Thank you, Mr. Speaker, and I'd ask that when the vote is taken it be taken by roll, sir.

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. ACKERT (8th):

Thank you, Mr. Speaker, and I look forward to this one passing, sir. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Representative Carney on House Amendment "G."

REP. CARNEY (23rd):

Thank you very much, Mr. Speaker, I just rise for the purpose of a comment. I just want to start off with a quote, our tax system still siphons out the private economy too large a share of personal and business purchasing power and reduces the incentive for risk, investment and effort, thereby aborting our recoveries and stifling our growth rate. That was said in 1963 by John Fitzgerald Kennedy.

And that quote still resonates today with things we're discussing right now, especially when it comes to small business. This state has stifled that incentive for risk, investment and effort in small businesses, and I think about the way small businesses have shaped my life.

You know, folks oftentimes think that because of who my grandfather was that I was born with a, you know, came from wealth, but that couldn't be further from the truth.

I started working when I was 12 years old. I worked for small businesses, small businesses in Old Saybrook and across the shoreline. My first job was at Pizza Works at the Saybrook Train Station and that took incentive and risk, and that restaurant is still there today.

My mother, my mom was a single mother working three jobs. It took small businesses to give her those jobs, and those small businesses took incentive and risk and effort, and she was able to afford to feed me and my sister every single night.

And then I think of my girlfriend. My girlfriend has two kids of her own. She works for a small business out of Bristol, makes springs. Bristol was

at a time, I'm not sure if it still is, but the spring capital of the world and she works every day, harder and harder as this economy gets harder and harder. She works for a small business.

By taking away what the Governor promised by eliminating the small business entity tax, we're stifling small business. We're stifling growth. We're stifling innovation.

You know, we passed a study today to talk about a technology sector. Why would anybody start a small business here doing that with this business climate? Right off the bat you have to pay a $250 filing fee.

You think of our college kids. We have the best colleges in the world. We have the smartest kids in the world. We're stifling their growth. We're causing them to go to other places. We're causing them to go to states that are better for business, like Tennessee, like South Carolina, like Georgia, all ranked according to the economist better for small business in Connecticut, which was rated a D, which will only get worse if we pass this budget.

The youth exodus is extremely real, as is the senior exodus but for the purpose of small business, the youth exodus, more 18 to 34 year-olds leave this

state than any other state since 1990 than the State of Michigan.

We can't keep going along like that, and small businesses will help keep those kids here. Small businesses will help keep people here, but we need to keep the businesses here to do that.

You know, I ran because I love this state, and I'm wearing a Hartford Whalers tie. That's how much I love this state. That's how much I believe in this state. I'm actually hoping one day the Hartford Whalers will return to Connecticut. I don't know if that's a possibility but I'd love to see it happen, but it's only going to be if our economy can get stronger and if we're wiser with our taxpayer dollars.

I want to end with a final quote. All taxes discourage something. Why not discourage bad things like pollution, rather than good things like working or investment, and that was said by the Former Secretary of Treasury, Larry Somers, a Democrat. I urge the adoption of this amendment and ultimately, though, a no on this bill. Thank you very much.

[pause]

SPEAKER SHARKEY:

Thank you, sir. 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 opened.

CLERK:

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

[pause]

SPEAKER SHARKEY:

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

If all the member have voted, the machine will be locked and the Clerk will take a tally.

[pause]

SPEAKER SHARKEY:

The Clerk please announce the tally.

CLERK:

LCO No. 9329 designated House "G"

Total Number Voting	143
Necessary for Adoption	72
Those voting Yea	59
Those voting Nay	84
Absent and not voting	8

SPEAKER SHARKEY:

The amendment fails. [gavel] Would you care to remark? Would you care to remark further on the bill as amended? Representative Lavielle.

REP. LAVIELLE (143rd):

Thank you. Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. LAVIELLE (143rd):

The OPM Secretary, as I think everyone heard said recently that we are in the time of permanent fiscal crisis and the fiscal horror of this budget has clearly struck a chord with both businesses and residents.

With a semantic sleight of hand that calls $2 billion in spending by another name, it violates the fundamental protection our spending cap provides taxpayers and pushes them way beyond their means.

And when government does that and abuses its taxpayers, it destroys its own ability to meet its obligations to serve them.

We need a different kind of budget. We need a budget that spends strategically and reasonably that recognizes that in times of financial distress we can't have everything that we want, and we must use our resources as efficiently as possible to serve as many as well as we can, that we must make what we already have work really well before we get anything new.

And in the desperately important area of education, that is what this amendment does. Mr. Speaker, I have an amendment. It is LCO No. 9362 and I'd like to ask that the Clerk call the amendment and that I be given leave to summarize.

SPEAKER SHARKEY:

The Chamber will stand at ease for a moment until the amendment is distributed.

(Chamber at ease.)

SPEAKER SHARKEY:

I believe we now have the amendment. Mr. Clerk,

would you please call LCO 9362, which will be designated House Amendment "H."

CLERK:

LCO No. 9362 designated House Amendment Schedule "H" and offered by Representatives Klarides, Candelora, Miner, Hoydick, and O'Neill.

SPEAKER SHARKEY:

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

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker, we usually do that to you. This is a very simple amendment. It, in Section 501 of the budget bill before us there is approximately $9.8 million in funding allocated for two new charter schools and the amendment proposes that that funding be allocated instead to ECS funding. I move adoption.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "H." Will you remark, madam?

REP. LAVIELLE (143rd):

Yes, thank you, Mr. Speaker. Educational choice is one of the principles that I think all of us agree

is important.

And in my five years on the Education Committee we have done a great deal of work, all of us together on all kinds of schools, charter schools, magnet schools, community schools, neighborhood public schools, alternative schools, all of them because they all have their place in our public school system, and they all have a particular job to do.

Charter schools are public schools that have done a wonderful job in Connecticut. They offer a kind of laboratory experimental setting for trying new ways of teaching and learning and then sharing them afterwards with other schools. They get great results, so many of them. We have some stellar charter schools in Connecticut, and they've done wonderful things in communities where the neighborhood schools aren't working as well as they could.

That's why I'm very pleased, one of the few areas that I'm pleased that in the budget bill before us there's more than $20 million allocated to new seats and new grades in existing charter schools.

At the same time, and this amendment does nothing to that funding. At the same time around our state, more than 100 school districts are underfunded in

terms of not receiving their entire current ECS allocation, and about 15 others have an ECS allocation to begin with that is inequitable because it relies too heavily on property values, which conspicuously do not reflect residents' ability to pay for schools.

We also have to realize that school funding affects not only school budgets and the resources of schools in general but also towns and their tax policy.

This budget bill before us clamps down on towns by dictating their tax rates and holding a big stick over their local spending decisions, and it redistributes wealth through the regional revenue sharing provisions of the former Senate Bill 1.

So particularly now, more than ever, our towns all over Connecticut, whether they are affluent and small, or large cities or urban, rural, big, small, high performing, low performing, our towns need a stream of education funding that is reliable and one that is fair, and that is what this amendment would help to provide.

Mr. Speaker, I would ask that when the vote is taken on this amendment it be taken by roll. Thank you. I urge passage.

SPEAKER SHARKEY:

Let's take first things first, madam. Motion is to, is for 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, and I believe Representative, you also moved adoption, is that correct?

REP. LAVIELLE (143rd):

I did move adoption before, and I now am urging adoption.

SPEAKER SHARKEY:

Thank you, madam.

REP. LAVIELLE (143rd):

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

The question before the Chamber is adoption of House Amendment "H." Will you remark? Will you remark?

If not, staff and guests to the Well of the House. Members take your seats. The machine will be

opened.

CLERK:

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

[pause]

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, the machine will be locked and the Clerk will take a tally. Will the Clerk please announce the tally.

CLERK:

LCO 9362 designated House "H"

Total Number Voting	143
Necessary for Adoption	72
Those voting Yea	59
Those voting Nay	84
Absent and not voting	8

SPEAKER SHARKEY:

The amendment fails. [gavel] Would you care to

remark on the bill as amended? Further on the bill as amended? Representative Perillo.

REP. PERILLO (113th):

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

SPEAKER SHARKEY:

Good morning, sir.

REP. PERILLO (113th):

I have a brief question and them some comments, if I may, through you, sir, a question to the Chairman of the Finance, Revenue and Bonding Committee.

SPEAKER SHARKEY:

Representative Berger, please prepare yourself. Please proceed, Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and through you, in Lines 1699 to 1701 I read that language to say that there shall be a tax on all Internet services in our homes. We've discussed this in the past, in fact, quite recently and I think we agreed that that might be the case. Yet I don't see the impact of that in the fiscal note, and quite frankly, I haven't seen that in any documents that have been given to us.

Is the intent of that language to implement a tax on home Internet services, through you, sir?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, it is not the intent to have that take effect, through you.

SPEAKER SHARKEY:

Representative Perillo.

REP. PERILLO (113th):

Thank you, Mr. Speaker, and a follow up. Is the intent to perhaps fix that language in an implementer it, through you?

SPEAKER SHARKEY:

Representative Berger.

REP. BERGER (73rd):

Through you, Mr. Speaker, we are having our LCO review that language, and if that language is, in fact, what the good Representative says, that that language will be rectified, through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Perillo.

REP. PERILLO (113th):

Thank you. I just thought it important to note that drafting errors are bipartisan and can occur on both sides of the aisle to Representative Genga's

point form earlier on.

But a few comments if I could. We heard in the Finance Committee just the other day a discussion about revenue estimates, and it was just as the issue and the announcement from General Electric came out that they were concerned about the budget, a legitimate concern.

And sitting in the Committee a few seats away from me, I heard a member say GE doesn't pay any taxes anyways, so that's not a big deal. And I was surprised by that, because even if that were true, the statements like that show a tremendous lack of understanding of how the economy works.

Because it's not just about the business, it's not just about the employer. It's about those thousands of employers at General Electric and companies just like it. Those are middle-class employees here in the State of Connecticut. This budget is a direct hit on those middle-class employees.

This budget lowers the credit on property taxes here in the State of Connecticut, a direct hit on the middle class here in the State of Connecticut again.

The tax on data processing hits businesses, small

and large here in the State of Connecticut, the employees of which are middle-class residents of our state, another direct hit on the middle class. I could go on.

This budget is all about hitting the middle class again and again and again. How many times can we possibly do it? At what point is it no longer acceptable?

The residents of the State of Connecticut have made it very clear. They've been making phone calls for the last 48 hours. They've been sending e-mails for the last 48 hours. They've been all over social media for the last 48 hours telling us, please don't do this. Please don't do this.

But nobody's listening. And a failure to listen is a failure to lead. This budget's disappointing and I would urge everyone in this Chamber to reject it, to reject the underlying premise and to say to Connecticut residents, actually, yes, we do hear you. We know you can't absorb this. We know you can't accept it, and we're listening. I hope we'll do that today. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on the bill as amended?

Representative Belsito.

REP. BELSITO (53rd):

Thank you, Mr. Speaker. I am here to tell the truth and here it is. When I first came to Connecticut I came from Taxachusetts. I didn't think I was going to bring it with me, but it's here.

This state was the brass capital of the world. We were the ball bearing capital of the world. We were the insurance capital of the world. We were the silk capital of the world. We were the gun capital of the world. We were the jet engine manufacturing capital of the world.

We had Veeder-Root. They made counting devices. We had Holo-Krome Swiss Screw Machine Company. We had so many companies. We had G. Fox who was strong and growing. Where are they now? Almost all gone except for United Aircraft.

When I worked there, there were 50,000 employees. Do you know how many are there now? Five, five thousand. How does that grab you? That's happened in 40 years ever since the Democrats became in control of this state, 40 years.

So going from 50,000 workers, and it's been said by some important people, Connecticut is open for

business. I'm sorry to tell you but this is the truth. We are not open for business. In fact, with this latest tax bill that we just passed, we are just about closed.

And in fact, you've got to know that when they nail the final nail in the coffin of Connecticut. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Representative Wilms.

REP. WILMS (142nd):

Thank you, Mr. Speaker. As we've heard from many of the other speakers, we are in a state of permanent fiscal crisis, and because we are, it means that we need to look at how we do our budgeting. We need to look at it differently. We can't do business as usual. We can't do the same old, same old. We can't do well it worked in the past we're going to do the same in the future.

Where we can look are to our own towns and cities, all 169 of them. I was privileged to Chair the Board of Estimate and Taxation for the City of Norwalk for the past eight years. On Appropriations here, we had many mayors and first selectmen come up and testify about how they did municipal finance, and

I can recall how we did municipal finance when it came to budgeting.

Since we're in a state of permanent fiscal crisis, a big part of it is that our economy's not growing, our revenues are not growing. So if our revenues are flat, if we look at our budget, and then we look at our spending side, 30 percent of what we spend is related to employee union benefits and wages. Those have been growing at double digit rates.

And I mention this not to pick on the unions or the employees, I'm just simply saying that, you know, whether it was ABC category, if 30 percent of the budget is growing rapidly and the revenues are not growing, something has to give.

And what we saw in the Governor's budget what gave were services that the citizens of this state actually want their government to do, and the rising costs of the employee union benefits and wages are cannibalizing services that we actually need to perform on behalf of our citizens.

So again, what have our towns and cities done? They are ahead of us. They have renegotiated their contracts and they've done it without resorting to final binding arbitration.

So in the area of pensions, new workers are converted to 401(k)s. In the area of healthcare, new workers are put on HSA high deductible medicals. In the area of OPEB, that has been dramatically reduced and shrunk, and by doing that, and current workers have kept their current plans but they have to pay more, so it's a system that's fair to everyone.

And many of our towns and cities have already done it without having to resort to binding arbitration, to final arbitrators. And because of that, their finances are turning around. They're now able to spend more money on services that their citizens actually want, and they're able to keep their tax rates down.

So in conclusion, Mr. Speaker, this is what we need to do here. There's only two options that we have for us here from a budgeting perspective to get out of our permanent fiscal crisis.

Either our economy starts growing again, we have more revenues and then the extra money can pay for all sorts of things, or we need to look at the elephant in the room, which are our employee union contracts, and as opportunities present themselves we renegotiate them in a way that benefits the state, benefits the

voters and benefits the taxpayers. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark further on the bill as amended? Representative Ferraro.

REP. FERRARO (117th):

Thank you, Mr. Speaker, and through you, I've got a few comments to make. Today you've heard from many people on this side of the aisle talking about their displeasure with the current budget.

And I gaze across the other side of the aisle and I see everybody on that side of the aisle apparently content with the budget. But you know, and I know that this is not true.

The bottom line is, I don't think anybody's really happy with this budget. I heard seven good amendments today to improve the budget. Neither of those amendments passed. I can't believe that good intentioned amendments that can improve a budget that is as bad as the one we have could fail so continuously on such a partisan basis.

I find it disenchanting, really, because about a year ago I made a big decision that I was going to enter into politics and I came from a world where

there were no politicians. I came from a world where we went to the Dojang in the morning. We practiced from 9:00 in the morning until 9:00 at night. For 35 years, I buried myself in that room.

On Tuesdays, I would emerge for lunch and I would meet with five gentleman, Honchie Mike Cunningham. His job is to take care of computers for Toad's Place, which is a famous nightclub in New Haven. Bobby Barr, whose job is to drive taxicabs. Elia Athan, whose job is to take care of construction, building houses, painting, all kinds of handy type of work, and then Ken Mitchell, who's a retired advertising agent from Madison Avenue.

The five of us would meet for lunch every Tuesday and we would discuss the problems that faced Connecticut and the country and the world at large, and I promise you, we solved the world's problems every single Tuesday.

However, I made my mind up, you know, those afternoons that I was going to try my hand at politics to try to make a difference. I came here and I came here mainly because everybody I talked to, my neighbors, my friends, they all complained how difficult it was to live in Connecticut, and they're

not alone.

As we all know, there was a recent Gallup poll that said 50 percent of Connecticut residents want out. Well, the reasons why Connecticut residents are so frustrated and angry, and I'm one of those people is because we've had to stand by helplessly and we had to watch our Legislature pass a list of laws that are constant, continuous spending bills, and the only way that you can deal, or the only option you have when it comes to spending is, we have to pay for that spending, is to do it either by increasing taxes or by bonding and borrowing.

So these two options are really not the only option, but they do appear to be the only ones that this Legislature looks at. The third option, of course, is just to stop spending and to control our spending.

So I can go on and on, but I'm being told right now that my time is up, so I just want to say that in closing, that most of us have heard about the old saying that the rising tide lifts all boats. I just want to leave you with the thought that the opposite is also true. The sinking tide sinks all boats. Thank you very much, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Would you care to remark further on the bill as amended? Representative France.

REP. FRANCE (42nd):

Thank you, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. FRANCE (42nd):

I've listened intently to the debate over the last four and a half hours on this budget. As we started the debate this morning, the good Ranking Member of the Finance, Revenue and Bonding Committee talked about some changes in how the Special Transportation Fund would receive funds, including a half percent of the sales tax going to that fund, and we would think that would be an increase.

However, that is almost completely offset by the funds that are not going to be there from the General Fund.

In past years, this Legislature has made a practice of diverting funds from the Special Transportation Fund to the General Fund to the detriment of our infrastructure.

The current budget is more creative. We are now

going to take funds that were paid for in the General Fund and shift that responsibility to the Special Transportation Fund.

This year's fund is the boating fund expenditure. It used to be funded by the Department of Motor Vehicles. The Hartford Courant on September 16, 2014 reported 413 of more than 4,200 bridges managed by the state are structurally deficient, and that was a year over year increase from the previous year.

And in February the administration presented a 30-year $100 billion Transportation Plan that I would say is making another commitment to the taxpayers that will not be kept.

It is clear that we are unable to maintain our current infrastructure, and yet this administration continues to add infrastructure and transportation systems, while our bridges and roads continue to deteriorate.

For the safe travel of our residents we need to stop the policy of diverting funds from the Special Transportation Fund and take care of our infrastructure.

For this and other reasons that have been talked about this morning, I do not support the budget as

amended and I encourage my colleagues here in the House to do the same. Thank you very much, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on the bill as amended? Representative Carpino.

REP. CARPINO (32nd):

Thank you, Mr. Speaker. Like all of you, I'm very fortunate to represent 24,000 and change great people in my district, and when they elected me, the great people of Cromwell and Portland asked me to do one thing, just one.

They said, Christie, when you go to Hartford, cast good votes. Pass good bills that are going to matter to us and keep our best interest in mind every time you hit that button.

And we all try to do that throughout the Session. We pass bills to make sure our children are educated, our seniors are safe and that we have good jobs available for our families, and yet here we are. And for those of us who were here four years ago, here we are again.

This bill, the budget before us in my humble opinion, is the most dangerous piece of legislation we

H – 1225

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2015

VOL.58
PART 24
7985 – 8298

have seen all Session. This bill is going to destroy families. Seniors are going to be forced to consider relocating out of the family home that they've grown up in.

Children are going to be faced with the opportunity of not having a good job when they return from the colleges we've tried so hard to give them a good education at.

And families are going to be given a tough choice to decide if they're going to have to relocate, because those businesses we heard from today, they've left.

So ladies and gentlemen, I urge rejection because this budget is going to do nothing, but not only shake the confidence of our constituents, but it is dangerous to each and every member that we represent. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. Further on the bill as amended? Representative Zupkus.

REP. ZUPKUS (89th):

Thank you, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning, madam.

REP. ZUPKUS (89th):

You know, we all sit here today and whether we want to admit it or not, we all hear the same stories for our constituents. We get the same e-mails. We know that people are overtaxed. We know that businesses big and small are overtaxed, and we know what our constituents are sayin'.

We know that people are leaving this state. We know that Connecticut is one of the most unfriendly states to do business in. We know that our constituents are struggling. They're wondering if I'm going to have a job, how am I going to make ends meet, sitting around their tables trying to figure out how to pay their bills.

We know that this state is on the wrong path, and we know that this budget furthers our state down that path, and for that reason, I will not support this budget. Thank you.

SPEAKER SHARKEY:

Thank you, madam. Further on the bill as amended? Representative Bolinsky.

REP. BOLINSKY (106th):

Thank you, Mr. Speaker, it's been a pretty long day. Also, I want to thank you for hosting the brunch

today. It's a very nice gesture and a nice way to wrap this up.

Mr. Speaker, this is only my second budget and you know, instead of going over all of the horrible things that, you know, that have been recounted today, I just want to sort of make a remark about the way that the budget started out.

I thought that when we started the process, particularly in the Appropriations Committee, Representative Walker and Senator Bye brought a transformative type of energy to the process. We had everybody involved. Everybody was involved and it seemed like all of our dialogue was incredibly meaningful.

And then once we got out of the Committee process and the Subcommittee process, we just sort of fell into our old ways and doors got locked. People that had great ideas were not given the opportunity to express them and bring them to fruition because, I mean frankly, we all want the same thing. We want a great Connecticut.

But what we wound up with were three competing proposals, all of which had merit, but not all of which were properly represented in my opinion.

So without recounting all of the negatives, how did we get here? What is Connecticut? I look around this incredibly beautiful state. I feel blessed to be living here, even though nobody in the Chamber is listening, but we started as an industrial giant simply because of Connecticut's Yankee ingenuity.

We had inventors. We had brain power. We had natural resources, and we had people resources, and then after we built our industrial base in the 18th and 19th and 20th centuries, we became the beneficiaries of other state's bad policies.

Our neighbors in New York, New Jersey, Massachusetts, they all went the high tax road and we were incredibly poised to be the beneficiaries of people with wealth, people with companies, people with intellectual property wanting to come here because they could spread their wings and be successful.

And then we became like our neighboring states and we taxed and we spent and we taxed and we spent. So Mr. Speaker, through you to the Chamber, I'm going to conclude by saying, I would like to see the positives that came out of this year's process carried forward and grow into a truly bipartisan effort that goes all the way from first base back to home plate.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on the bill as amended? Representative Simanski.

REP. SIMANSKI (62nd):

Thank you, Mr. Speaker. Colleagues, I'd like to give you my perspective on this budget by using an analogy. In Greek mythology there was an evil trickster by the name of Sisyphus and he so infuriated the gods that for all eternity he was condemned to push a huge boulder up a steep mountain only to reach the top and come tumbling down and have to start the process over and over again.

I think that's a fitting analogy for the State of Connecticut because every two years we find ourselves at the base of a very steep fiscal mountain and we pick up a very heavy budget boulder. We begin our trek to the top, only to find ourselves at the base once again.

And whereas it's a fitting analogy for the State of Connecticut there are some major differences between the two stories. Whereas, Sisyphus pushes that same boulder up that same mountain all the time, and the story of the State of Connecticut, that

mountain gets steeper and steeper every year and that budget boulder gets heavier and heavier every year.

And whereas, Sisyphus will continue his trek for all eternity, in the story of the State of Connecticut one of two things will happen. That budget boulder will be so heavy we can't pick it up, or worse yet, we'll begin our trek up the side of that mountain, lose our footing and come down and be crushed to death by that boulder.

Colleagues, I truly, truly believe that the story of the State of Connecticut is coming to an end, and that's a fiscal calamity and I truly believe that this budget is hastening our demise and I urge everyone to vote against it. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Further on the bill as amended? Representative O'Dea.

REP. O'DEA (125th):

Good morning, Mr. Speaker. Bad bill. Shouldn't pass. God Bless.

SPEAKER SHARKEY:

Thank you, sir. Further on the bill as amended? Representative Miner.

REP. MINER (66th):

Thank you, Mr. Speaker, good morning.

SPEAKER SHARKEY:

Good morning, sir.

REP. MINER (66th):

Every two years we end up in a very similar place. I think many people in this Chamber and our, I guess brothers and sisters upstairs, work to develop a budget that they think will meet the needs of the State of Connecticut.

And unfortunately, I think one common thread has occurred, at least for many of the years that I've been here, and that is that we failed to keep the promise that I think those that came before us made with the taxpayers of the State of Connecticut.

I don't know anybody that was happy about the introduction of the income tax, but as I recall, not having served in the Legislature back then, this Chamber and the Chamber upstairs committed to the taxpayers that we would live within a certain series of guidelines they called the spending cap.

Every time we change the spending cap, Mr. Speaker, every time we make a decision between ourselves, we forget that that decision really was between this Chamber and the public. It wasn't

between each other. It was about the people that elected us.

I was having a conversation with my wife the other day shortly after the tax package came out. She works for a small clothier in Bantam and we were talking about the change just in the clothing exemption on the tax-free week that happens, I believe in August.

And she was telling me how much boots cost, and I was trying to imagine what the implications might be for the average person when you take the number from $300 and make it $100. And she explained to me that there are a number of times over the course of the year that hard-working young men and women that work for many of the people in my district, will walk into that store with their hard-earned dollars on tax-free week, because it's a week when they don't have to pay taxes on a Carhartt coat that could very well be over $100, a pair of insulated jeans and certainly a pair of boots.

And so, Mr. Speaker, the result of us not keeping the promise is that we end up in this jam every single time we do a budget. We're balancing the promises we haven't kept with the change in tax policy, and in

this case, we've managed to hit the upper level, and I think the bottom tier.

And probably what's most troubling of all is that back in October, the Governor of this state, and if I understand Representative Frey correctly, at least 17 times since then promised not to raise taxes. Seventeen times he told the public, I will not support a tax increase.

I can't imagine how that morning must be when you look in the mirror and you realize that you're looking at this tax package and you have no choice but to veto it or sign it.

Mr. Speaker, one of these days we have to keep our word, and I would suggest to the Governor of this state that the time to start doing that is now. There are enough votes in this Chamber to sustain his veto. He made a promise. He should resist signing this budget.

We should come back in July for a veto Session, and we should all get together and try and do a better job for the State of Connecticut. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. The distinguished Minority

Leader, Representative Klarides.

REP. KLARIDES (114th):

Good morning, Mr. Speaker.

SPEAKER SHARKEY:

Good morning, madam.

REP. KLARIDES (114th):

Although we started out with good morning, Mr. Speaker, also, so it's one of those days.

Mr. Speaker, we've had a long morning, afternoon, night, morning into afternoon and I don't want to keep anybody any longer, but I do have a few comments to make.

We've heard a lot of stories today. We've heard personal stories, personal experiences, and I certainly have my own. A lot of you have heard me talk about my family often, and how my grandparents came to the United States from Greece and they opened up their own business because they came here because it was the land of opportunity.

And they landed in a funny-named state called Connecticut because somebody they knew had come here. They came here because everyone was welcome to come here. You followed the rules, followed the laws and you worked hard, and if you did all that, the world

was your oyster, not to mention oysters, a whole other subject.

But you could get a job, buy a home, raise a family, and maybe even, maybe even own your own business, the American dream. That was what this country was. It was a land of opportunity.

But here we are again, that time of the year where we do a budget, and I would argue it's the most important thing we do all year.

This year we had three versions. Had the Governor's version, we had the House Republican and Senate Republican version and we had the House and Senate Democrat version.

When we look back to June, 2011, the last time we did this, we unfortunately see a similar scenario to what we are looking at now. We see a $3 billion deficit. We see a $3 billion tax increase, and we hear words that have reverberated in our ears for four years, shared sacrifice.

Shared sacrifice is very easy to define. We all have to sacrifice in a way. So we were told that we, citizens of the State of Connecticut, we are in a situation where we have no choice but to raise taxes, and not just raise taxes, but raise them in the

highest amount that has ever been raised in the State of Connecticut's history.

But for that, for that, other people would share in that sacrifice. State employees would give back some. We are all paying extra taxes. There would be efficiencies. There would be consolidations because that's what we were sharing, and for that shared sacrifice we were going to get a better Connecticut.

We were going to get a fiscally, a more fiscally solvent Connecticut and we were going down the right road to fiscal prosperity and bring this state back to the Connecticut we know and love.

Well guess what? Here we are June 3rd now, 2015, and what do we see? We see yet another $3 billion deficit, $3 billion. That wasn't supposed to happen four years ago because we were sharing in a sacrifice to fix this problem.

But the interesting thing that happened this year is, when we had the conversation about how we were going to fix our problem there was 40 percent, over 40 percent of the interest of the State of Connecticut were not in the room talking about the solution.

And what I mean by that is everybody on this side of the aisle. Republicans represent over 40 percent

of the citizens of the State of Connecticut, but not one conversation was had, although we were told time after time after time after time, write your ideas down on paper. I'll get back to ya.

Not only did we write them down on paper. We wrote a full budget, fully vetted by the Office of Fiscal Analysis. And in that budget we had plenty of help for the citizens of Connecticut.

We took people off the DDS wait list. We helped nonprofit providers. We gave back private provider taxes. We helped hospitals. We invested in transportation. We did pension relief. We helped everyone from top to bottom, particularly the middle class.

Oddly enough, I know this is a surprise. None of that was discussed when this budget was put together, and I know the good Chairman of the Finance Committee spoke very clearly about being respectful of other's opinion. He used those exact words.

Well, I don't know how we define respectful of other's opinions, but when there is zero input from 40 percent of the citizens of Connecticut, I don't call that respect.

Today, we're now facing a $1.5 billion tax

increase, and that's across the board. I think one of my colleagues mentioned, it's an equal opportunity tax increase. It's on corporations, the exact people who give us jobs in this state, who help people go to work and feed their families and have a home and have a car, on hospitals, the places we all go when we're sick to take care of ourselves and our loved ones, and of course, the middle class, the people that can afford it the least.

Our private sector has been decimated. Spending is up as usual. We lag behind the other states in the country in jobs, and who takes the brunt of it but the middle class.

I know, I know, the rich people can afford it. They're going to get taxed more. We hear that every day. And you know what? The more you make the more taxes you should pay, of course.

But what we forget is, if you are wealthy enough to pay more taxes, you can also be wealthy enough to live somewhere else, to live in a place where you don't pay those taxes. And if you are savvy, you will do that. But we forget about that.

The Governor talks about a brighter tomorrow, and it starts with this budget, this budget. Funny when

you define brighter you hear words like shining and brilliant and dazzling. I don't think of any of those words, and I don't know anybody in this state who thinks of any of those words when they think about the state of the economy and the State of Connecticut.

I talked in the beginning about my grandfather. His name was Gus. I know, oddly enough a Greek man named Gus, this is not the place he came to all those years ago. This is not the land of opportunity any longer.

Some might say this is the land of despair. This is the land where we hold a sign up at the border and we say to businesses, get out. We say to citizens, get out, because not only are we not going to help you stay here, we're certainly not going to help you come in here.

Mr. Speaker, that man that came to this country like many other people in this Chamber and this state, we all have stories like that. That is what makes this country and this state wonderful. If we continue down the road we are going, and we said this four years ago, by the way.

It baffles my mind that four years ago when we had the biggest tax increase in the state's history

that was supposed to solve this problem, we now are back with the second biggest tax increase in the state's history.

And as the Ranking Member of the Appropriations Committee mentioned, this will continue the year after and the year after and the year after because what we're doing is not working.

I implore all of you to take a very serious look at what is going on here before you hit that button today. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, madam. The distinguished Majority Leader, Representative Aresimowicz.

REP. ARESIMOWICZ (30th):

Thank you very much, Mr. Speaker, and just picking up where the Minority Leader left off, taking a really good look at things. I think that's how we started this budget process.

It started in the hearing room with our Appropriations Committee and our Chairwoman, our Co-Chairs and our members, the late nights, seeing the faces of the people of the State of Connecticut that needed help.

I went back and looked at some of the testimony.

For those of you who weren't on the Committee, heartbreaking stories. A woman named Cherie who had a son, Tony. Tony is a young man, 6'3, almost 300 pounds, severe autism. She can't even go out and run errands without help.

But who was there to help? It was the State of Connecticut with DDS's volunteer services to come and provide the services that she needed to have somewhat of a normal life.

Sarah, she had cerebral palsy. She graduated from college, but she also needed some assistance with independent living, to live a fulfilled life. Who was there to help? The State of Connecticut.

What was going to be cut in this budget when we talked about cuts? Those are the type of cuts that you're going to see.

How about Danielle, a single mother from New Haven, struggling for the past four years with custody and legal issues, she went to New Haven's Legal Assistance Fund. She received assistance. I think this is what we believe in in the State of Connecticut.

The Minority Leader said if you make more money you should pay some more taxes. Now I'm sympathetic

to the corporations in the state, but when they come up here crying how this is just going to ruin their business and you look back and they see, they pay zero tax. Zero.

I'll listen to you. I will try to help you. We've done it for many years, but you pay zero, state and federal. But yet you rely on the services. You want the roads plowed for your workers to get there. You want to make sure the town is a nice town, it has schools so your workers have a place to go and have a fine education. You want those things. Somebody's got to pay for them.

And then we get on the subject of always going after the workers. I heard state employees many times. You guys know my history. I don't hide for it. I'm very proud of the state employees we have in this state, but every time it's to go after them, but yet we go after GE for just one moment. Oh, they're going to run out of state, but let's go back after the state workers again.

If you're ready to put a plow on the front of your truck and plow the streets for ourselves, or open up an extra basement in your cellar to take in a kid with special needs to ensure they get the care they

need, keep your phone 24 hours a day on so when somebody has a crisis they have somebody to call, then we can start talking about cutting state services, because I keep hearing it, but then I keep hearing everybody complain with DDS offices being backed up, Department of Labor not being able to get through to.

And then we go a step further and talk about cutting more but yeah, cut everything I don't use, because many of us in this room have testified at hearings, introduced bills for increased funding for the things that we care about.

So let's go back to those faces in the Appropriations Committee. They don't have the lobbyists out in the hall. They don't have the newspapers to print their stories. They came up here with their children in tow telling the stories of what they needed and they looked to us for help.

So why this Finance package is troublesome in many areas, and it's not anything we wanted to do, but we took that Appropriations package, which is our priority as a state, our priority as Legislators, what we think we need to do for the state and put a dollar amount next to it and had to come up with a way to fund it.

So is it all roses and rainbows, and everybody's happy about it? No, we're not. But I want to feel a little bit bad when I push that button, but when I walk out in the hall and see the faces of the people we're helping in the state, I know it's worth it, and that's what we stand for.

That's what we need to continue to stand for and when I go back to my district I'll be proud to say it. I urge adoption.

SPEAKER SHARKEY:

Staff and guests to the Well of the House. Members take your seats. The machine will be opened.

CLERK:

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

[pause]

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Would 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.

[pause]

SPEAKER SHARKEY:

Will the Clerk please announce the tally.

CLERK:

E-Cert 7061 as amended by House "A"

Total Number Voting	143
Necessary for Passage	72
Those voting Yea	73
Those voting Nay	70
Absent and not voting	8

SPEAKER SHARKEY:

The bill, as amended, is passed. [gavel] Are there any announcements or introductions? Oh, Representative Aresimowicz first.

REP. ARESIMOWICZ (30th):

Thank you very much, Mr. Speaker. Mr. Speaker, I move that all items requiring further action in the Senate be transmitted immediately to the Senate pursuant to House Rule 11-2f.

SPEAKER SHARKEY:

Motion is to immediately transmit all items requiring further action in the Senate to the Senate. Seeing no objection, so ordered. Representative Piscopo.

REP. PISCOPO (76th):

Thank you, Mr. Speaker, for a Journal notation.

SPEAKER SHARKEY:

Please proceed, sir.

REP. PISCOPO (76th):

Thank you, Mr. Speaker, will the Journal please note that Representative D'Amelio missed votes, funeral services in the district.

Representative Floren, family business.

Representative Noujaim, illness.

Will the Transcript please note that Representatives Frey, O'Dea, Buck-Taylor, Camillo, Vail missed votes. They were out of the Chamber on legislative business. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir. Representative Verrengia.

REP. VERRENGIA (20th):

Mr. Speaker, I rise for the purpose of a Journal notation.

SPEAKER SHARKEY:

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Consent Calendar passes. [gavel] Good afternoon, Senator Duff.

SENATOR DUFF:

Thank you, Madam President. Madam President, I would ask that the Clerk now please call from Senate Agenda No. 1, Emergency Certified Bill, House Bill 7061, please.

THE CHAIR:

Mr. Clerk.

CLERK:

House Bill No. 7061, AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2017, AND MAKING APPROPRIATIONS THEREFOR, AND OTHER PROVISIONS RELATED TO REVENUE, DEFICIENCY APPROPRIATIONS, TAX FAIRNESS AND ECONOMIC DEVELOPMENT.

THE CHAIR:

It will be a good afternoon and a good evening. But a good afternoon, Senator Bye.

SENATOR BYE:

Good afternoon, Madam President. Nice to see you today.

THE CHAIR:

It's good to be seen and good to see you, ma'am.

SENATOR BYE:

Madam President, I move acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

THE CHAIR:

The motion's on acceptance and passage in conjunction with the House. Would you remark?

SENATOR BYE:

Yes, Madam President, thank you. The budget before us today represents the priorities of the State of Connecticut. Clearly, this has not been an easy process getting to a final product. There are always competing priorities and different perspectives about how to allocate resources, resources that are limited. It's not easy.

It's also not easy because our Connecticut residents expect high quality services for themselves, for their friends and people who have needs, and for their communities. Connecticut is very well-known for its quality of life and has consistently been number one in the human development index, that is our health, education, human services, environment, what is it like for the humans in the state? We are number one in this nation.

So there are a lot of demands to be there and get there. I want to take just a quick minute and talk about the process. How did we get here today with this document before us? It began with the Governor's proposal that was filled with tough choices to ensure Connecticut's fiscal sustainability. And it also made critical investments for Connecticut's future.

The Appropriations Committee since then has heard from thousands of residents and advocates about that budget. Some people were in favor, some against. And after the initial hearings, we had bipartisan sub-committee meetings with over 40 of those meetings with agencies and fiscal staff. And this budget represents ideas from those meetings, efficiencies, cuts, add backs. We had active participants from both parties in those meeting.

And, Madam President, I'd just like to give a shout-out to the freshman lawmakers on the Appropriations Committee, both parties, Senate and House, they were incredibly active. And that led us to a better understanding. Then the Republicans developed their budget. And there were more ideas in there. And even though we had differences of opinion, there was wide agreement in our both budgets about how important it is to take care of people in Connecticut and how

important shared community places are to us in Connecticut.

That's why it's such a hallmark of this great state. Finally, members of the General Assembly and the Governor's Administration heard from thousands more residents asking for changes and improvements in their budget. And their ideas are represented in front of us today.

Everybody around this Circle knows there were difficult cuts in this budget. $600 million was cut from existing services in Connecticut in Fiscal Year 16. And in Fiscal Year 17, 860 million were cut from current services. And I'll close by saying in broad terms, the budget growth in 2016 is 3.9 percent, in 2017, 3.1 percent for an average growth rate of 3.5 percent over the biennium.

Madam President, that summarizes the Appropriations side and the process that we went through. And I would like to yield to the honorable Senator John Fonfara, the Chair of the Finance Committee. Thank you, Madam President.

THE CHAIR:

Thank you. Senator Fonfara, will you accept the yield, sir?

SENATOR FONFARA:

I will, Madam President, good afternoon. It is still afternoon.

THE CHAIR:

Yes, it is.

SENATOR FONFARA:

Thank you, Senator Bye. Madam President, the Revenue side of the - this package has got a lot of attention in the past week or two. And we should welcome that because once we get passed the smoke, we can see what is truly in this document. Do we raise more revenue for this document? Yes, we do.

But more than 76 percent of it is for current services aimed at paying for contractual obligations, pensions, and inflation on essential services and critical initiatives that both parties, as Senator Bye indicated, both parties have indicated support for, including support for families of disabled children, investing in students, and restoring most of the cuts to UConn and Connecticut state college and university system, and for mental health outpatient services and preserving the safety net for our seniors and children.

Identifying the funding to keep state government operating and to fund those critical services is our fundamental responsibility. We could have stopped there. But we have chosen not to. The Governor and the Legislature on the challenge - has taken on the challenge of two of the most critical public policy issues facing our state, transportation and the property tax reform. For years, the business community, mayors and selectmen, have cited property tax reform as an obstacle to growing Connecticut's economy.

This system has anti-growth and anti-business. Business survey after business survey have cited property taxes and transportation among the greatest obstacles to creating a pro-business, pro-growth climate in Connecticut. This budget and this tax package takes on both of those issues in a way that the state has never seen before. We are embracing change in this document. I would particularly like to thank Senator Looney for his remarkable leadership on this issue.

Our dependence on property taxes creates and exacerbates a go it alone, town against town environment that is inefficient, costly, and redundant. The property tax pits one economic development director against another. Our towns could and should gain more by cooperating. The property tax drives inefficiency in local government, all 169 towns, to have to have one of everything.

The property tax increases segregation in our state economically. It throws up walls between neighboring

communities with common interests. We can clearly see the negative impact of the property tax in every town with our education budgets because Connecticut schools can only be funded through the property tax, along with support from the state.

This pits neighbor against neighbor. Senior citizens on fixed incomes against young families with school-aged children right next door. And it pits families against families, grandparents who want to live next to their children but the property tax comes between their economic interest and their families. I'd like to now take a moment to explain what is in this budget, better known as SB 1.

We dedicate for the first time a percentage 0.5 of the sales tax to support property tax reform, to provide a revenue stream annually for municipalities. While many states across the country have done this for years and to a much more significant degree than we are here, we take a small step but a significant step in dedicating annually this revenue stream from the state sales tax to support municipalities.

What is due primarily? It - it caps the car tax for the first time, in the beginning in the first year of FY17, at 32 mills and then drops to 29.36 in FY18. It will reduce immediately upon effect those taxpayers who own cars, whose mill rate in their town is more than 32 mills in FY17 and then to 29.36 in 18. An immediate tax break to every one of your taxpayers who have been towns with mill rates north of 32 and then in the following year, 29.36.

We've talked about this. We've talked about the unfairness of the tax. But this bill provides not only the ability but the revenue to be replaced so that towns are not left holding the bag. A major tax reform initiative to thousands of families throughout the State of Connecticut. And, again, I want to thank Senator Looney for his leadership on this initiative.

Secondly, it increases payment in lieu of taxes for those towns that have an inordinate share of tax exempt property, whether it be colleges and hospitals or state property. For years, there were towns that

have a larger share but have been funded along with the same formula. This provides two additional tiers in which those towns that are bearing a greater burden will receive additional funding. No town that currently gets funding will lose any but this provides additional funding to relieve the burden of those towns that have accepted more and continue to go without sufficient funding for that lost revenue.

We provide additional revenue to - to towns with a soft cap of 2.5 percent, sending the message that while we will not cap your spending, we encourage through this mechanism for towns to slow the growth of their - their government side and education side spending. It's a responsible path that we're taking here without using a hammer. And we hope certainly that it will have the effect of slowing the growth of property taxes throughout our state.

We also provide $3 million in FY17, an additional $7 million in FY18, and they're going from there to regional governments, the Council of Governments, throughout our state to begin the process, the planning and implementation of offering services of equal if not greater - greater benefit to towns so they don't have to do everything on their own, 169 of every particular service that is inefficient that most states around this country when they learn about what Connecticut does, they - many town managers who worked in other states scratch their head at how inefficient it is, how costly it is, how redundant it is.

Madam President, that concludes the overarching explanation of - of what is in the property tax section of the bill. In addition, I want to recognize our Governor, who continues to exhibit bold leadership on issue after issue in his five years as our Governor. I'd like to thank Governor Malloy were bringing forward this transportation initiative that all sectors of our society and our economy recognize as critical.

A thriving economy requires a modern future-oriented transportation network, whether it be a highway system, a rail system, whether it be our ports, whether it be mass transit, whether it be bike paths, all are in need of improvement. Much of our

infrastructure is currently in poor condition that we cannot sustain in the existing state. Bridges, 10 percent of our bridges are rated poor. 25 are classified as functionally obsolete. 70 percent of Connecticut's highway bridges are built in the 1950s and '60s or earlier.

Forty-one percent of all state and local roads are in poor condition. The cost to drivers, an additional $661 a year in operating costs due to road conditions. And our rails, 100-year-old bridges, four movable bridges on the nation's busiest commuter rail line are over 100 years old. These postponed investments place our economy and our quality of life at risk.

It's been reported that drivers in Connecticut spend up to one working week a year sitting in traffic, over $1.6 billion in lost time and wasted fuel, $1.6 billion. Deficient roads and bridges cost Connecticut drivers 2.6 billion per year and higher operating costs in accidents. The Governor has come forward and we have embraced a 30-year vision, $100 billion investment for our critical preservation and enhancement needs in our highway and transportation infrastructure, with a five-year ramp-up, $10 billion investment in projects with a five-year budget cycle to jump start the investment.

Included in that is our New York to New Haven corridor highway improvements. Improvements in the rail line, in the New Haven line, as well as the I-84 viaduct, the Waterbury viaduct, Danbury bottleneck, the New York to Hartford rail line. In addition, Madam President, we will be providing for a lockbox so that revenues from the state's transportation fund will be protected for years to come.

This budget and this tax package, Madam President and these twin programs of property tax reform and transportation are not about us but about our children and our grandchildren and the Connecticut that we are going to leave them. Is the status quo acceptable? I don't think so. For families, young and old, and businesses, all agree it is not.

Change is tough. No question about it. And it's not free. But we believe that the benefits of these

changes will reward our economy for years to come. Madam President, in closing, I'd like to say that this budget, this tax package, is not like any other that we have done before. Of the $1.1 billion raised, 76 percent of it is for current services as I indicated earlier. We are not raising taxes just to meet or increase spending. We are taking on structural reform of our tax system and our transportation infrastructure. We're making bold investments in the future of Connecticut.

This budget will lead to a brighter day for Connecticut. If I could take a moment, Madam President, I'd like to recognize my Co-Chair Representative Berger, my ranking members, Senator Frantz and Representative Davis, Senator Looney and Senator Duff for their leadership in putting this package together on both sides the - the package.

And in particular, our OFA staff, their unsung staff people who do amazing work for us, in particular, Allen Calandro, Michael Murphy, Evelyn Arnold, Chris Wetzel, Bill Lederman, Dan Dilworth, Anne Bordieri. Our LCO attorneys Louise Nadeau, Ailla Wasstrom-Welz. Our Committee Staff Clerks, Mike Constantinas, Tristan Stanziale, Cynthia Dunn, and Ben Dwyer. Our Clerk Peter Murszewski. And our new but doing a great job, our new Committee Administrators, Tom Spinella.

And a particular recognition for two people - three people who worked on putting together our tax package, in particular S.B. 1, Joel Rudikoff, who was absolutely amazing, Dave Stuber, who has done great, great work and research, and my aide Jessica Ignacio.

Madam President, that concludes my remarks on the Revenue side of this proposal. And I urge passage of the - of the budget. Thank you, Madam President.

THE CHAIR:

Thank you. Senator Duff, why do you stand, sir?

SENATOR DUFF:

Thank you, Madam President. I'd like to PT this bill.

THE CHAIR:

Sure, sir.

SENATOR DUFF:

Imagine that. Yeah. Thank you. Actually what I'd like to do is PT it so the Clerk can move immediately to the House Calendar Page 27, Calendar 408, Senate Bill 1030, to suspend and move that immediately to the House of Representatives.

THE CHAIR:

So moved, sir.

SENATOR DUFF:

Thank you, Madam President.

THE CHAIR:

Thank you.

SENATOR DUFF:

That ends our PT for the moment. If we could resume debate on the budget, please. HB7061

THE CHAIR:

Thank you. Senator Bye.

SENATOR BYE:

Thank you, Madam President. And thank you, Senator Fonfara, for - for your comments. And I want to start with my own list of thank yous before moving to the debate. We have incredibly hardworking, committed state employees who work in this building and throughout this state, really. But the ones who helped put this together, who've been working round the clock for two weeks are true public servants.

I want to start by thanking the Office of Fiscal Analysis and Alan Calandro and his amazing team. The Legislative attorneys, Jo Robert, Nick Bombace, and

their whole team. The Office of Policy Management, led by Ben Barnes, Secretary Barnes, Deputy Secretary Sue Weisselberg, and their whole team. The Governor, Governor Malloy and his staff. And really a dream team of Senate Dems, Vinnie Mauro, Katie Hubbard, Joel Rudikoff, Manny Merisotis. And our talented leaders, Senator Looney and Senator Duff, who've been so supportive through this process.

I also have to actually thank Maureen Magnan, who's been a big part of this process, from the House Democrats as a staff person. And there are many other House Democrats that she represents. And appropriations and our Committee, we're sort of like a family. We call ourselves the Appropriations Committee family. And really the mother of us all is Susan Keane, who's an incredibly talented administrator who keeps us on time, who reminds of the rules but mostly takes her job so seriously and knows how important ping this budget together is for all of us.

Also Liz Gillette is wonderful, Greg Castelli, Ilsa Kris, Sarah Schnitman, Doug Curtin were all a part of the process. Representative Walker's aide, and our Clerk Amanda Zabel and my aide Kyle Abercrombie, who's just the most reliable, hardest working guy I know. I think this year, we had a special relationship and a special thanks to Senator Kane and Representative Ziobron.

I think we tried to be helpful to each other and collaborative and treat each other with respect and understand that sometimes we had disagreements but we were like a family and we always talk things out. Our Sub-Committee Co-Chairs, many of whom are around this Circle, worked so hard and dug in so deep line by line that it really helped us through the rest of the process.

And then I want to close by thanking my incredible Co-Chair, Toni Walker. I learn from her every day. And in this work, she's an amazing partner. And I'm lucky enough to undertake this work with her together. Thank you for the indulgence for the thank yous, Madam President.

THE CHAIR:

Will you remark? Senator Kane. Good afternoon still.

SENATOR KANE:

Thank you. I'm sorry?

THE CHAIR:

Just good afternoon.

SENATOR KANE:

Oh, good afternoon, Madam President, thank you. I echo some of those remarks with Senator Bye as to the Appropriations Committee and - and how well we get along. That's truly a very truthful statement. And at this point I'd like to yield to Senator Fasano.

THE CHAIR:

Senator Fasano, will you accept the yield, sir?

SENATOR FASANO:

Yes, thank you. And thank you, Madam President. And thank you, Senator, for the yield. I apologize, I leave the Chamber for a moment. Madam President, I tend to get up twice, once to start this debate for our side and then to close the debate for our side. First, I'd like to make some comments.

Today I see an economic crisis and a development crisis, both fueled by an unfriendly employer environment, a lack of educational services, a deteriorating transportation system, and an enormous budget crisis of historical proportions, all coddled by a habit of political sugarcoating that has passed our problems onto the next generation. So today we gather to talk about how to leave Connecticut a better place than when we found it.

We must reach back to our heritage of fortitude to make an honest assessment of where we are and to join together to define our collective future as a people. It will be requiring us to think differently, to

compare how things have been done in the past, and how to take a different path forward. What else can government do? It can foster a climate in which private sector can do what it does best, create jobs.

Jobs without government - without jobs, government resources will dry up, its programs will become exhausted, and the relief provided will be temporary and have no lasting effect. We must balance the budget within our means and live within our spending cap. We should also begin by providing long-term relief to make sure that Connecticut taxpayers share in Connecticut's recovery.

Our fellow state employees are going to have to have a big part of this solution. The families and the businesses of Connecticut have enough on their shoulders. And the budget should ask no more of them. And to do that, state government must first get its House in fiscal order. Right now, we're in pretty tough shape. So how do we address this fiscal crisis?

First, we can't spend new money. Second, we borrow not one penny for operating expenses. Too much borrowing over the years for ongoing expenses is the one reason why we're in bad shape. Too many years of deferring too many of our obligations is another reason why we're in this shape.

Here's something you need to know. I don't think government should always spend every penny it has just because it has it. Here's another thing you should know. I'm not one of those people who dislike government. In fact, I think government's done some great things in the past and can do great things in the future. But not in the form we found Connecticut's government.

Ladies and gentleman, it's time for us to lead. It's time for us to think big. Let's be bold. So when I speak of a vision of economic revival, what do I see? I see Connecticut 10 years being a leader in bioscience and personalized medicine. I see Connecticut that leads precision manufacturing. I see Connecticut that's a home of reinvigorated insurance industry. I see Connecticut where there are many, many jobs, new jobs, thousands of new jobs, blue

collar and white collar.

Jobs building new affordable housing, jobs in agriculture, jobs in technology. Jobs that will pay well and provide good benefits. Jobs that will bring people to Connecticut instead of having people leave Connecticut. So that's my vision, economic revival.

Some people will say, surely this economic revival is beyond our grips and we ask for too much and that we're setting expectations too high. I would say some are just content just making some progress. I say those people are dead wrong. We need to set high expectations, exactly what we should be doing. I say if we work together, all of us, we can make an effective revival a reality. We should not approach this effort as Democrats or Republicans. We should approach it as civil, as public servants, with a duty to fulfill.

These people deserve this economic revival. They have earned it. And it's our job to give it to them. At this crossroads of crisis and opportunity, I believe we will hold fast to our heritage. While we reach deep, rally hard, and choose well to leave Connecticut a better place. Now, everything I just said, if you look at it and say that we need to live within our means, live within our budget, that we have tough fiscal times, can't kick the dead out, all those things I just said, none of those were my words. All those words were Governor Malloy's words. All those words were a montage of what Governor Malloy has said since he has taken office.

And when you look at those words and you look at this budget, there is no connection. There is nothing in this budget that reflects the fiscal restraint, the atmosphere of bipartisan negotiations and deliberations, or the jobs that were promised, or a fiscal future that would lead us to recover. Madam President, as I say, I start this off. I will yield back to Senator. And I thank you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I do accept the yield. And continuing my remarks for the first time. I will go back to what I was speaking about, the Appropriations budget. And although I love Beth Bye, I hate this budget, Madam President. When - when Beth - Senator Bye, she's partially correct when she's speaks about the Appropriations process, the Appropriations Committee.

It is true, we are family, we get along really well. We, like all families, we - we our fights and mostly it's on policy and it's on spending and it's about decisions we make as a - as a body in the State of Connecticut and really philosophy. But as you also know, Madam President, the appropriations Committee process ends at its JF deadline.

This year the JF deadline was April 30, my birthday too by the way. And at that point, the bipartisan process, the camaraderie, the colleagues working together ended. So when it's said that both parties have a hand to this budget, that's not true. When it's said that we have wide agreement on this budget, that's not true.

After the Appropriations process, this administration and the leadership in this building got together behind closed doors and developed this budget. And that's why you will find a lot of no votes on this particular piece of policy. I remember back in December of 2012 when we had a deficit mitigation plan. And we sat in a room eating cold pizza and just working line by line, making exchanges, caucus by caucus, we came up with a pretty good plan.

I remember a time when we worked on the jobs bill. We came up with a pretty good plan. This time, the Republicans who have gained seats, Madam President, in both Chambers, in the Senate and in the House, were entirely shut out of this process. That's a part of the record. That's a part of what is taken place. If you look at the editorials from the Hartford Courant on June 2, no Republicans were allowed in these closed door discussions.

This budget deal should not pass. Include Republicans in state budget talks. From May 30, Wall Street Journal, the state's economy isn't growing. It's the 10th worst in the U.S. The state's average compounded annual growth rate over the last four years is 0.42 percent. The New London Day, the New Britain he recalled, the Waterbury Republican American all said that bipartisanship works best.

When you have more - I remember the Governor's speech when he first took office, it's not a republican idea, it's not a democrat idea, they're all good ideas that we can work together. I don't know what happened with that philosophy, but certainly it didn't take place here. The title of this budget, Madam President, in the last line says "Tax Fairness and Economic Development."

Well, tell you what, these taxes ain't fair and there's not going to be any economic development. The Census Bureau says Connecticut was one of six states that lost population in Fiscal Year 2013 and 2014. A Gallup Poll in the second half of 2013 found that about half of Nutmeg State people would migrate if they could. This is from the Wall Street Journal, Madam President, not - not from me, although I tend to agree with it.

Slow growth means less tax revenue but spending never slows down. Some 40 percent of the state budget goes to government employee compensation and benefits, including payroll, state pensions, teachers pensions, and current retiree health care. The Tax Foundation ranks Connecticut as one of the ten worst states to do business. There's plenty more articles. Chief Executive Magazine, Connecticut among the worst states for business. The AP, Connecticut population decreases for the first time.

Tax Foundation, ranked 42nd in business climate. Second highest property taxes. Connecticut gets a "D" for small business. The problem - and eventually I will yield to Senator Frantz, who will speak to the tax side and the revenue side - but the problem, Madam President, also is on the spending side. When we have conversations in this building, it's always about revenue. And it's always about how to increase

revenue, whether it be red light cameras, Sunday sales of alcohol, online gambling, keno, tolls, I mean, you name it.

But when do we ever spend a talk, a discussion on spending? When do we sit down and say, maybe we're spending too much? You know, I went back, Madam President, and I looked at the transcripts from 2011 and from 2013. And if my speech sounds familiar, you can go back four years and you'll see the same conversation. Same thing. So here we are yet again, four years later and we're going to have the same conversation.

So it didn't work four years ago. What makes us think it's going to work now? Look at the fiscal note on this bill. In the out years, it has a 1.6 billion, with a "B", dollar deficit. So what do we do then? We're going to raise taxes again and hope to pay for this next deficit? What's the definition of insanity? When you keep doing the same thing over and over and expect a different result. Madam President, I like to ask Senator Bye some questions in regards to the Appropriations, if I may.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Senator Bye, you and I have joked many times in our Committee meetings when we have a bill in front of the Appropriations Committee. And I would joke that is there another bureaucrat involved? And we'd have a little side laugh and - and know that every time we present a new policy in this building, every time we have a bill in front of us, we add a person to the payroll.

And according to OFA, for every dollar that we spend, is another 80 cents in fringe benefit cost. So it's really $1.80. So Madam President, through you to Senator Bye, can you tell me how many new state employees are in this budget? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Madam President, the grand total across all funds, which includes universities where we've had major investments, is 135 additional employees in 16 and 62 in 17.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And how many employees do we have currently under our purview in the State of Connecticut? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Thank you, Madam President. Please hold. Grand total currently is 45,644.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Thank you, Senator Bye. You can look at statistics, Madam President, and you can see that the economy is not growing. I just quoted an article from the Wall Street Journal said that we're growing less than 1 percent. The economy is struggling. I'm a small business owner, as you know, been in business 21 years. I deal with a lot of Chambers of Commerce. I deal with a lot of business associations, they're struggling.

There's no one out there adding to payrolls. In fact, I saw a article this morning Sikorsky laying off 1,400

people worldwide but 200 here in the State of Connecticut. Yet, the State of Connecticut, the government as it were, added 135 new positions, 135. Could we have passed all these bills that we have in front of us this year without adding 135 new people? I mean, really? When you think about it.

When I get calls from people asking about jobs, it's usually about a state or a government job. And that's sad. People should be looking at the private sector, looking to go - to go into business, start a business on their own. I'll tell you what, Madam President, 21 years ago, I started a business with $5,000 in my pocket. I thought it was all the money in the world then. It probably was. I don't know if I'd do that again today. I don't know if it's worthwhile.

It is so hard to be in business in the State of Connecticut. So what we've done is add in new positions. What we've also done is taken a few little liberties with the spending cap and with our spending process. Madam President, through you, a question to Senator Bye. One of the -

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

One of the issues that people on our side of the aisle have had is the use of bond premiums. And can the Senator tell me in the Appropriations budget what the dollar figure is and the use of bond premiums? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Madam President, I'll need to look at that. So please hold.

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

Will the Senate come back to order. Senator Bye.

SENATOR BYE:

Madam President, a lot of times when people ask a question, they have the answer. And I am looking through the book and we are waiting to hear back from OFA. I know that we accepted the Governor's proposal on the bond premiums. So if Senator Kane knows a number, I'd be happy if he shared it with the Circle.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I believe that number is over the two year biennium $305 million. Would the good Chair of the Appropriations Committee agree with that number? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

I will agree with Senator Kane on that number. Thank you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And the use of bond premiums, Madam President, is kind of similar to you and I at home using those cash advance checks you get from your credit card company. Okay. So now you have

to worry about paying your mortgage, paying your rent, paying - making your car payment, so you take advantage of this cash advance check from Discover or MasterCard or whomever. And you - it feels nothing, right? Doesn't cost me anything. I'm just going to send this in and pay my bill.

All of a sudden, you realize that you get a big fee when it comes back. And the use of that type of service is not good for myself, for yourself, for the average consumer, or for the State of Connecticut. In fact, the Treasurer wrote in February to the Governor that your proposed budget, however, is inconsistent with my office estimates for the state's debt service requirements. A key difference is that your proposed budget as submitted bond premiums before these amounts have been realized.

Your proposed budget reflects general funds in debt service expenditures, blah, blah, blah. It's kind of boring. But it's taken familiar, represents a reduction of $325 million of approximately 7.6 percent. Fortunately, bonds sales results this spring are likely to narrow these differences before the final resolution of the next biannual budget.

The budgeting of potential budget savings before they are realized is equivalent to accounting one's chickens before they hatch. I'm concerned that even one were to accept budgeting for bond premiums not yet received, these adjustments are too aggressive. This is the Treasurer. This is the person who is in charge of our finances in the State of Connecticut and has said this is not a good practice.

Yet in order to make our budget work, in order to make the zero on the debits and the zero on the credits, we're going to use this ability. Because we can't stop spending. So there's $300 million we can spend somewhere else. There's an article in relation to it. And I have so many papers on my desk, Madam President, I can't find it. But it talks about this practice. And as recommended by the industry or as noticed by the industry, it is not a good practice.

This is from Bloomberg Business. This is Napier's warning that the practice will harm the state's

standing with bondholders may prove true. The wealthiest state by personal income also carries the most debt per resident. The move to budget the bond savings in advance underscores the balancing act that the state and cities face in paying for services more than five years after the recession.

This is probably the first time I've had a conversation in 25 years about the use of premium bonds to shore up cash flow. Connecticut's Aa3 ratings from Moody's Investors Service is tied for the third lowest amongst states. Partly because its pension system is the third worst funded in the U.S. And the debt nation-wise is $5,400, over $5,400.

So this practice is not something that the Appropriations Committee, that this Administration, or this Body should be approving for this budget. You're going to pay now or pay later. You're going to pay somewhere. Sooner or later. As the Treasurer said, you're counting your chickens before they hatch. And they're gonna hatch. Madam President, I have a couple more questions.

THE CHAIR:

Senator, before you do that.

SENATOR KANE:

Sure.

THE CHAIR:

Let me just clarify something, if you don't mind. Just for clarification that we did move this bill after it was passed temporarily and made it, correct? Okay. So I apologize.

CLERK: 00:05:44 part 06]

Say that again. I'm sorry.

THE CHAIR:

We want to get the bill back on the floor. I gather we didn't move the bill at that time after we PT'd it.

So just technical. Please proceed, sir.

SENATOR KANE:

Thank you, Madam President. Through you to Senator Bye. How much is in this budget for overtime?

THE CHAIR:

Senator Bye.

SENATOR BYE:

Madam President, if you could please hold. We - we did take - here, I have - I have a lot of papers too, Senator Kane. In this budget, we did, like the republican budget, assume that there were ways to find overtime savings because we had concerns about the amount of overtime in the budget. So we cut 5 million in overtime from Developmental Services, 5.3 million from Department of Correction, we also had a $10.5 million lapse that we have asked the Secretary to find overtime across agencies. And in the original Committee budget, we had assumed $6 million in overtime and the Department of - in DESPP. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And I correspond with those numbers and those cuts and - and I appreciate that. But I was actually asking how much is appropriated for overtime. What's in that line item? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. I do not know an exact answer. It would take me to go through every single

agency. But, Madam President, I'm guessing that Senator Kane has completed that exercise or maybe a Member of his great state employee staff and maybe he would like to enlighten the body. Thank you, Madam President.

THE CHAIR:

Senator Kane, would you like to enlighten us?

SENATOR KANE:

Thank you, Madam President. I'm not quite sure if that was a - never mind. $228 million is the figure. Do you agree with that, madam? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Madam President, let the record show that as Senator Kane has submitted that number and I will certainly take his word for it. And - and, Madam President, I was making a joke about to Senator Kane about state employees in my comment, not to the fact that he is not working hard to develop these numbers. Thank you, Madam President, through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Madam President, thank you. I - I took no offense. You're right. All of us do rely on our staffs here in the Legislature and they do a fantastic job. My only point was that we have 45,000 right now and at a time when the economy is struggling, I just didn't see the need to add another 135. Because for every dollar that we spend, it actually costs us another 80 cents in fringe benefits costs, so that's $1.80.

So my only point of that conversation was that the economy is struggling. Unemployment's around 6

percent. I know that businesses in the private sector are, you know, barely keeping their head above water. And here we go adding more state employees. I've got no problem with your state employees, my state employees.

In fact, I - I defended them the other day at Southbury Training School when we had a bill in front of us to close it. But I'm curious as to the amount of overtime in this budget because I do believe that - that number is rampant. And I do believe that our alternative proposal would have cut that figure. So that's why I was curious what that number was. But I'll move along.

In the budget, can you tell me how many - how much we have in dollars in the form of raises? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. I'm going to answer that question by saying that this budget, because again it's across many agencies, this budget overall assumes 3 percent increases in 16 and 3 percent increases in 17. And I'd also just like to follow up with Senator Kane to point out that -that in 2005, we had 52,000 state employees under Governor Rell. And we are now down to 45,000.

So there are 13 percent fewer state employees than there were in 2005. And just to say that one of the things about government work is we take care of people. We have teachers, we have people working in developmental disabilities, in the area of developmental disabilities, taking care of people round the clock. And sometimes that entails overtime for police and for DD and for some of our mental health services.

So I just wanted to at least get the point in that we have far fewer services than - far fewer state employees than we did in 2005. And some of what we

see before us is an adjustment coming out of the recession. And also demands for - from settlements. For example, we needed to hire 100 additional folks at DSS to answer the phones because our constituents to need to get through. We - we hired more people for our state parks. We reduced the wait list for people with developmental disabilities.

We've made investments in DCF that were ordered by the court. So I understand Senator Kane's point. But I'd just like to point out that the state workforce is significantly less than it was in the mid-2000s. Thank you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Through you to Senator Bye. Was there a deficit in 2005?

THE CHAIR:

Senator Kane - I mean, Senator Bye, sorry.

SENATOR BYE:

Madam President, I - I am not aware of whether or not there was a deficit in 2005. That sounds like it was before we had the recession so my guess is no. And one of the challenges before us is sometimes when we have surpluses, we were still not paying down our long-term obligations. And one of the things I've been proud of over this past few years is that we are making the appropriate payments on our long-term obligations, which does in fact put pressure on the operating budget. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Senator Bye is correct,

we did not have a deficit in 2005. We actually ended at a surplus. My point, whether there's 45, 52, or whatever the number is, adding employees at a time when we have a budget deficit is probably the improper thing to do. Yeah, I wasn't here in 2005, you know, certainly.

And I probably would have argued against them at that time too because, you know, just because you have a surplus doesn't mean we should just spend it willy-nilly. I agree with you, we should have we paid down obligations. I wasn't here, I can't speak to that. So, you know.

But what I will say, because you brought it up, that the comparison I don't believe rings true because we are in a deficit. We have a $175 million deficit currently that's going to end our fiscal year this month. And the budget that's in front of us has a deficit in the out years of $1.6 billion. So I think the difference here is adding employees when we're at a time where the economy's struggling and we're looking at continual deficits.

Four years ago we said that this tax and spend package was going to provide shared sacrifice and everyone was going to be better off for it. And here we are, we're having the same conversation. I think it might have been Senator Harp at the time. But now you and I are having the same conversation. And here we are again. And we're doing the same thing.

Through you to Senator Bye. Senator Bye, you know, one of the things that I have found a little intriguing, having been in the building now for seven years, is in relation to the spending cap. And no one has an answer of what that is. You know, everybody says - you know, probably one of - a good person to talk to about it is Joe Markley because I remember he tells stories about how he'd led a charge for people up at the capital trying to fight the income tax at that time.

And actually there's probably people in this room who were here at the time and maybe they can jump in. But from what I understand, if I can find it. Thank you, Madam President. What I understand is August of 1991,

the Legislature adopted a resolution amending our state constitution to include a cap on annual spending, HJR 205, an institute, a statutory spending cap as a temporary measure.

Then in 1992, a constitutional amendment went out and 81 percent of the population in the State of Connecticut voted in favor of it. And they supported amendment to the state constitution, created a constitutional spending cap, which was supposed to replace the statutory cap. Stronger and more difficult to alter, the constitutional spending cap would provide real protections for taxpayers in Connecticut.

Over the last 22 years, this has - this definitions remain undefined. Through you to - to Senator Bye. Can she shed some light as to her understanding of the spending cap? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. Just to make sure I understand the question. Would Senator Kane like me to explain the spending cap or explain how it is that we are under the spending cap with this budget? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

The former. Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Sure. I happen to have this nice little summary of

the spending cap, Senator Kane. The spending cap requires that the General Assembly limit general budget expenditures for any given fiscal year by a specific percentage increase over the previous year. General budget expenditure are those monies from appropriated funds authorized public or special act, by a public or special act.

The percentage increase into which expenditure growth is limited is a greater of the current rate of inflation as measured by the Consumer Price Index for the preceding 12 months published by the Federal Bureau of Labor Statistics or the five year average of the annual personal income growth for the state as compiled by the Federal Bureau of Economic Analysis. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And thank you for - for that. But give me your impression of what that means to you and how it affects what we're doing here today in the Appropriations process. Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. What it means to me is that it is meant to look at the growth of these, you know, based on sort of generally accepted growth indices and allow for a certain amount of growth per year in the state budget. And that is, as I understand in plain English, the cap. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And how many times has this statutory spending cap been circumvented? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. That would be subject to interpretation. The number of times since its inception, some people would say it's been exceeded 8 times 98, 99, 2000, 2001, 2005, 2006, 2007, 2008. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. That was my understanding as well. Why is there so much ambiguity around this building as to the spending cap? I'm just - just - I'd love to have your impression of that as the Chairman of the Appropriations Committee. Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. I consider myself a pretty educated person, Madam President. And I have sat through no less than 12 or 13 meetings with experts on the spending cap trying to understand all the parts of it. And it, as I said earlier, is subject to interpretation. It's subject to whether it is a statutory or a constitutional spending cap. In fact, it's I come to believe it's statutory.

It's complicated. And the economy is complicated and

how we measure it is complicated. So I think a lot of the ambiguity is because of how complicated it is, even when I go to the fifth floor at the Office of Fiscal Analysis with brilliant people up there, men and women, they will all say, wait, wait, let me get this one person who really understands it. And their full-time job is fiscal analyst of the state budget. So I would say because it is subject to interpretation and because it is somewhat complex. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And it is subject to interpretation and it is complex. And wouldn't we like to have a more definitive answer, a more structured standard, a more straight line explanation so we don't have to find that one person in the fifth floor. That everybody knows the same answer. That, you know, 187 Legislators, the administration, OPM, OFA, whomever.

Wouldn't it be good to have here's the rule? I mean, we pass laws all the time in this building, right? I mean, I don't know how many bills we did here just today. We just passed a law about e-cigarettes and we told people that they can't smoke or use e-cigarettes in certain areas. I mean, so that's a law.

We just passed a law. We just said, you know what, you can't do this. We're putting up signage. We're telling you that you have to use certain areas and that, you know, this is a rule. Wouldn't it be smart of us to do the same thing with our constitutional - with our statutory spending cap? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. I think there's a lot of sensitivity about doing that because trying to live up to the intent of the Framers. So Senator Kane may think it would be a good idea. And he would be welcome to introduce a bill to that effect. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Would have I have your support? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President, I haven't seen the bill yet.

THE CHAIR:

Senator Kane.

SENATOR KANE:

It was worth a shot, Madam President. I mean, you know.

THE CHAIR:

Didn't succeed.

SENATOR KANE:

So as to the spending cap in this budget that we have in front of us and I'm gonna guess you're gonna say we're below it. So tell me how we are below the spending cap. Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. We are below the spending cap by $9 million in 2016 and 94 million in 2017. And I believe what Senator Kane is asking is how did we get to that number. The way that we calculated that number is that some of you around the Circle who may have been there when we brought out the Appropriations Committee budget know that we believe we're on firm legal ground when we say that the original intent of the spending cap was to exclude evidence of indebtedness.

And we did that in the Appropriations Committee in our - in our thinking about how are we below the spending cap. So in this budget, we've removed long-term obligations, such as state employee retirement, teachers retirement, judges retirement from under the spending cap. And then to make sure we had an apples to apples comparison, the Office of Fiscal Analysis rebased. And that created about $100 million of space under the spending cap because it accounted for the growth. That was the space left under the cap.

In addition, we are using the Calendar year now to calculate those growth rates over the five years. And that also created $100 million as opposed to the calendar year. And just for historical purposes, the Calendar year has been used in the past. It was the year in which the spending cap was introduced. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I believe the answer to my next question may have been stated by Senator Bye, which was $100 million in the indebtedness. That removal, if you will, and you can choose to use a different term if you like, where did that put us below the spending cap? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. Without rebasing, it would have put us about $1.5 billion or so under the spending cap. But with the apples to apples comparison, which working with the administration we believed was the better approach. It put us 9 million below the spending cap and it created $100 million of space under the spending cap compared to the original budget that came to the Appropriations Committee. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Here's why I want to define the spending cap. And that's why I think we need a clearer definition as opposed to finding that person on the fifth floor. I'm looking at the transcript from 1991. And over and over and over, in fact, I have five pages in front of me. And here's a line where it says it will define general budget expenditures, which shall not include debt service. Some of the estimates that I have seen, consent agreement programs, department of income maintenance, debt service and town grants would put the figure about 2.6 billion.

I'd like to finalize my comments with just one point. I have just the role that this Legislature has played the proposal of this constitutional amendment, but the answer to spending controls in the State of Connecticut who are made by the ballot of the voters of the State of Connecticut on November 3, 1992.

So over and over, and I can cite more examples because I do have the transcript, it talks about debt service and not debt or not indebtedness as you mentioned. So the service on that indebtedness should be back in 1991, out from within the spending cap. We have taken

the actual indebtedness out from within the spending cap. That's $100 million, which now leaves us just 9 million below that spending cap.

So this is why I think it should be defined. 1991, they said debt service. 2015, we're saying debt. Surely we don't have an agreement. And we probably have 36 different views here. And maybe some more up there and some more outside and some more watching CTN. And I'm sure the Lieutenant Governor's got on opinion on it as well.

So for that reason, Madam President, I'd like - the Clerk is in possession of an amendment, LCO 9372. I'd ask the Clerk to call the amendment and I'd be allowed to summarize.

THE CHAIR:

Mr. Clerk.

CLERK:

LCO No. 9372, Senate "A" offered by Senator Kane.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I move adoption.

THE CHAIR:

Motion's on adoption. Will you remark, sir?

SENATOR KANE:

Yes I will, Madam President. So, Senator Bye, you said that if I proposed it, you'd take a look at it. And here it is. You got your wish. Simply put, this amendment defines the spending cap. There's no more disagreement between you and I because we're friends. There's no more disagreement between the members of the Legislature. There's no more ambiguity as we both stated.

We don't have to find that guy up in the fifth floor and explain it to us. I don't have to ask Scott Frantz for his opinion because he knows more about this than I do. I can simply go to this and say, here it is. State of Connecticut in November of 1992, I think it was November, I'm guessing, 81 percent of the people voted in favor of an amendment to the State Constitution.

So, Madam President, this amendment changes various definitions of the spending cap statute that would result in this bill having been over the spending cap. So what I'm asking for is to clearly define this spending cap, not go to your opinion or my opinion or the guy on the fifth floor, but clearly state, which was voted upon in 1992, and show that this budget is over the constitutional spending cap. And I ask for a roll call vote, Madam President.

THE CHAIR:

Roll call will be taken. Senator Bye, on the amendment.

SENATOR BYE:

Madam President, I did have a chance to look at the amendment. And - and I think it deserves a full discussion during the legislative session with public hearings and bipartisan input. At this point, I urge rejection. Thank you, Madam President.

THE CHAIR:

Thank you, madam. Will you remark further on the amendment? Will you remark further? Senator Kane, for the second time. Senator Boucher, for the first time.

SENATOR BOUCHER:

Thank you very much, Madam President. Actually I rise to support this amendment and to make sure that people understand why we all - many of us get very exercised over the issue of the spending cap. Before my time here, back in 1991, when this state was in serious financial trouble, and in retrospect after this five

or six years we've just experienced, it now doesn't appear to be quite as bad as it was in that day.

During that time, I was on my local Board of Ed. I was a Chairman of the Board of Ed, trying to bring out a budget from a community that was wiped out. The white collar job loss was historic. We had support groups coming to our diners every day for individuals that had lost their job. We even had a neighbor who went into his garage, turned on his car, and killed himself. It was a traumatic period of time in Connecticut. But it was not as long-lived as we have right now.

And yet that period of time produced a historic new income tax that I would maintain was probably the very beginning of the erosion of Connecticut's competitiveness. Now, fast forward to today. And during that time with that income tax, which was so controversial that passed by one vote that had people running for the hills and that changed the complexion of the individuals representing Connecticut in both the House and the Senate during that time, such a difficult one that there was a constitutional amendment proposed to put a spending cap, sort of a circuit breaker on any budget that would be passed afterwards.

That was the deal that was made. We're going to have a new state income tax. We're going to put a circuit breaker so you couldn't spend a certain percentage more than the previous budget time. When this spending cap went to the public, it was passed by 82 percent of the general public. They wanted it in our State Constitution that we would not go over a spending cap.

Well, the General Assembly decided that they didn't need to codify that, vote on it. Instead, they were going to put it in statute because, you know, that was going to do the trick. We were going to be able to have the public trust that we weren't going to run away with excess spending during that period of time. And over that period of time, unfortunately, year after year, when new financial problems have been encountered, that spending cap has been weakened.

As is the trust of the public weakened in the state being able to manage their tax dollar in a responsible way. That is why we need this amendment. We need to have some trust placed back into the state's spending cap. And this is why I stand in support of Senator - the good Senator's Kane amendment to address this spending cap issue that we have with the public. Thank you very much, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark? Senator Kane.

SENATOR KANE:

Thank you, Madam President. Speaking for the second time on the amendment, I have a question, through you, to Senator Bye.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madam President. Is it not true that this issue did have a public hearing in the Appropriations Committee? Through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. I do not know that the language in this amendment was heard by the General Assembly in Appropriations Committee.

THE CHAIR:

Senator Kane.

SENATOR BYE:

Through you, Madam President.

SENATOR KANE:

Thank you, Madam President. Senate Bill 128, through you.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. I'm not as aware of every single bill and every word of every bill. But I will take Senator Kane's word for that.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. It was March 27. This bill did have a public hearing. So to your point that, you know, maybe we should have a public hearing on it, it did. And people came and testified, testified in favor of it. So, I mean, if you want to vote against it because you don't want to define the spending cap, that's one thing. But for us to say that this is an issue that we should take up next year because it didn't have a public hearing, that's untrue.

That's not fair. It did have a public hearing. It has be vetted. And, you know - you know, kind of reminds me of that Seinfeld episode when he returned that blazer for spite. You know, that's not a good reason. This was - this had a public hearing. This was through in front of the Appropriations Committee. And people testified in favor of the bill.

So the bill has been seen. It has been heard. It has been gone through the public hearing process. Thank you, Madam President.

THE CHAIR:

Will you remark further? Senator Kissel.

SENATOR KISSEL:

Thank you very much. I stand in favor of the amendment for a variety of reasons. And while I can understand Senator Bye's concern that there may be some slight variations between this proposal and what was heard in the Committee, or maybe not, I'm not exactly sure on that. This is sort of how I look at this historically.

When the income tax was put through here in the State of Connecticut in the early 1990s, it was quite divisive. I actually was here, although not when the initial protests were taking place, but as the initial protests were winding down outside the Capitol, where thousands upon thousands of people came to protest just outside the doors to this building.

I don't think it helped that former Governor Weicker, at the time when he was campaigning, said adoption of an income tax in Connecticut would be like throwing gasoline on a fire and then through his administration and wranglings and epic battles in the Legislature - God bless you - it was eventually adopted by I believe a one-vote margin. And for what it's worth, anecdotally, I believe the vote in the House that ended this morning by a three-vote margin is the closest vote on a budget since that time.

And maybe that's an indication of where we are as a state because all things are cyclical to some extent. But as part of that time frame, at that time, the offer to the public, not exactly in exchange for the income tax but as a reassurance, was the spending cap. And to get anything adopted in the State of Connecticut by an 81 percent margin is phenomenal. Because that by its own definition crosses all party lines.

And so to my mind, that was an act of trust. We need revenues, but in exchange for that, Mr. And Mrs. Public, we will abide by a spending cap. And the public said, okay. Please do that. And ever since that time with lawsuits that have gone to the Supreme Court and wrangling, there's been this sort of push

and pull regarding the spending cap. And unfortunately, a lack of definition.

And whether one person's definition is acceptable or another, I don't think anybody can really debate whether there was a promise made to the people of the State of Connecticut. And we need to abide by that promise. And the promise doesn't evaporate because we haven't gotten down to the business of giving it an appropriate definition. Now, maybe that's not going to happen today or tonight, but we really haven't finalized our commitment to the folks that voted 81 percent in favor of a spending cap. And we really should finish that two decades later plus and then live within that.

And this - this process where things over time now sort of get reclassified and then sort of get pushed out from under the cap and then the argument that, oh, we're still within the cap because something that was considered necessary under the cap last year is now not necessary under the cap this year. Tell that to anybody and they're going to shake their head. Now, maybe what was classified one time shouldn't be classified that way. But we all should be playing by the same rules.

And the rules should be easy to understand by our constituents. And then if something needs to - to take place, then the public will at least be there to support those changes. But if you keep changing the boundaries, then a cap without definition is really not a cap at all. So I have found it mystifying. I commend Senator Kane for bringing this issue to the floor.

I - I respect and admire and consider a friend Senator Bye. I understand that. But at some point, I think we need to all get together, House and Senate, Republicans and Democrats, and hammer out a concrete constitutional definition of what the cap really means and finish the promise to our constituents. And then we need to live within those means.

Just because I have expenses at home going up, I can't wave a magic wand and create more income for myself unless I take on another job, I guess. But, I mean,

assuming that I have a revenue stream, I can't just keep going up to my boss and say I need more money, I need more money, I need more money. And I can't magically sort of say, well, you know, that mortgage payment, which was under my spending limit this year, I'm going to say that's different next year. And then I can actual there any spend a whole heck of a lot more because it falls within my budget.

Doesn't work that way. Doesn't work that way. So not to belabor this, but this is an issue that comes up a lot more often than folks might think. My constituents still remember the income tax debate and the vote on the spending cap. And they want a real cap. And they want us to live within our means like every household in the State of Connecticut has to live within its means. And for that reason, I will be happy to support the amendment. Thank you.

THE CHAIR:

Thank you. Will you remark? Senator Frantz. Good evening, sir.

SENATOR FRANTZ:

Good evening, Madam President. And, you know, I want to take just one second and say you've got to be the most patient person under the sun and the moon to put up with all of this and with a smile on your face. You've never once complained about anything or anybody being out of line for whatever reason. And I think we owe it to you for doing a superb job up there. Madam President, through you, I do have a question to the proponent of this amendment.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you, Madam President. Senator Kane, this is a great idea. And I'll get into why I think it's such a great idea in minute. But I want to ask you a question - are you aware of - and these are elements right out of the proposed budget - are you aware of a

public hearing that occurred for the increase in the tax on computer and data processing sales - sales? And I believe it's going from 1 percent to 2 percent to 3 percent, which is a significant amount of money. In fact, during the first year it looks like it's about $60 million going up to 83 million in 2017 and then much higher than that in the future.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Serving on the Appropriations Committee and not on the Finance, Revenue and Bonding Committee, I'm not familiar with there was a public hearing on that. But if the Senator says that one took place, I will certainly believe him. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Madam President, I can actually answer that question. And it is - it is no. Through you, another question, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you. Senator Kane, are you aware of the repeal of the exemption of the World Wide Web tax exception and implementing 3 percent sales tax on all of that activity?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. My awareness of both of those items extends to this budget, nothing prior. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. And I think I also have the answer to that one as well somehow and that is that I don't think so, certainly not this session. And so we know that things do move forward here sometimes without public hearings. And I think that's something people in the public really need to pay close attention to. Because the democracy is not doing its thing. It's not working unless there is public input.

We are here as members of Representative Governments to represent you and we can only do that unless we get feedback from you on specific issues and specific details. Madam President, I have another question through for you to Senator Kane.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you, Madam President. Senator Kane, are you aware of a public hearing on an increase in the luxury tax from 7 percent to 7.75 percent?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. No, I'm not. And - and as you talk about these, you're right. I'm not familiar with any public hearings on any of the three questions that the Senator asked me. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. One last question on public hearings, through you.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you, Madam President. Are you aware of any public hearings that occurred having to do with the reduction in a property tax exemption for middle class folks in particular?

THE CHAIR:

Senator Kane.

SENATOR KANE:

Through you to Senator Frantz. No, I'm not aware of that proposal having a public hearing either. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. I am done with my questions for Senator Kane. If he'd like to take his seat. You know, the ultimate public hearing, I think, on this whole concept of a spending cap was back in 1991 and 92 when they actually went through that process to change the constitution and put in a clause and a section that made it very clear what the spending cap was going to be all about. Remember this was part of the package of the new income tax that the State of Connecticut was about to - about to receive.

And 82 percent of the people polled and probably 90 or 95 percent of the people back then even voted for this in favor of this within the two Chambers. And I know it received Executive Branch approval as well, as it should have because that's the only real thing that we have to hang our hat on as far as fiscal responsibility goes. If we don't have that, we know democracy's an incredibly expensive form of government, although it's the best in the world, it can also be incredibly expensive.

And it can cause bankruptcies and insolvencies and all that. And if you have a legitimate spending cap that is actually respected and followed annually or biannually, then you got something to - something to write home about. And so given the fact that we did have that sort of ultimate public hearing way back when 20 some odd years ago, 24, 25 years ago, Senator Kane has indicated that we've already had a public hearing on this concept.

And therefore I think we should maybe eliminate that from our thinking at this point whether we're going to support this particular amendment or not. I would urge everybody in the Circle who's either here or watching in the caucus rooms to seriously consider our last gasp of air when it comes to fiscal restraint, fiscal responsibility. Later on in the evening, I will get into some of the issues in more detail. But we are really hurting as a state from a fiscal point of view.

One of the absolute worst in the nation. So I urge your support of this amendment. I want to thank Senator Kane for bringing it up. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark further? Senator Hwang. Good evening, sir.

SENATOR HWANG:

Good evening, Madam President, how are you?

THE CHAIR:

Fantastic. And you?

SENATOR HWANG:

Thank you. Thank you. I rise in support of this amendment. But more importantly, I want to begin the discussion by acknowledging the - the really good work and the class operation that Senator Bye, Senator Fonfara, Senator Frantz, Senator Kane and what you do in the community and everybody in this Circle. Because we do it for public service. We do it for the love of our state.

As we begin this process, I - I want to try to make this discussion simple as possible. One of the biggest critiques I had before I became a Legislator was the fact that when we talked about government, when we talked about the budget process, there's such complexity and there's such - such webs of - of intrigue. I want to try to simplify.

And - and I think for me, the history that was provided earlier by Senator Kissel in regards to the history of the spending cap, the tradeoff between the spending cap and our imposition of the income tax makes sense. It's a check and balances that I hope worked. But it hasn't. As I understood the spending cap has been exceeded in the past.

And its ability to be exceeded was only promulgated by the constitution to say that two-thirds of the legislative body needs to approve it. So it has happened. It has happened under republican Governors and democratic governors. But through you, Madam President, some questions to the proponent of the amendment.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR HWANG:

We had talked earlier about the cap being exceeded by legislative two-thirds. Has there been other occasions in which the cap has been revised? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And - and to the good Senator's question, and earlier I had a conversation with Senator Bye leading up to this amendment. And we both agreed that eight times in the past, the spending cap has been - we have gone over the spending cap. We've exceeded the spending cap is the word I'm looking for. And - but those times were during good times, if you will, meaning that there were surpluses and the Legislature voted to exceed the spending cap based on the surpluses involved.

As far as bad times, because this is the way I feel we are in now, and I think all of us could agree that we have a budget deficit in the current fiscal year. We are looking at budget deficit in the out years of the budget that's being proposed in front of us. That it's taken place, yes. In 2013, this Administration and this Legislature exceeded the spending cap by net appropriating Medicaid dollars, $1.2 billion by rebasing their Medicaid dollars in the LEA population and moving that off with from within under the auspices of the spending cap.

But, you know - so yes, it has taken place. And it was, you know, this is just another example of the kind of problems that I have with this issue. And this is why I want it to be clearly defined. Because each and every time we find new little nuance, a new little way to get our money from within that spending cap, so we can spend more somewhere else. And that's

the issue that's taking place. And that's really why I feel so strongly about clearly defining this issue.

This spending cap, as you mentioned, is a tradeoff for an income tax that was implemented in 1991. So when the good faith that this Legislature put forth to the taxpayers of Connecticut was to say to John Q. Public, yes, we are going to tax your personal income. But we are going to ensure that we will keep within our limits. That we - you know, it's like giving something to your kids, right. And all of a sudden, you know, it's hard to take it away.

This is kind of seems like what it feels to me in this building. Once we give that spending, once we get those dollars, we can't stop. And - and, you know, some in this Circle and in this Body have called it an addiction to spending. And this is why I want to clearly define it. Yes, to your question. And I know that was a long answer, Madam President. And I apologize to Senator Hwang for such a long intrepidated answer. But yes, it has taken place in as early or as recent, I should say, as 2013. Through you.

THE CHAIR:

Senator Hwang.

SENATOR HWANG:

Thank you. Thank you, Madam President. And I - I love the answer because it clarified a little bit for me. I didn't realize the cap had exceeded eight times prior. But - but wait a second. You - you said that in 2013, we exceeded again. But we didn't talk about a vote. Through you, Madam President, was there a vote by the Legislative two-thirds of Body has had occurred in the past when we superseded it? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And that's a very good question, Senator Hwang. And - and I appreciate you - you offering that. No, the quick answer. And that's, again, another reason for me to offer this amendment. Because as I stated earlier, I was reading from a transcript in 1991, and they clearly stated debt service, not the actual debt or indebtedness. To which Senator Bye admitted $100 million was removed from within that spending cap to offset more spending on the other side.

So that's the big thing. So you're right. There was not a vote in 2013. This was just another move of - of taking dollars from within a spending cap limitation that we are supposed to abide by and moving them aside. And this is just happened yet again with $100 million in - in the indebtedness. You know, what's next, right? I mean, we can - we can talk about so many other things.

So this is the reason for this amendment, to clearly define the spending cap. And so we clearly know what our boundaries are. And to Senator Kissel's point about his own home budget, you know what you're income is. You know what your abilities to - to buy or spend are. And the State of Connecticut should be held to that very same standard.

Because I think, Senator Hwang, there are 36 different opinions in this room alone that are going to come up with, well, I thought it was this, well, I thought it was this, well, I remember this. And - and let's go back to the guy on the fifth floor. And - and, you know, all of that doesn't make sense.

We are a Body that legislates laws. We create policy. We put - we define term, statutorily, right? I mean, we - we do that in so many aspects of our lives. Yet, the one thing, the most important bill that's going to leave this building, Madam President, is the budget. I don't care if we talk about whatever else we do, whatever task force we create, whatever park we name, whatever bridge we name, you know, it doesn't matter.

All of it comes to this. All these papers around this desk are speak to this budget. Every bill that we have in front of us, whether it be the General Law

Committee or the Human Services Committee or the Public Health Committee or in the Insurance and Real Estate Committee, you name it. You name the Committee, they all come back to the budget. They all have to fit within that budget. And that budget has a spending cap. And that spending cap is not clearly defined.

And you're right, there was no vote in these two instances. And I'm afraid we're going to see more instance like that. That's why it's so important to have this amendment. Through you.

THE CHAIR:

Senator Hwang.

SENATOR HWANG:

Through you, Madam President, I was mesmerized for a moment. And - and thank you. You know, one of keys that came out for me, as I - as I said earlier, we - we try to bring it to a - a level of - of common understanding that - that Joe and Joan Public in the community can understand what we do up here. Because you brought up an important point. In the past when we exceeded the cap, we're only human, there was a vote in accountability. There was a public trust of saying we had to do it. We made that decision. We stand by that decision.

But in 2013, and just most recently as you said in Appropriations, these things were done by pure accounting gimmickry, by shuffling papers, of defining assets or long-term debt that we never did before. And - and it recollects back to me, it seemed like a long time ago that we focused so much on gap, gap accounting, accountability.

I don't think that that type of methodology matters right now in the way we've approached this. That's why I think your amendment is so important because it brings back to an accountability. And I - I hope to be able to speak more about the budget into the evening. Because at the end, it really is what we do in here as good public servants. We have to engender the public trust.

And indeed what we vote and what we do here tonight is a reflection of that public trust. It is our legacy. So I strongly support the amendment because it does in fact put to paper what we have as a duty to the people that elected us. So thank you for bringing out this amendment.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. I stand in support of Senator Kane's amendment. And thank Senator Kane for his good work on the Appropriations Committee. Also Senator Frantz for your great work leading as the ranking member of the Finance, Revenue and Bonding Committee. The spending cap has been sort of one of my hot buttons since I arrived here in the Legislature in 2009.

And I was just going down my little history lesson about the spending cap that this is the 22nd, 22nd session of the Connecticut General Assembly since the spending cap passed in 1992. And it's the 22nd session that has not implemented the spending cap. So 22 times we've had the opportunity in a legislative session to do this. That's what the voters asked for in 1992 when they approved the spending cap with 81 percent of the vote.

Imagine that, 81 percent of the vote. In a referendum vote for a constitutional question. Eighty-one percent of the voters said this is what we want you to do. And it's 23 years later. And it's not done. So I want to thank you, Senator Kane, for bringing this - this to our attention once again. And I believe that the republican caucus here in the State Senate has as attempted this every year since that - that I've been here since 2009. And I assume many years before that.

In fact, someone who sat in my chair, who's a dear friend of mine, former Senator Mark Nielsen, sued the State of Connecticut, sued the Legislature, sued himself to try and force the Legislature to do what

the voters of Connecticut asked for in 1992. And it went to - to the Supreme Court. And in the Supreme Court decision, which today is regularly cited in other court cases, is discussed across the country.

In fact, if you Google Nielsen versus Connecticut, you'll see it cited in cases across the country. It's pretty amazing. But ironically, he had to sue the state to get their attention because they wouldn't entertain defining the spending cap, even in the mid-90s, only a few years after the cap was voted upon by the - by 81 percent of Connecticut voters. And the court said we can't decide political questions. Imagine that.

So the court certified this is indeed a political question. And 22 sessions of the Legislature later, we're still bouncing this ball off the walls of the State Capitol. We need to buckle down on this question. We are responsible to the voters. Yes, we have a statutory spending cap. But the voters have figured out what's going on now, because we've been talking about this for so long, that if it's just a statutory spending cap, we can change our mind from year to year, which is what we do all the time.

So, Madam President, I am hopeful that the State Senate tonight will finally after 23 years agree that it's now time to implement the constitutional spending cap and move on, living within the budgets that the voters of Connecticut demanded we live within. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark? Senator Kelly. Good evening, sir.

SENATOR KELLY:

Good evening, Madam President. I rise for a couple of questions, through you, to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR KELLY:

Thank you very much. I'm looking at the amendment itself, the language that is used in this amendment. Where does this language - let me restate it. The language of the amendment before it's bracketed and underlined to show the changes, is that the current definition of the spending cap? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. The underlying areas would be the new language. Through you.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. So this whole language is brand new? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. No. This would be what was approved at referendum in 1992. Through you.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. In the spending cap, it talks about federal entitlements. Could you explain what federal entitlements would be covered under the

spending cap? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Well, you know, part of the back and forth, if you will, that I had with Senator Hwang was in regards to what was take - what took place in 2013 in regards to the Medicaid issue. Those dollars were removed, or I should say, not considered under the spending cap in 2013 to the point - to the tune of $1.2 billion. So this is the area that would be in the form of the dollar reimbursements from the federal government in regards to that. Through you.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. And for the next question, I do apologize. I wasn't - maybe I wasn't present in the Circle at the time, but what was the - I - I know that we're dealing with the budget now. And I know that when I look at the spending cap, I recognize that going back to the state's adoption of the income tax, this was one of the guarantees in adopting the spending cap that the taxpayer gains some comfort with the knowledge that, while they were going to now experience a tax against their income, that they would at least have some comfort in knowing that the government spending was capped in some way, shape, or form.

So - and I believe that at that time, this was implemented through a constitutional spending cap, which isn't in what we do here. It's something that's actually organic. It's what the people have decided on. So in that regard, the definition that you're talking about, is that what we're trying to do here is - is get at the spending cap so that we can in some way, shape, or form bridle government spending so that

the taxpayers may have some comfort knowing that it's just not a blank checkbook handed to Legislators? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And, you know, and that's the whole crux of this issue. You're - you're 100 percent right. In 1991, in August of 1991, the Legislature adopted a resolution amending our State Constitution to include a cap on spending. However, they instituted what they, at the time, thought was a statutory spending cap as a temporary measure. Fast forward to 1992, a constitutional amendment was voted upon by the citizens of Connecticut, and 81 percent voted in favor of a constitutional spending cap.

Problem is, it's never been implemented. And that's where the impetus of my amendment comes from is the clear definition. So Senator Bye has a - an opinion on it, and I have an opinion on it, and certainly we're in disagreement. And we're both the Appropriations Committee. Right, I mean, you know, how can you have something that should be clearly stated have to both of us use the words vague and - and ambiguous.

You know, so that's the reason for this amendment. Because you're right, it was put in place as a stopgap, as a promise that was made back in the early 90s. You know, I was just out of high school so I was a little young at that time, Senator Kelly. But as a promise to the voters in the State of Connecticut that in order - an effort to include a personal income tax, they would say to the constituents that we will hold the line on that spending. And it's been exceeded. And it's been exceeded eight times.

We agree on that. And here we are today with a proposal in front of us that does it again. But in a different way. In fact, Senator Bye admitted that there was a $100 million in indebtedness that has been removed. And I mentioned the Medicaid dollars that

were moved in 2013. If in ever we get back to the underlying bill, because I believe I still have the floor, I'm going to talk about some other things that were made, changed, to in this budget that one would question the accounting principles of.

But yes, I probably gave you a longer answer than you wanted. But the history of it is such that we don't have the clear definition that was supposed to be enacted by the General Assembly way back 24, 25 years ago. Through you, Madam President.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. And in the spirit of brevity, I will spare Senator Kane of a explanation of what life was like back in Connecticut in the 1990s. But that said, the - the definition that you're proposing, does that clarify or codify the current practice or the prior practice of the implementation of the spending cap? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Yes, Madam President, through you to Senator Kelly. Very much so. And that's why this idea is not a new idea, certainly by any stretch of the imagination. The House of Representatives may have tried a similar amendment downstairs. This bill is something that's been proposed many times, not just this year, but every year. It's a worrisome thing, you know, that we keep spending more and more.

I mean, I - you know, at some point Senator Frantz is going to stand up and talk about the Revenue side of the budget, which is probably far worse than what's taken place on the Appropriations side. But it comes from this. It starts here. It starts with how much we have the ability to spend. And we don't. Because

we know we're in a deficit. We clearly have a deficit. We've clearly have had deficits for the last four years. We clearly will have deficits in the coming years. But we keep moving things out from with under that cap.

And people at home, in your district and in mine, and I know you have town hall meetings and you - you go to your town hall and you have the open house and people come in and they say, well, you know, what's going on with government spending? And - and we try to explain that cap to people. And there's just no clear definition. And they expect us to draw the line at some point. Right. I mean, you and I do it in our own homes.

You know, in my business, I have sales projections certainly. If I don't make that revenue projection, I can't go find more money to spend. That's it. I'm at it. I'm at the level. I'm at the top. That's it. I hit the - hit the - the ultimate price I can spend. And we don't do that here. We don't have the ability to stop moving items from within that cap because it's not defined because it's not spelled out clearly for 187 Legislators to abide by. Through you.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President. And thank you, Senator Kane, for that explanation. I can't tell you how many times I walk and meet with individuals in my district. And they're all basically saying the same thing. How is it that we all have what I call kitchen table economics? Very basic. We know how much money we make from our jobs or other sources of income.

We know we have to live within that income. And that if you exceed your income, you can do it on a short term, but you can't do it long-term without ultimately going into debt and - and possibly bankruptcy. So these same people say if this is the way everybody in Connecticut lives with kitchen table economics, living within your means and we're all, every Legislator

lives the same way, why is it at the Capitol as Representatives of those individuals, our budget doesn't mirror the kitchen table economics?

And we don't have a budget that lives within it means. And I think you said it there at the end as to why that can happen. And that is that not only do we spend unbridled, but we have the ability to generate revenue unbridled. Where at home, we can can't say, you know what, I want to buy a brand new car and I need an extra hundred bucks in my - in my paycheck. So you just walk into your - your employer and say, you know what, my family budget is short 100 bucks so you gotta me another hundred. You can't just make that happen. Not at the kitchen table economics.

But we can make that happen here. And I think this amendment goes a long way to start to mirror the budgets and the way that the people we represent handle their budgets. And that is, they hold the line on spending so that they can live within their means. And if this is a measure that will bring not only our government in line with the way people at home handle their finances, but also give them a measure of, I'm going to say, some comfort that our spending is at least limited, then I think we've done a - a huge service, not only to our state today but what I think is more important are the future generations to come.

I know that when I got involved and decided to run for Senate, one of the biggest reasons I did so was because at the time, I had the two youngest children were 7 and 10. And I did it because I didn't want to see my future turn out or, you know, my future turn out the - or for them, turn out the way it has for us. I know that our government has mortgaged our futures. But I don't want to see this government do the same to them.

My daughter is now a sophomore in high school. We're starting to look at colleges. And as a parent, you want your children as close to you as possible. I have the privilege of living close to my mom, who I just moved virtually a street away. And I stay, you know, I grew up in Stratford. I'm still living in Stratford. But the thought occurs that if we don't set the stage for our children today, they're not

going to stay here.

And it all starts when they get to the level that my daughter's in, where we start looking at, you know, what is her future going to be? And where is she going to go? And what does that mean? It may mean that she's gonna leave the State of Connecticut, particularly if our government and our economy doesn't turn itself around. Because we know that Connecticut jobs are becoming more and more scarce.

And with that, our future and our children staying here becomes less and less viable. I think this - this amendment is a good amendment. I think it's worthy of our consideration. And I stand in full support thereof. Thank you.

THE CHAIR:

Will you remark? Will you remark? Senator Bye.

SENATOR BYE:

Thank you, Madam President. I just wanted to make sure that when the vote is called, there's a roll call vote. Thank you.

THE CHAIR:

A roll call vote will be had. Will you remark? Senator Formica.

SENATOR FORMICA:

Thank you, Madam President. I rise for a few questions for the proponent of the amendment, please.

THE CHAIR:

Please proceed, sir.

SENATOR FORMICA:

Thank you, Madam President, through you. I'm learning quite a bit about the - the different processes as we shared our time together on Appropriations and with the good Senator as the Chairman and trying to

understand the intricacies of the state government. And the spending cap is one that seems to be more of a moving target, not really defined. And we talked a little bit about the debt.

Is there, as part of the formula that the - the cap is figured on, is that - is that formula include a particular portion of the debt formula and how that rises as well? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I only wish that my bill on sushi rice garnered so much interest as this amendment. But be that as it may, yes, in 1991, it was clear in the Senate transcripts that it was debt service that would be excluded from the spending cap. Here today in 2015, it is indebtedness, the actual debt, the obligations that the state has of $100 million.

So I do have the transcript. I did read parts of it. So, yes, that - that's - when you say a moving target, that's, you know, something that was - goes back 24 years and - and clearly should have been abided by. But, yes, that's the - the key difference this year than 24 years ago. Through you, Madam President.

THE CHAIR:

Senator Formica.

SENATOR FORMICA:

Thank you, Madam President, and through you. When - when in 1991, the debt was identified. That, you know, as I had the opportunity to serve as a local official. And we put together budgets. And we had general government budgets. And we had Board of Education budgets. And we had capital and then debt and interest. And so the - the debt payment was on infrastructure, et cetera. Do you think that back in 1991, they were thinking about that kind of debt when

they - they instituted this back in 1991? Through you, Madam President.

THE CHAIR:

Senator Kane. Do you remember?

SENATOR KANE:

Thank you, Madam President. You know, I - through you to Senator Formica, you know, I do have the Senate transcript. Would the - can I stand at ease for a second?

THE CHAIR:

Absolutely. Senate will stand at ease.

(Chamber at ease.)

Senator Kane. The Senate will come back to order.

SENATOR KANE:

Thank you, Madam President. You know, that - that's a very good question, Senator Formica. But the - the only thing I can find in looking at the transcripts from 1991 is debt service. It clearly talks about debt service and not the actual debt. So I'm not quite sure what type of debt they were thinking of. But certainly the debt service on the debt that - that you're - you're referring to. Through you.

THE CHAIR:

Senator Formica.

SENATOR FORMICA:

Thank you, Madam President, and - and through you. So now we've - we're considering, if I'm getting it right, the difference between debt and indebtedness is the pension obligations, the unfunded pension obligations that we still have out there. And although we've been chipping away at it and making some head way over the last few years, there's still an enormous amount of money out there. So are we

figuring that as a full number divided by a number equals to what comes out to the debt, I mean, the cap this year or how is that figured? You can't take the whole amount. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, and, you know, through you, to Senator Formica. Thankfully as Senator Bye mentioned, they did rebase, which means the figure that was removed was 100 million as to what or could be over was a billion dollars. So that number would have been far greater without the rebasing. Through you.

THE CHAIR:

Senator Formica.

SENATOR FORMICA:

Thank you, Madam President, and - and through you. In your amendment, you talk about determining general budget expenditures. How - how is that percentage figured? Is that they took 10 percent of it and - and moved it forward or - ? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. Could Senator Formica repeat the question, please?

THE CHAIR:

Senator Formica, would you repeat your question, please.

SENATOR FORMICA:

Of course. Thank you, Madam President. I too in the

early 90s was only in high school. So -

THE CHAIR:

I feel your pain, sir.

SENATOR FORMICA:

The question I think was to try to figure out how a percentage of it equaled 100 million. If we have a billion in debt, how do you enter the cap issue and get it that way? And then I just have one or two other questions after that. Madam President, through you.

THE CHAIR:

Senator Kane.

SENATOR KANE:

May we stand at ease for a moment, please?

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

Senate will come back to order. Senator Kane.

SENATOR KANE:

Thank you, Madam President. It's a good thing I have one of those state employees.

THE CHAIR:

Yes. I'm so glad you do appreciate them now, sir.

SENATOR KANE:

I always appreciated the state employees. I just think we have too many. But that's another story, Madam President, we'll stick to the question at hand.

THE CHAIR:

Thank you very much.

SENATOR KANE:

So through you, to Senator Formica. Basically they take the appropriated amount for the ARC payments and go to Fiscal Year 15 and consider the difference between the two years. And that's where the number comes from. Through you.

THE CHAIR:

Senator Formica.

SENATOR FORMICA:

Thank you very much, Madam President. Thank you, Senator, for that answer. One question with regard to Line - looks like 16 and 17, general budget expenditures for the current fiscal year and the purposes of determining general budget expenditures.

What I've learned a little bit about in this budget process is something called an intercept. And that - does that count against the cap? And would that be counting in Line 16 and 17 of your amendment? Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. That's a very good question. And, you know, eventually when we get back to the underlying bill, I'm going to talk about revenue intercepts. But - but, you know, that's - and actually that's a phrase I never heard of before in my seven years until two years ago when it was used by this administration to not show an appropriation. I don't believe you were here at the time. But there was a line item, and I don't remember the dollar figure, but it was pretty big with the CSU.

Yeah. It was - it was like $60 million. It was a big number. So what - what they were using is a revenue intercept to not show the expenditure but saying we're taking this revenue over here in order to pay for this but not show the appropriation. And, you know, I remember when I was in business school back in the early 90s, we always had debits and credits, right? You had the debits on one side and the credits on the other side and you had to make them match.

So if you had $400 on one side, you had $400 on the other side. And that's how you did your balance sheet. And in this case what they've done is taking revenue and in fact, quite honestly, Senator Formica, they've done it in this budget as well with the Medicaid reimbursement. It's a $67 million in Medicaid reimbursements from the federal government that they have not shown the appropriation but they show a revenue intercept, meaning I'm taking that revenue and I'm gonna use it to do this but I'm not gonna show the expenditure because you're right, it would have put us above that spending cap.

So that's a very good question and a very good point that has been used before and it's being used yet again. And in my mind, not gap compliant and something I certainly did not learn in business school and something I don't think they teach in business school because you do have to match those debits and credits. Through you, Mr. President.

THE CHAIR: (Senator Coleman in the Chair)

Senator Formica.

SENATOR FORMICA:

Thank you, Mr. President, good evening, sir.

THE CHAIR:

Good evening.

SENATOR FORMICA:

Through you. Yeah, I don't quite get how the

intercept process works and how it is part of the cap. And, you know, I'm curious if we - if we go back and measure each and every year for the last few years and start counting those intercepts, is that going to adjust in a negative way the formula that they've used to figure out the cap over the last few years? And have you accounted for that in your - your amendment? Is that - or how can you possibly account for something that I guess is arbitrary? Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. You know, in - Senator Formica, you know, you bring up a very good point. And this is certainly something that weighs on my mind as I sit in the Appropriations Committee. But the overall riding factor in this amendment is to clearly define a cap that this Legislature and this Governor needs to live by. And there's too much ambiguity in the statute as it is laid out today. And that's why it is been exceeded so many times.

Well, I should take that back. When it was exceeded previously, there was a vote. Here, there's no vote. It's just doing it. So that's why we need this amendment. Because you're right, taking all those things into consideration, Medicaid reimbursements, revenue intercepts, pension liabilities, debt service, all these things can be massaged in a way that will allow people to get outside the spending cap. And that's the necessity of this amendment. That's why it's so crucial that we pass this amendment. Through you, Mr. President.

THE CHAIR:

Senator Formica.

SENATOR FORMICA:

Thank you, Mr. President. Thank you, Senator. It - it becomes almost a spiral of some kind when you're

talking about how to figure the formula out for the cap and how, you know, we can then put together a mechanism that we can depend on each and every year and satisfy the needs of what the electorate, you know, has decided way back 24, 25 years ago. So I don't quite begin to understand how we can do that.

I don't know how you measure intercepts and whether you can go back to, you know, to each and every year there was an intercept, or how you go back to each and every year there was a Medicaid reimbursement and if they're less one year than the next. I'm not quite sure how all of those can be managed. But I think this is a good amendment. I urge my colleagues to support this amendment. And I thank the good Senator for bringing this forward. And I thank you, Mr. President, for the time.

THE CHAIR:

Thank you as well, sir. Senator Linares.

SENATOR LINARES:

Mr. President, good evening. I rise to speak on this amendment. In the underlying bill, it's come to my attention that apparently the first time in the history of the spending cap, it's my understanding that the spending cap was instituted in 1992, which is only four years after I was born. But it's before here for a while. It's my understanding that for the first time in that lifetime that this budget modifies the definition of the spending cap from the original definitions that have been used since the spending cap was implemented.

And I can tell you that when I travel around my district and the results that I've received from a survey that I have sent out to my district, I simply call it "talk to me." I had mailed my entire district just to ask them what was on their mind. Above and beyond all responses, the most common, almost on every single response was that my constituents felt that we spent too much money on a yearly basis.

And so I think what people are looking for nowadays in a Representative and a Senator, in a public servant,

is someone that means what they say and says what they mean. And every time we go over the spending cap, every time a budget is passed in this building, we have almost, for lack of a better word, insulted our constituency that we're saying that even though 81 percent of this state might agree that we shouldn't spend more money than we have, which is essentially what we're trying to do here with the spending cap, that we're doing it anyway.

And that's letting people down. That's not the right thing to do. No matter what situation we're in, instead of trying to find ways to maneuver around the spending cap, what we should be doing is reverse engineer it and reverse engineer it backwards. Start with what we have in our budget and work backwards from there. And so, to me, this is probably the most important issue that we can discuss when we're talking about the budget.

When we're having this discussion about the budget, it all comes down to nickels and dimes. And if we continue to spend money we don't have and if we continue to modify our spending cap, to not include funding for pensions, for long-term liabilities, we're kicking the can down the road. We're pushing the problem down the road.

It's been around since 1992, this spending cap. And we're seeing the same issues arise year after year. Now, I'm only 26 years old. And I'd like to see this problem solved so that we don't have to continue this issue. So that we can take on other challenges. So that the next generation doesn't have to inherent billions of dollars of underfunded liabilities that we have no plan to pay for. It's a daunting, daunting problem.

It's a huge concern. And the millennials, the younger generation that are excited, they're - they're motivated to get in the workforce to innovate, to change, to be a part of mission-driven businesses, to be a part of non-for-profits, maybe to work in state government, they're going to be concerned to take on those careers, to take on that charge in this state because of how unpredictable our budget issue are. And the fact that we can't do the simplest of things

and that's stick within our budget.

Something that I refuse to allow to happen while I'm here. I can't - I can't stand for that. My constituents are tired of seeing us spend money we don't have. They're warn out from the tax increases that result of that behavior. And I would like to thank Senator Kane for having the courage to stand here today and to ask our colleagues to solve this problem once and for all.

It's what our constituents want. It's what they ask of us. And it's what we should deliver to them. Thank you, Madam President.

THE CHAIR: (The President in the Chair)

Thank you. Will you remark further on this amendment? Senator Cassano. Senator Cassano.

SENATOR CASSANO:

Won't work. There we go. Madam President, I rise to speak against the amendment. Senator Linares just indicated that this discussion - and I want to use that word - this is - this is the adoption of a budget and it's a budget debate. The discussion needs to take place. Talk about 1992, I was elected mayor in 1991. And it's been 14 years coming up to this building asking with CCM. And since then, I think Senator Formica has done the same thing asking to define the spending cap.

You don't define the spending cap around the Circle in a debate on the budget. We have Committee processes that we follow and stick to. And you may have had in the Appropriations Committee a bill. But it was a bill in the Appropriations Committee. This Body needs to make a determination to look at to what is and what is not to be included in that and define it, both Democrats and Republicans on a - on a bipartisan basis.

And maybe this issue that has been around forever - and it has been around since 1992 - I can't tell you how many times I've come up here and asked and begged and gone to Appropriations and everything else to do

the same thing. I'd be glad to be part of that process, even though I'm not in Approps, and I think we should be part of a process collectively and maybe we can get this resolved. Thank you.

THE CHAIR:

Will you remark? Senator Markley.

SENATOR MARKLEY:

Thank you very much, Madam President. It's interesting that we are talking about this budget cap and the definition because it takes me back to the experience that really got me out of politics for 25 years, which was the fight over the state income tax. And I've looked forward to the opportunity to reminisce about that and the lessons that I learned from it and the way in which it affected me for a while. And it seems to me that this is the opportunity for it.

You know, I was out of the Senate already for five years when that legislation passed. It was a long time ago that - that I served my first term here. And I have to say that I was part of a republican majority that to my mind contributed to the problem that we faced in 1991. We had big surpluses. It was a very robust economy in the mid-80s. And we increased spending as Republicans cut the Governor's budget in the way that budgets get cut but left a very healthy actual growth rate.

After we were defeated and democratic majorities were restored that growth rate exploded. But to give the honest numbers, I remember the two years that I was here, the two budgets that we passed as Republicans, had 8 and 10 percent increases in spending. The two budgets that succeeded that had 14 and 16 percent increases in spending. Those were staggering numbers, staggering numbers even in good times.

I remember thinking after we were out, I had a lot of respect for the man who became the President of the Senate after - after we were defeated, which was John Larson. I considered a good, good man and a friend and an intelligent man. And I remember writing him a

note and saying you must know something that I don't know if you can increase spending 14 and 16 percent in consecutive years. That would have been 88 and 89. Well, he didn't know anything I didn't know.

In 1991, we had a tremendous crisis. And by then, I had been out of the Legislature for a while, involved politically very much as [ ] committee chairman, I was involved in a congressional campaign. And for better or for worse, became a principal in organizing resistance to the tax that Lowell Weicker proposed. And the funny thing about that story is that the early parts of the - that the people tend to think that the rally against the income tax happened sometimes before the vote took place.

Actually, we fought that vote for months and months. And managed to prevent a majority from being achieved in the - in the Legislature by targeting individual Legislators for - when we heard that they were wavering. And we had commitments from plenty of Legislators who said they would never go back on that vote. It got pushed - but the events we did, the organization we had, the money we raised, it was - it was all very modest. Governor Weicker used to say that the opposition was smoke and mirrors. And he once said that it was the same hundred people.

And that kind of stung because I remember thinking when I - when we'd have one of our events that I knew far too many of the people in the crowd by name. But when the income tax finally passed in August of that year, in the middle of the night as so many things pass around this place, I thought I was off the hook. In fact, I made plans to leave town. And we held a press conference up here at the Capitol kind of to fold our tents and say, well, it's history now.

And that press conference, which we hadn't even publicized, which we made no effort to draw people out to, in the caucus room next door drew a couple hundred people. And we realized that there was more life in the opposition to the income tax after it had passed than there ever had been before. And there was, at that point, an explosion of opposition.

It's odd that people didn't really believe what they

were about to be hit with until they were hit with it. And it was at that point that the really big rallies started. We had a series of them through September with thousands of people at them. The only one I attended, because I was the - the backroom man in that operation, was in Waterbury because it was a town I had Representatives and a town and city that I love.

And it was maybe the most interesting political experience I ever had. It was at dusk and the people were disappearing out into the gloom beyond where you could see them. And the response of the crowd was electric, like I never saw. In fact, I had the privilege at that rally of introducing then Representative Hartley, who was one of the people who was a stalwart opponent of the income tax.

And then the rally up here at the Capitol, which even when it happened I knew would be one of the days in my life that I would remember best. And of course the tax was repealed. Both Chambers of the Legislature voted to repeal it. The Governor vetoed that repeal. And we were unable to override it. And we've had the income tax ever since.

So the relationship of this to the amendment is the reason that tax passed, the assurance that it was given not simply to Legislators and not simply to the general public. The general public was not taken in by it. But above all, the assurance that was given to the business community to get their support for the state income tax was the fact of a workable cap on state spending. And the voters, of course, went out and overwhelming supported that cap.

And the people that were taken in by it, which included the most important and the most intelligent and the most experienced business leaders in Connecticut and lobbyists that had been years and years up here were taken in by the fact that they thought that this spending cap would be put into the constitution, that it would be respected, and that it would make a difference in the growth of state government. And in a small way, because it has created discomfort over the years, I think it's made a difference. But it hasn't made anywhere near enough difference.

We've had since the income tax passed, budget growth averaging over 7 percent a year ever since 1992. And that is why we're in the fix we're in. It's why we're in the fix. It's why we were in the same fix four years ago. Yankee Institute recently did a study that showed where we would be if the cap had been respected the way we expected it to be respected. And it would be a very different state and, the size of government would be very different and I think the business atmosphere would be far, far better than what it is today. And the burden on the people of Connecticut would be far, far less.

I have to say, as I said, that the opposition to the state income tax didn't really emerge until after the tax passed. Some targeted Legislators heard a great, great deal. Gary Hale that had the seat next to me, not when I sat here but in my interregnum, said he received over 7,000 calls at his home in opposition to the tax. Still voted for it, didn't run for reelection, wisely. But it was after the tax passed that the opposition exploded.

We collected over 400,000 signatures on petitions for repeal of the income tax at that time, again, with people having the hope that somehow petitions would have an effect, a legal effect, which of course they don't have in our state. The legal effect that we could have by adopting this amendment would be to honor the contract that was made with the people of Connecticut at that time that a limit would be put in place forever thereafter, which had to be respected that would control state spending, that would make sure that the burden of taxation never grew faster than their own personal incomes grow. That should be a very easy commitment for us to keep.

And the fact that more than 20 years has passed without us being able to implement this - this control in the way that the men and women who were here in these seats promised it would be done is something that we have the opportunity to correct right here tonight by voting for this amendment. I thank Senator Kane for offering it. I think he has shown - he's certainly shown in the four years that I've been up here a real understanding of the budget and a real

understanding of the need for genuine fiscal responsibility, which to my mind is a principle of the party I belong to, but a principle that ought to be dear to the hearts of all of us.

And it's what as stewards, the people who send us up here expect us to exercise. I don't know - I don't really even understand what the rationale would be to oppose this amendment. But for those who are thinking of doing so, I would say remember the voices that were raised in an unprecedented way in Connecticut back in 1991 still echoing to us to say that the limits that were promised need to be delivered. And tonight is an opportunity for us to come through with that. So urging you all to support this amendment, Madam President. I thank you very much.

THE CHAIR:

Thank you. Thank you. Will you remark? Will you remark? If not, Mr. Clerk, call for roll call vote. And the machine will finally be open.

CLERK:

An immediate roll call vote has been ordered in the Senate. An immediate roll call vote has been ordered in the Senate. An immediate roll call vote has been ordered in the Senate.

[pause]

THE CHAIR:

If all members voted, if all members voted, the machine will be closed. Mr. Clerk, will you please call the tally.

CLERK:

Senate Amendment "A," LCO No. 9372

Total Number Voting	35
Necessary for Adoption	18
Total voting Yea	15
Total voting Nay	20
Absent/not voting	1

THE CHAIR:

Senate "A" failed. [gavel] Will you remark further? Hi, Senator Kane. Senator Kane, please.

SENATOR KANE:

Madam President, I hope that 24 years from now people aren't having the same conversation and saying, boy, that Senator Kane had something back in 2015.

THE CHAIR:

Don't look at me, sir. I'm not going to be here.

SENATOR KANE:

And we should have taken that amendment. Oh boy. Well, I do have a few more questions to Senator Bye. I'll get back to serious mode.

THE CHAIR:

Senator Bye, please prepare yourself. Senator Kane has some questions for you. Senator Kane, proceed please.

SENATOR KANE:

Thank you, Madam President. Getting back to the spending cap for one more minute or six, there was another change in the underlying budget that took place. And it's modifying the personal income tax data that is utilized to calculate as part of the cap from a fiscal year to a calendar year. What's the reason for that? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Madam President, I'm so glad to continue this conversation about the spending cap, may I say. I stated earlier in my comments that we made the change

from the calendar year - from the fiscal year to the calendar year. And there were - there were different growth rates during that period. And I also stated that when the spending cap was initiated, because people like to go back in history with the spending cap, we did indeed use the calendar year. And so that conforms with the rules of the spending cap. Through you, Madam President.

THE CHAIR:

Thank you. Senator Kane.

SENATOR KANE:

But first I would ask you, in my mind, everything we do is on a fiscal year. So did we make a special exception just for this? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. We do operate on a fiscal year here. But when you look at things like inflation, et cetera, that are calculated by the Federal Reserve Bank, Wall Street, the calendar year is more often the choice. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. I appreciate Senator Bye's answer. And I agree with her that this increases the allowable growth rate between Fiscal Year 2015 and 2016 to go from 2.59 percent to 3.24 percent, resulting in approximately $89 million in additional allowable spending in Fiscal Year 2016. $89 million by this one change. That's a lot of

money.

So when you add in the revenue intercepts, when you add in moving indebtedness, when you add in moving Medicaid dollars, and now we change the personal income tax data from a fiscal year to a calendar year, that's pretty good or reality it's pretty bad. Because what we're doing is giving ourselves the ability to spend more. Madam President, another question through you to Senator Bye.

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Four years ago, Governor Malloy said that we are going to be gap compliant, right? Remember is that speech? Do we fund gap in this budget? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. It's my impression that we did make investments in gap funding.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. But how?

THE CHAIR:

Senator Bye.

SENATOR BYE:

Madam President, if I can pause for a moment and read.

THE CHAIR:

Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

The Senate will come back to order. Senator Bye.

SENATOR BYE:

Madam President, I just want to ask Senator Kane to repeat his questions so I can get it exactly right because I'm getting some support with the answer through our Office of Fiscal Analysis.

THE CHAIR:

Thank you. Senator Kane, would you, please.

SENATOR KANE:

Thank you, Madam President. The reason for my question, Senator Bye, I'm not setting you up. Basically, my understanding is that we fund gap in this budget through another revenue intercept, whereas in the bond issuance it says shall be appropriated. So this goes back to my entire spending cap argument that here we go again, this is another way of avoiding that spending cap by not appropriating for gap but using a revenue intercept to do so. So if that's not clear, not true, please correct me. Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President. As I understand the gap is funded off budget. But if I could reply to the, I think, the underlying theme of Senator Kane's question. I'd just like to take a moment to read from the Connecticut Constitution.

THE CHAIR:

Please proceed, sir.

SENATOR BYE:

[ ] amendment.

THE CHAIR:

Please proceed, ma'am.

SENATOR BYE:

And I know I try not to read on the floor, but the Connecticut Constitution says "The General Assembly shall by law define increase in personal income, increase in inflation, and general budget expenditures for the purposes of this section and may amend such definitions from time to time." So the Constitution does in fact give the Legislature the power, based on current circumstances, to interpret the spending cap. And I believe - and I put forward here very clearly that I believe this budget is below the spending cap. Through you, Madam President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madam President. And let's say for argument that I agree with you that the budget is below the spending cap, the $9 million that you mentioned earlier. It's how you got there is where I have the problem. Because the gap compliance in the bond issuance says "shall be appropriated" as opposed to use a revenue intercept to do so. Use a revenue intercept to $67 million in Medicaid reimbursements. Bonded indebtedness, $100 million.

These things are what we're doing to move, as you said, off budget those appropriations so we can exceed the spending cap. However, we're showing it below it because of those maneuvers. And that's why that amendment was so important. Because to your point,

Senator Bye, we have the ability to from the Legislature interpret. And that I have a real problem with.

Madam President, I know others want to speak on this budget. I may even come back and speak again. I actually may even have another amendment or two that I'd like to offer. I'm hoping maybe they'll be more successful than the first one but we'll see. But let me honestly get serious for a minute here because I do have serious problems with this budget.

It exceeds the spending cap. I know we're going to say that it's $9 million below but we've done things that I would consider fly in the face of what was elected or voted upon in 1991 by using revenue intercepts, by taking Medicaid reimbursements, by not funding gap, by moving a - by moving our tax data from a fiscal year to a calendar year, that's a new one this year, these are new things that help us spend more.

And the whole reason we are here today with another deficit is because we spend too much. Four years ago, we said shared sacrifice. Or not we, but the Governor said, shared sacrifice. And this Legislature and that Administration raised taxes to the largest tax increase in our state's history. Here we are four years later and it didn't work. We're doing it again.

We're gonna raise taxes yet again because we can't stop spending. We've added employees. We used bond premiums to pay for operating expenses. Representative Ziobron from the House tells a great story of how when she was a kid and she'd have a snowball fight with her brother and then her brother would throw a snowball up in the air and she'd look and whack, her brother would hit her with another snowball. That's what we're doing. We're doing that - this snowball trick to the taxpayers of the State of Connecticut.

We're saying don't look over here, take a look over here, and then whack. We hit you again. What I will say to the people in this Circle that this time the people of Connecticut are watching. And they're gonna watch each and every one of us when we vote on this

budget green or red.

THE CHAIR:

Will you remark further? Will you remark further? Senator Frantz. Good evening, sir.

SENATOR FRANTZ:

Good evening, Madam President. This is indeed the biggest bill that we will deal with the entire session. And it's something that everybody should be paying attention to all across the great State of Connecticut because really nothing else matters if we blow it on the issue of fiscal responsibility and fiscal stability. It was pointed out earlier that every one of these social programs that we pay for here that the taxpayers pay for through this filter that we call the State Senate and the House of Representatives below they should be paying attention here because we are - we are unfortunately guilty of committing some cardinal sins here.

But having said that. And we'll get into that in a little bit, Madam President, but having said that. I would like to start on at least one bright note with a question through you, Madam President, to Senator Fonfara.

THE CHAIR:

Senator Fonfara, prepare yourself. Please proceed, Senator Frantz.

SENATOR FRANTZ:

Madam President, this I see is a big bravo moment for this Circle if in fact what I am going to ask the Senator is true. Senator, is it true that we have increased from 50 percent to 100 percent the income tax exemption for military personnel?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

That is correct. It is an item in this budget proposal to increase that exemption, yes. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President, and through you. Another very big, bright spot on this budget proposal here, at least in - in my book but I think people will celebrate this if they understand the negative implications of it actually having passed. But through you, Madam President, can I confirm with Senator Fonfara that the 2 percent supplemental tax on all capital gains tax is a separate line of revenue, is a separate type of revenue, would be taxed at 2 percent above what the new income tax rate would be if this bill passes?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Madam President, may I ask through you Senator Frantz to repeat the question?

THE CHAIR:

Senator Frantz, would you mind repeating the question, please?

SENATOR FRANTZ:

Absolutely. I'd be happy to repeat the question. And through you, Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

In repeating the question, the question I had for you was can you please confirm to the Circle that the originally proposed surcharge on capital gains of 2 percent above and beyond what the new highest marginal tax rate would be is in fact out of this iteration of the proposed budget?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President, that is correct.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. Just a quick comment on that. That was something that we had good discussions about and also with the Commissioner of the Department of Revenue Services as well as with others in the Administration. And I think it was very astute of all parties involved to understand that that had some really negative implications and would have caused lots of people who may still be wondering whether they're going to be Connecticut State residents in a year.

But for sure would have put the - would have put the rush on their exodus from the State of Connecticut. So thank you for that answer, Senator Fonfara. And through you, Madam President, another question on this bill.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you so much. So Senator Fonfara, the property tax credit is being reduced from 300 to 200, I believe it is, and originally was 100 but now it's back up to

200. And then there was a reduction in the phase out thresholds by a certain amount of money. I don't recall whether it's $30,000 or $45,000.

But the net bottom line is is this is going to be phased in so it's a little less painful for typically middle class folks who would be taking advantage of this property tax exemption to the tune of, I think, it's $100 million first year and roughly the same the second year?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President, I don't know if that was a question.

SENATOR FRANTZ:

Yes. So my question is - is are you phasing in the reduction in the thresholds for the property tax credit exemption? In other words, there's a certain threshold that you have to be at in today's dollars that make you qualify. And I believe it's coming down by a certain amount.

SENATOR FONFARA:

Through you, Madam President, that is correct.

THE CHAIR:

Senator France.

SENATOR FRANTZ:

Okay. Thank you very much. I - I think that's probably going to be a negative on - on the middle class so I'd just like to register with the Circle and anybody else who's interested that that's something I worry about as we place additional burdens on the middle class. Through you, Madam President, is it true that we are repealing the exemption on clothing and footwear in this budget proposal and reducing the

per item exemption for sales - for these sales tax holiday from $300 to $200? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Are we continuing the exemption on or not allowing the exemption to go forward on the clothing. Is that the question?

SENATOR FRANTZ:

Correct. Are we repealing it? Correct.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Yes. We agree with the Governor, as I believe the republican proposal in their tax package had as well. I think we're all in agreement on this in terms of recognizing that revenues are not where we'd like them to be. And we will not be allowing the exemption to go into place at this time. Through you.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Fair enough. And thank you for that answer. And, you know, I know times are very tough but - and all of us have to be mindful of the challenges that the middle class face in Connecticut and other states throughout this country. And we have to make sure that we are not putting ourselves in a position to have to require something like this to take place. So through you, Madam President, another question for Senator Fonfara.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

The repeal of the exemption for the World Wide Web downloads and activities is is it taxed? It's going from zero, didn't exist before, full exemption, to is it 2 percent and then going to 3 percent? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. That is correct.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And it looks as though that represents roughly about $23 million in Fiscal Year 16 and roughly 32 in Fiscal Year 2017. In your estimation, Senator, do you see that as both on principle as something that we probably shouldn't be doing and in practice is that something that will be an onerous additional tax burden for people?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. I think that most people would agree that this particular provision was put in place at a time when the World Wide Web was just beginning to get a foothold in terms of its importance to our economy, in terms of being able to communicate in a way that prior to the computer entering our lives was so much different. But I think it's now common place. Very difficult to live without

for businesses, for individuals, for families, whether it be a home computer, whether it be a smartphone, we all - many people have access to the web and the amazing things that it does, how it's transformed our lives.

And I think most people would argue that it's no longer in a nascent stage but certainly a dominant one worldwide. In addition, and I've said this - as Senator Frantz knows - in the Finance Committee and a number of times, our economy has changed. Once dominant in terms of production, now a service-oriented economy. And our tax code has not kept pace with that. We made some proposals this session to recognizing - to recognize that change. Many of those did not prevail in this document.

But it was an attempt to acknowledge the differences in the change in how our economy operates now. And this is one that did prevail for the reasons I said. Not only because of the dominance of the web in our lives, but also because of the way in which our economy uses computers and uses the internet so much more than ever before. And this attempts to keep pace in terms of our tax structure with that reality.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And through you, Madam President. I thank the Senator for his comprehensive answer there, which I think is a - is a good one. I do not like taxes, as everybody knows, but from the other side's perspective, I understand what you're saying. If we move on, Madam President, to the next line item, which is I have a question through you, Madam President, which is through you, Madam President, is -

THE CHAIR:

Please.

SENATOR FRANTZ:

Thank you. Is the increase in the computer and data processing sales tax, which goes from 1 percent, I believe, to 2 percent, and then ultimately to 3 percent. That strikes me as - as very much of a larger burden. This - this affects really just about every company in the State of Connecticut. And OFA puts about a $60 million price tag on that every year for the next two years.

But I believe if you talk to some of the insurance companies that are heavy duty data crunchers as well as the financial service industries in the state, businesses in the state who use this kind of a service, and really anybody uses it, I think it works out to be a much more significant number than that. So through you, Madam President, the question is is that an accurate assessment of this burden or do you think it's something that will be sort of something absorbed easily?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. Again, I will apply my rationale and the thoughts of others that brought this to this stage of development that, again, our world is changing and so must our tax structure to keep pace with that. I couldn't agree more with your statement earlier. No one likes taxes. But we have responsibilities. We may differ on our priorities in terms of those responsibilities, and - and very often we do, at least in terms of this part of our job.

But - but I think that the reality is to try to, at least from the standpoint of the Finance Committee, be fair in how we assess those responsibilities. To have, in my opinion, an important - the important to have all hands on deck. And if we do that, and I would like to do more of that, frankly, then no one is accepting an unfair burden. That's an ongoing process, one that I enjoy the opportunity to work with you further on.

But this reflects an attempt to acknowledge, again,

how we can begin to make our tax code fair, while also acknowledging that we have businesses in this state that are probably using this technology to a much greater degree than maybe they had 10, 20, 30 years ago. And to the extent that, and I'll put this on the record, to the extent that we are not estimating the value of this in terms of revenue that we'll generate if we are overestimating, then I think it's only fair that we attempt to ratchet back next year or going forward to be sure that we're not placing an excess burden in terms of those that will be paying this to a greater degree than maybe others.

I make that commitment here on the record today. But I - I stand by our efforts to - to recognize that this is an area where - where more and more business is being done through this, whereas it might have been in different ways previously that we're losing revenue in those areas but have not kept pace in this one. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes. Thank you, Madam President. I - I greatly appreciate that answer as well. And I want to tell the Circle that it is always a pleasure dealing with my Co-Chairs, in particular Senator Fonfara, on all of these issues. We don't agree on everything, obviously.

But when you hear someone who is a Co-Chair talking about possibly reducing a tax or tax rate in the future if it is - if it's taking too much out of the system, slowing down commerce, or is too much of a burden on the individual taxpayer, whether it's an individual person or a corporation or an LLC or whatever the case might be, that's the kind of stuff we're talking about, where we as a state can finally start moving forward if we're in the right position to do so.

So thank you for that answer. Moving right along. Through you, Madam President, to the next line item.

We're looking at the amending of the various alcohol policies.

THE CHAIR:

Please.

SENATOR FRANTZ:

My question, through you, Madam President, is -

THE CHAIR:

Please proceed.

SENATOR FRANTZ:

Thank you. Is it looks like this is a $2 million per year addition to the revenue stream to the state. Why are we bothering to do this when we know that keeping stores open for an extra hour may, you know, may incur a cost to municipalities that can be well in excess of $2 million because of people going back later in the evening to buy additional alcoholic beverages and - and having not so good things happen to them? Through you, Madam President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA: Through you, Madam President. I think it's well-known that the Governor has been quite vocal in - in this area of - of trying to reform our policies as it relates to - to the sale of alcohol. It's been certainly - it's not a secret that the Legislature has had questions about that, those initiatives. This is an attempt to - to find some compromise. It - it addresses two out of the three areas that the Governor has requested that we support changes in.

It does allow for extended hours. It doesn't mandate extended hours. And it does allow for companies to have additional franchises going forward from the current three to four and then to five. And - and I think that that's a fair compromise without doing

damage to the long standing manner in which alcohol is sold in stores in - in this state that whether we like it or not, it is one of the last vestiges of small mom and pop businesses that have yet to be overrun by national companies that - that have come in and dominated the market and squeezed out those businesses that are family-owned or small businesses that contribute so much, very often, to not only the local economy but to our culture, to - to civic events that we - we value so much and we often turn to.

So it's an attempt to strike a balance between advancing a market but also recognizing the contribution of so many of these small businesses that are existing today and have for so many years in this state. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And through you, Madam President. Thank you for that answer. The next line item is increasing the luxury tax from 7 percent to 7.75 percent, I believe it is, 7.75 percent. Madam President, the question is this, is was any research done to see what kind of an effect that would have on demand for luxury items, which as far as I know based on my research, is one of the most elastic parts of the spectrum where people buy stuff.

So if you're talking about a very high priced item, price elasticity has a lot to do with it. But when they start to see an additional tax go on it whether it's because it's knocking the price up or whether it's because of the principle of it, they tend to say no, don't want it, don't need it. And did any study go into that?

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Other than experiential, I don't - I don't know, Senator Frantz. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. The reason why I asked the question is because in experiments in the past, whether it's at the national level, other certain states have tried this, we tried it here already. I think it was four years ago we put the first luxury tax in place. And it did nothing but kill demand for those particular products. At the national level, I forget what administration it was, many years ago, they put one on the - the boating business.

And it absolutely tanked the market and a lot of the capacity to build ships, like Derecktor Shipyard down here, which is no longer in business, for probably some of the same reasons, it all got shipped across overseas. So I worry about that when we go ahead and - and kind of, without too many days left in the session, you know, put new taxes in that look like they're going to be harmful to the economy.

So thank you for the answer on that one. The next one, through you, Madam President, is what are - what are we doing taxing car washes? That makes zero sense to me. That's a very discretionary type service. And if people feel like they're paying too much, obviously they just won't do it. They'll pull out their hose on the weekend at home and wash it themselves.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Madam President. If any Member of the Circle were to take some time if they had trouble falling asleep some night and wanted to pick up a copy of Connecticut's Tax Code, they - if they got very far before falling asleep, they'd - I think they'd come to

the same realization that - that I have and a number of people have is that you wonder how certain exemptions came into play and came into law versus so many others that did not.

And sometimes it's expediency in this case. I read that it was a coin-operated issues or difficult to impose a tax when you're running a business that's coin-operated. I don't believe those are subject to this particular provision. But a lot of our exemptions have me scratching my head as to why - how they got there, why they're there. Candidly it leads to having us us have a higher rate of sales of the sales tax because of exemptions of better policy is one. That we spread the base and have fewer exemptions.

There are states that do this and their rate is much lower. I think it leads to a perverse response when we have higher rates because people make decisions that they ordinarily might not. But this is, again, toward fairness, trying to - to realize that if all hands are on deck, if all are participating, then none of us has to shoulder an inordinate burden. And so it's more about identifying, as we have, those - those exemptions that may have exceeded their useful life, if you will. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. And I tend to agree with you on principle. And, you know, hopefully before the evening is over, the Senator will have an amendment for this underlying bill that will lower the tax rate, maybe spread it out a little bit, but lower it by 30 or 40 percent. I think that would be a real boom to the state economy.

SENATOR FONFARA:

Well, if I could, Madam President, just respond to that.

THE CHAIR:

Please. Please do, sir.

SENATOR FONFARA:

I think that as - as a objective policy, it makes sense. But as the Senator knows very much what we do here is not objective but becomes subjective. What I think is fair you might not. And certainly this is an area of - of our tax policy that everyone has an opinion as to what should be exempted under the sales tax. And once you venture down that road, you - you attract a lot of attention. And much more difficult to - to when something is off the books to get it back on.

And so I'll just say that what I might prefer as a matter of policy is one thing. What has opportunity to be given serious consideration is a whole other. And I would say that's the case on your side of the aisle as much on mine.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Madam President, I sense there is no amendment forthcoming with three and half hours left to go this evening. So on to then item. Through you, Madam President. It looks as though in this budget they are proposing that we restrict net operating loss carry forwards to - to corporations. And I believe it's a maximum usage of 50 percent per year This is a big revenue item for the state, $136 million in Fiscal Year 2016 and 90 plus million in 2017.

And I want to ask you a question on this one. But I do want to make this statement. This is a very, very important use of a tax advantage for, in most cases, a start up, early stage company that really needs those tax laws carried forward, going forward because they're in a position where they have investors, the investors may only be there for so long unless they can become self-sustaining. And if they're not able

to use those tax credits going forward as they go through their growth phase, and I see - have seen this happen so many times, where growth is nearly impossible to handle.

And if you don't have some tax advantages, such as an NOL carry-forward, you go belly flop right flat on your face and you're out of business. The investors run and that's it. And it's a great loss to the State of Connecticut . So unless the Senator has something to comment there, we'll just leave it at that. Okay, thank you.

So onto the next item. Reducing the use of credits against certain taxes for companies going back down to 50.1 percent from what I believe - what I remember as being 100 percent. That's - this is a tough one for me, Madam President. Because when you give out tax credits, you become a business partner with the entity, the corporation that you just negotiated intensively to help out or to stay in Connecticut for a certain period of time. And then within a fairly short period of time after that, you are yanking the rug out from underneath them if you're going to take the value of those credits away or spread them out over a longer period of time because it's all about the time value of money, the present value of those benefits being able to being taken advantage of today.

And if you changed that equation, you've basically said to your business partner, I don't really care for you and you can no longer trust me going forward. So I think it sends out a bad message. It doesn't raise a whole lot of money. And I wish that was not in the budget. And, Madam President, through you. Final question on - on the budget.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you. Madam President, yes, through you, Madam President. The bill calls for establishing mandatory combined reporting, unitary reporting in the State of Connecticut. We've had many discussions about this.

But I'm wondering if Senator Fonfara, through you, Madam President, could give us a little perspective on why we're doing this when we know this is a very unpopular item with many of our corporate partners here, our corporate citizens here, and they've not held back this session to let us know that this is something that they do not appreciate at all.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Briefly, Madam President, I apologize to the Chamber. I lost time - track of the time. And that this is the last night of the session. So I'll be as brief as possible in my responses.

THE CHAIR:

Thank you.

SENATOR FONFARA:

Simply because this is a mechanism in which to achieve tax fairness that small businesses in our state that have presence only in Connecticut and not any other cannot take advantage of shifting their tax burden to a state that may not tax that particular obligation at all or not to the degree that Connecticut does. And this seeks to address those that can shift their tax obligations. Connecticut is the only state in New England that does not have combined reporting. New York as well has combined reporting.
And majority of states in the country have combined reporting.

And so we're catching up. But I think this will make for a more a greater competitiveness for our small businesses versus the big box stores or national chains that have a presence in Connecticut. We're glad they're here. But everybody should be a level playing field in - in that regard. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President, for that answer. And, you know, I think that's a very good answer and a very intelligent answer. Yet at the end of the day, I know that there are a lot of corporate partners out there in Connecticut who really don't appreciate this kind of thing. So keep that in mind amongst a slew of other things, you know, as you go to vote on this bill tonight on the budget.

So Madam President, thank you to Senator Fonfara for all of his answers to these questions. And as he sits down to relax a little bit. I just want to say it's been a pleasure working with him, Representative Jeff Berger, and my colleague - my colleague, ranking member, Representative Chris Davis. We've done a lot - a lot of work this year. And I think there's a lot of good to show for that effort.

And also the staff has been wonderful. Senator Fonfara went through every single person on that staff. And I would also like to take my hat off to them. And I know Representative Davis has as well. So thank you for all that hard work and allowing us to have a very successful session so far. So Madam President, the Clerk has an amendment. Please call LCO No. 9412. And I'd like to -

THE CHAIR:

Mr. Clerk.

CLERK:

LCO No. 9412, Senate "B" offered by Senator Frantz.

SENATOR FRANTZ:

And I seek leave to summarize, Madam President.

THE CHAIR:

Thank you. Motion's on adoption. Will you remark,

sir?

SENATOR FRANTZ:

Yes, thank you. What - what this budget amendment proposal does is it eliminates the adverse effect of the hospital tax. And four years ago when the whole notion of taxing hospitals, taxing that virtuous behavior of delivering health care services to people in Connecticut, was the subject of a new tax, I, for one, couldn't believe it. I know a lot of my colleagues couldn't believe it. And we couldn't believe it when we saw what the rate was that they first put in on the hospital - on the hospitals throughout the land, throughout the state.

And in our midst of shock, I think we sat back and said, wow, maybe this can be a temporary tax, such as the sales tax on - on data processing. But that was not to be. And here we are a few years later looking at raising it in this underlying bill. And in what amounts to a fairly unfair process for the hospitals through this federal scheme, where you send - you tax a hospitals and redistribute and you get some extra money as a bonus for doing that for the federal government I think is something that's been exceedingly dangerous for the State of Connecticut.

So what this amendment does is it puts back every dollar that is sent to the State of Connecticut from the hospitals to the hospital system. There is no way around the formula of how it is divvied up. But at least all of the money goes back to the hospitals. And for doing that, the feds send our way about $182 million. We make up for that as an offset in a variety of different ways, if anybody's interested.

We reduce the RSA account, which is the Reserve Salary Account. We rescind some raises that were given this year. We - we look for overtime savings, which is an astronomical number. I couldn't believe it when - when I saw the forecast for the - the line item for that particular budget item in this budget and the underlying budget. And also we eliminate capping the hospital tax credits, which is something that I know they take advantage of and rely on, especially in the environment where they're being taxed so - so

onerously going forward.

So if there are any questions - oh, and importantly in addition to that, the new tax on ambulatory services we eliminate as well. We - we get rid of some of the manager raises. And we also look for a large portion of the offset to come from the SEBAC savings that were negotiated four years ago that OFA has considered to be completely legitimate as a funding source. So with that, Madam President, I'm happy to take any questions.

THE CHAIR:

Thank you. Will you remark on this amendment? Will you remark on this amendment? Senator Fonfara.

SENATOR FONFARA:

Thank you, Madam President. I respect the gentleman's efforts greatly in this regard. I would unfortunately and regrettably ask the Chamber to vote down the amendment to ensure that we can keep the budget in balance. Thank you, Madam President.

THE CHAIR:

Will you remark further? Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President. Madam President, I rise to support the amendment and thank the good Senator for bringing this out. I do have two questions to ask him, if I would. Through you, Madam President, if I could ask the proponent of the amendment.

THE CHAIR:

Please proceed, ma'am.

SENATOR BOUCHER:

Through you. Is this an effort to achieve some amount of predictability, some certainty in the financials for these health care institutions? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes, indeed it is. It's a question of fairness and equity and also giving them a certain amount of predictability because I know where you're going with this, Senator Boucher, they don't have any sense of comfort when it comes to predictability. Who would have ever guessed five years ago that they'd be liable for as much as $540 million in new hospital taxes.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you very much for the answer. The second question I have, through you, Madam President, is in the ambulatory services, are part of those services that are being delivered also breast cancer tests and mammograms for women? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

I don't know. I would - I would venture to say absolutely. I think that's what falls into the definition of ambulatory. And from, you know, our experiences, I think we'd say absolutely, yes.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President. It's been my experience that in my own internist practice and OB/GYN, they have changed and turned to these particular ambulatory

services that have new and modern equipment and is directed at women. And I am particularly concerned, and if the good proponent shares my concern, through you, Madam President, that this would be a higher cost on the health care and services for women. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes. Through you, Madam President. Absolutely, it would be a higher cost. And I think, you know, we were talking about the hospital tax or equipment tax, all these other proposed taxes, it all comes back to the consumer, the taxpayer who's gonna - who's gonna pay for these - for these taxes. No - no question about it.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President. Those are the - the last of my questions for the proponent. I, again, thank the good Senator for bringing this forward. It is no secret that Connecticut has some of the highest health care premium costs in the country. We have on a yearly basis, although this year it seemed like our good Chair of the Insurance Committee was proposing a few less mandates than in previous years, but we've become famous for the 50, then 60, then 90 additional mandates on all health care plans in this state, which drove up the cost substantially.

Some were amused to see that even for 80-year-olds, there were fertility services that were mandated to be able to provide should they need them. Luckily, I think it's for the male species, they're more apt to be able to take - make use of that than in the female side. But in any event, it is no secret that health care costs are very high in Connecticut. And anything that we can do through this budgetary process that can

reduce that are much appreciated. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Senator McLachlan. Good evening, sir.

SENATOR MCLACHLAN:

Good evening, Madam President. Madam President, through you, questions to the proponent of the amendment.

THE CHAIR:

Please proceed, sir.

SENATOR MCLACHLAN:

Thank you, Madam President. And thank you, Senator Frantz, for your amendment. It reminds me of a fun day at the Capitol when it was a meeting of the Finance, Revenue and Bonding Committee and you were asked a question. You asked a question, why does the state tax hospitals. And as you may recall, the response was why rob a bank, it's where the money is. I'm still amazed that that was the response.

It's good to know that the Governor's Budget Chief has a sense of humor. But there's certain reality to all that, isn't it? I wonder if you could clarify for us how much are Connecticut hospitals paying to state government as a result of this program? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. Through you, Madam President. The - the simple answer is about $550 million a year in the proposed budget and a little bit less than that the last - or this current fiscal year.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. $550 million a year. And so that allowed state government to get money from the federal government too, as I recall. If you could clarify that. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes. This is a federal scheme. Through you, Madam President. The answer is that this is a federal scheme that encourages states to redistribute the resources that they can raise through this hospital tax throughout the hospital system. There are definitely winners and losers. It has to do with who's serving the largest Medicare and Medicaid patient population and other factors like that. But, yes, in addition to redistributing what happens is there's a bonus distribution from the federal government to the state. In this particular case, it would be $182,500,000.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. And so the federal government has this idea that if we tax our residents through hospitals, then the federal government will send us more money to in turn send back to hospitals. But as I understand, now we have an intercept where the money is not really going back to the hospitals, it's helping balance the budget for other costs in state government. Is that correct? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes, Madam President. When I first came to state government seven years ago, I was quite astounded at the difference between accounting practices and standards as compared to the private sector. And so that's a long way of getting to the answer of the question, through you, Madam President, which is yes. State government can kind of do whatever they want to do as far as accounting practices are concerned.

They can take federal money that's designed to go back into the hospital distribution program. And they can do what's known, you know - you learn these things quickly up here - you have a revenue diversion. So you don't account for it properly necessarily. And it could go to other causes or causes other than the ones that it was originally intended to go to.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. Through you, Madam President. Senator Frantz, as you know, there's been a lot of strain on the hospitals in Connecticut over the last several years. It seems to be reaching a critical stage today as a result of the budget that stands before us. Danbury Hospital, a couple of years ago merged with New Milford Hospital. And last year has merged with Norwalk Hospital. So there's a network, the Western Connecticut Health Network now of three hospitals.

That's actually one of the smaller networks in the state though, as I understand. Greenwich Hospital is part of a much larger one. And there's another very large network in the Hartford area. It seems to me that what's happening in health care, all the - all the stresses in the health care field, the - the reduced reimbursements from the federal government for government-funded health care, the - the strains of

inflation that has occurred in the cost of medicine and technology related to health care, all of these seem to have created a perfect storm.

And then it appears what we did in Connecticut was throw into this perfect storm dynamite. And it's like the hospital tax turned into dynamite. Because now the Western Connecticut Health Network is facing an additional $50 million a year hit on their button line because of the budget before us. And yet, there still seems to be this attitude that why rob a bank is it's where the money is.

Can you clarify for us how it affects the Southern Fairfield County Hospitals of Greenwich, Stanford, and perhaps Bridgeport? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

So if I understand the question correctly, through you, Madam President. How the existing scheme or the proposed scheme in the amendment?

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. The - the underlying budget bill has been a big hit, financial hit, to the hospitals. And I wondered if you could give us an idea how much are the hospitals in your area paying in a hospital tax and how this amendment will help them? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes. Thank you, Madam President. For example, the

Greenwich Hospital I know is currently paying about $12 million. That will be going to 16, possibly 18 in the not too distance future. Stanford is roughly - roughly double that. I'd have to confirm that. But I have to believe it's roughly double that and going up as well. What would happen here is that rather than - rather than have the federal money coming back into the hospital system be intercepted, the money would be redistributed back to the hospitals.

Yes, it would be adjusted as per the formula that's allowed under federal law or encouraged under federal law. And that extra money coming back from Washington, D.C. would go back. And you may have some people that are actually winners in the sense that they got more back than they put in. And you may have other hospitals that are much better off compared to what's currently suggested in the underlying bill. So the amendment is a big improvement to the liquidity of the system and the liabilities of the system, tax wise.

THE CHAIR:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. And through you, the original hospital tax that was passed by the Legislature, I believe without any republican votes in - in this Chamber. I'm not sure about down in the House. The original tax idea was creative, indeed creative, because we were taking advantage of a federal program. But what happened was that it seemed this intercept idea was sort of grabbing a good chunk of the money.

Through you, Madam President, how much did state government intercept of the hospital tax that was truly intended to be for the hospitals prior to that action? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Madam President. I'll be grasping in the sky to come up with an answer. But for some reason, $85 million is coming to my mind.

SENATOR MCLACHLAN:

Senator McLachlan.

SENATOR MCLACHLAN:

Thank you, Madam President. So nevertheless, it's a big number. A very big number indeed. And this proposal before us with your amendment seeks to run interference, if you will, on some of that revenue loss to the hospitals. It seems to me that if you can capitalize on the - on the tax with the federal government, that has an intriguing idea, certainly an intriguing idea.

But if the bottom line means that the hospitals are paying out a bunch of money and all of that money is going to the state capital to fund programs and state employees and the hospitals are left out of the mix, then it's a terrible idea. And that's what this budget, the underlying budget before us today, tonight. Senator Frantz, it's 9:00 p.m., and we have -

SENATOR FRANTZ:

I don't know where my children are.

SENATOR MCLACHLAN:

- less than three hours to go here. It seems that the underlying budget is a disaster for hospitals, in many ways. Not just the hospital tax but also reimbursements are a problem. So I'm very grateful for your initiative in this regard. One thing that - that I've discovered by spending some time with the - the folks from Danbury Hospital and - and meeting with other hospital executives is that when you're a nonprofit hospital, you're spending an awful lot of money in the community in unreimbursed care, in educational programs of - of various topics.

All of this kind of activity that is expensive and nobody's paying for it. They have to take that out of whatever somewhat limited profits they can find. And when you add on top of that all of these other burdens we've talked about, this $50 million hit is now jobs. It's going to be jobs and it's going to be cutting back on a lot of the community activities that happen in Western Connecticut. I'm very concerned about that on behalf of the hospitals, on behalf of the hospital employees, and quite frankly, I'm very concerned about those who have been able to get unreimbursed care from Danbury Hospital and other hospitals across the state.

That may not be available as readily and as easily as it has been now with that kind of a hit to their bottom line. So I'm very grateful for your initiative. And I urge adoption. Through you, Madam President.

THE CHAIR:

Thank you. Will you remark further? Senator Hwang - Hwang, sorry.

SENATOR HWANG:

Good evening, Madam President.

THE CHAIR:

Good evening, sir.

SENATOR HWANG:

Through you, some questions to the proponent of the amendment.

THE CHAIR:

Please proceed.

SENATOR HWANG:

Thank you very, very. Are there any for-profit hospitals in the State of Connecticut? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Through you, Madam President. Yes, I believe there are.

THE CHAIR:

Senator Hwang.

SENATOR HWANG:

Through you, Madam President. Which hospitals, if I may?

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

I wish I had the answer to that. I don't know. But I think there are at least one, possibly two.

THE CHAIR:

Senator Hwang.

SENATOR HWANG:

Through you, Madam President. I guess the question would be the majority of the hospitals in the State of Connecticut are nonprofit? And understanding the nonprofit structure, they are unlike our nonprofits you see in social services and developmental services, they're - they - they don't pay taxes, do they? Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

That is correct. They are nonprofits, 501(c)(3). And they should not be paying taxes to anybody.

THE CHAIR:

All right. Senator Hwang.

SENATOR HWANG:

Thank you. So our nonprofits hospitals are indeed under this budget treated differently than the other nonprofits that thrive throughout our entire state that - that the mission of being able to provide care, health care, truly personalized aspect of health care. But we have decided that even though they are nonprofit, they are 501(3)(c) or a variation of that nonprofit status. We are now starting to tax them, although though it may be viewed differently. Through you, Madam President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes, Madam President, that is indeed true that we are, starting four years ago, we started taxing our nonprofits hospitals. And I'm trying to think if there are any nonprofit banks in this state. And there are none that are coming to mind.

SENATOR HWANG:

Thank you. Through you, Madam President. I'm trying to focus in on this because one of the reasons I raise that point is when we think of our nonprofits, we think of their contributions to our community, their goodwill that they spread. We don't tax them because they're not looking to make a profit. They're looking to provide the highest quality of service to our community. And we think of them that way. But we're not treating hospitals this way.

One of the things we do not account for in - in this discussion and treatment of hospitals is how much these hospitals give in uncompensated care. In 2012,

upon my research, our Connecticut hospitals provided over $240 million of uncompensated care. Those are things - those are dollars and - and cents that they'll never recover. And nonprofits do that because it's the right thing to do.

But one of the things that I've heard from hospital executives is the fact that when you impose this tax on them, that you take away their money to afford them the flexibility of operating as a nonprofit, to be able to be functional, sustainable. That the hurt has to go somewhere. And one of the problems that I'm hearing in this, in this tax, in this potential grab of a nonprofit's exempt status that we may be taking money from the very essence of uncompensated care.

Those outreach clinics that we have, those wellness programs that we have for those uncompensated, they are unable to pay. The most vulnerable in our community. We may be taking that money by taxing them and forcing them to choose between doing the right thing as a nonprofit does versus paying our state coffers. Is that - that consistent with how you interpret it? Through you, Madam Speaker.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yes. Through you, Madam President. The answer is I agree with you 110 percent. When you put that kind of a burden on the hospitals, one of the first things to go, the ability to donate some of those services to people who are greatly in need. The ability of those institutions to fund things like wellness centers, which is one of the greatest preventive measures that you can take in health in the entire spectrum of positive things that you can do for the human health situation.

And those things start to go by the wayside. And, yes, it's a lot of employment as well. So, yeah, it's - it's a disaster at the end of the day to have a hospital tax with this kind of onerous liabilities for a lot of hospitals that can't really afford it in the

first place, even then ones that can afford it are having to cut back significantly and aren't, you know, aren't anywhere as near as they used to be in terms of their value to their respective communities.

SENATOR HWANG:

Through you, Madam President. And I think that's the reinforcement. And there's a theme that comes out in this discussion as we talk about the public trust, listening to your constituents. I think in your description of that and, as I described it as well, we have heard from hospital executives, we have heard from hospital staff. We have heard from volunteers that they are seeing changes in the culture, changes in the mission of a nonprofit.

And that is really an unintended consequence of a potential money grab. And I did find it a little disconcerting that we are treating hospital care, health care for all the people in our community has some place where the money is, similar to a bank. And as you put it and didn't know the direction of the conversation, there are no nonprofit banks. But I see most of our hospitals has nonprofit. And they serve an incredible important mission.

The other thing I would address, through you, Madam President. Is we hear so much about the affluence, the money that - that goes into systems, the - the well-compensated executives, the locations in which some of the hospitals may be, such as Greenwich, which you represent.

But, through you, Madam President, could you share a little bit about what Greenwich does in regards to uncompensated care and caring for the undocumented and those that are most vulnerable, not only in the Greenwich area, because they have every aspect of that population in your town, but also covering parts of New York, Port Chester, and - and throughout the region. Could you elaborate a little more bit about how important Greenwich is in regards to care for all aspects of the community?

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Sure. Thank you, Madam President, through you. The - the answer is quite simply they do yeoman's work when it comes providing health care services for those who either can't afford or don't have appropriate insurance or whatever the case might be, where they have to donate at least part, if not 100 percent, of the value of that service to that particular patient or individual. We've had multiple hospital closings right across the border, as you know, we border the State of New York. And there are two hospitals that shut down there.

So we basically inherited their entire population, save a little bit of the fringe part of the west and the northwest part of those catchment areas from before when those two hospitals were open. So immediately, they come to the Greenwich Hospital. And if I'm not mistaken, I think 22 to 24 percent of the actual volume of patients who come through there are for people who fall into that category of uncompensated care. So it's a significant amount of the operation.

I know for a fact that the - the hospital takes great pride in what it's able to do for those folks. And it is the right thing to do. However, if you continue to put constraints on all of these - these hospitals, they're basically going to be in a position where they can't do that as much as they'd like to. And they may not be able to do it all in some cases.

THE CHAIR:

Sorry, Senator Hwang.

SENATOR HWANG:

I want to thank the proponent for that very, very effective answer. Because it goes back to the context of when we talk about nonprofit, the nonprofit mission. They are doing things to the betterment of our community. And there's a reason why we don't tax them. That we don't treat them as for profit.

They're not paying out to shareholders and stocks.

They reinvest that money to make sure that they provide the best health care. And I'm concerned that when we make that grab, a revenue grab, in the most important area of - of our community, which is care of their - of the most important, people's health. It's a real concern. There are going to be people that said these executives, they get paid so much money. They can spread it. They can give it. What's a million to - for some of the high level executives?

But, again, in listening to people, we have seen the complexity of multiple hospital systems, federal, state, even local compliance. What are the challenges, from what you've heard in talking to your hospital executives, that in order to attract the proper talent, in order to keep systems operating in a very difficult economic crunch time, you work in the private sector. You know how challenging it is to find talent.

Is that something that we want to give some discounts to hospitals in and not simply look at them and say, jeez, your top CEO makes X, Y, Z, money. And you should pay more in taxes to the community? Through you, Madam President. Through you, Mr. President.

SENATOR FRANTZ:

Through you, Mr. President. The answer Senator Hwang is that that should not be part of the equation. It's a very subjective ingredient in the impression that people may have about a wonderfully run institution with a great governance body, with a great management team in place, fantastic staff, fantastic staff of nurses, and - and doctors, and all that. And it's a competitive world out there.

You know, it's like basketball at UConn. If we didn't pay all the different coaches there, they're going back to the issue with Coach Calhoun, who didn't want to give back a dime of his money. And I don't blame him You know, that's what you have to pay to be good at what you do. And in the case of health care institutions, a hospital like Greenwich Hospital, Stanford Hospital, Norwalk Hospital, you - you the

best because you've got a very - it's a large population, but it's also it's a population that needs these kinds of services in a very, very big way.

And who really cares at the end of the day how much they're being paid as long as they're worth it and they're paying for themselves? It shouldn't really make any difference. So I don't like seeing that become part of the discussion ever.

SENATOR HWANG:

Thank you. Good evening, Mr. President. How are you, sir?

THE CHAIR: (The President in the Chair)

Good evening, Senator.

SENATOR HWANG:

It's wonderful to see you up there, sir.

THE CHAIR:

Good to see you. Please proceed.

SENATOR HWANG:

Through you, additional. I guess I rise in the strongest support of this amendment because, as go back to it, these are nonprofits that are the essence of our community. And I - I do not want to see them to be treated, to be discussed in the manner that they are a location of money, that they are a - a source of revenue for our state functions. Because there's a mistake in treating it that way. Because what the hospitals do is they provide care, they provide health care for every one that walks through that door.

They will not turn people away. And I think the treatment of thinking hospitals has banks, as a place of where the money is, is so misplaced, so disrespectful of every single health care provider, whether administrators, volunteers, doctors, nurses, service workers, social service workers, it's so disrespectful in treating that as simply a place where

money is made. There's a far greater mission. And I applaud your amendment for that. Thank you.

SENATOR FRANTZ:

Through you, Madam President. And thank you for the questions and I standby if there are any additional questions in the Chamber?

THE CHAIR:

Good. Thanks, Senator, Frantz. Is there additional comments? The distinguished Chair of the Finance, Revenue and Bonding Committee, Senator Fonfara.

SENATOR FONFARA:

Thank you, Mr. President. It's great to see you up there, sir. Mr. President, I would ask that at the time of the vote, the it be done so with roll call, please.

THE CHAIR:

It will so ordered at the appropriate time. Thank you. Senator Kissel.

SENATOR KISSEL:

Thank you very much, Mr. President. I really have no questions. I just wanted to say it looks fabulous seeing you up there. Thank you, sir.

THE CHAIR:

Thank you, Senator, the brevity of that comment is appreciated. Is there - will you remark further on the amendment? Will you remark further on the amendment? Senator Frantz.

SENATOR FRANTZ:

I'm all set. I like to call for roll call.

THE CHAIR:

Good. The Clerk will order a - a roll call on the

amendment.

CLERK:

Immediate roll call has been ordered in the Senate. Immediate roll call on Senate Amendment Schedule "B" has been ordered in the Senate.

[pause]

THE CHAIR:

Okay. Will all Senators check the machine, make sure that your votes are correctly cast. The Clerk will close the machine, take the tally.

CLERK:

Senate Amendment Schedule "B"

Total Number Voting	36
Necessary for Adoption	19
Those voting Yea	17
Those voting Nay	19
Absent/not voting	0

THE CHAIR:

Thank you. The amendment is defeated. Further comment on the bill? Senator Frantz.

SENATOR FRANTZ:

Thank you. Somehow that didn't come as a surprise. But the three most famous words under the dome are "the amendment fails." And it's, you know, it's unfortunate. But - but I'm glad we got a chance to get that concept out there and let the hospital communities as well as the entire State of Connecticut know that we do care. We want to see the best possible health care for them going forward.

So, Mr. President, I thought I'd wrap things up by making a few comments about where we are as a state and where I think we're going with this particular proposed budget, if it is in fact approved. And I have to tell you that never before in my seven years

here in the State Capitol have I received so many phone call, emails, letters, personal visits from people who are scared to death about what's going to happen tonight and going forward. And they are serious about their concern.

They're very serious about their - their desire to leave the State of Connecticut. They can't do it necessarily overnight. Some can. And some of those people are the ones you really don't want to have leave the state but they are in a position to do so, literately tomorrow morning at 6:30 in the morning, getting onto an airplane, and bringing a bunch of laptops with them, and a whole lot of taxable wealth, taxable income, charitable contributions as well as other employees in some cases, hundreds and hundreds of them, and a few cases, even thousands.

Most people, I think, for the first time everybody is so busy these days they don't have the time to look at something like the Connecticut state budget. But for some reason, this year it appears that people are actually paying attention to this budget. It may have something to do with how potentially harmful it could be and how bad it is. And it's become the talk of the town or the talk of the state, in this case.

And people are actually waking up and taking a look at this budget. And they're beginning to understand that we're not on a safe - a staff fiscal foundation at all here in the State of Connecticut. And there are many who really think that if this budget is enacted, we are committing fiscal suicide. And that Connecticut, the great State of Connecticut ranked always in the top five in all of the important categories earlier in the last century and before, falling to the bottom of the ranks, how - how can this happen to us? What's going wrong with Connecticut?

And they are starting to pay attention. Hence, the bump up in the numbers of phone calls that you might be receiving, emails, et cetera. And I think there's a legitimate concern amongst the people out there, throughout the state that we do not have it right up here in Connecticut. We are, once again, increasing our budget, as far as I can tell, and I've researched this a couple times now going back to the beginning of

recordkeeping with budgets, there has never been a year sequentially or otherwise where a future year was lower than - than a previous year in terms of the appropriated spending going forward.

That's something that, you know, is natural because you have inflation on the overall trend of things. But when you get into downtimes, when you get into a recession, especially something as bad as the great recession of 2008 to 2010 or 11, depending on how you look at it, that's the time when you should be looking at a town tick in spending. Or if you're anticipating a downturn in economic development or economic activity in the state, you should be anticipating by cutting back so that you can actually make it through.

And the idea of putting more money in the budget reserve fund going forward is a good one. But we also have to do that on the expense side. We have to be creating those savings in advance of where we get into real tough economic time where jobs suffer, revenues suffer, and the entire state suffers. So we're - we're growing our budget here, again, somewhere between 4.6 percent.

And if - depending on how you look at it, because a lot of items have been moved off of the general fund ledger, gone to bonding and depending how you look at it, somewhere between 4.6 percent and as much as 12.5 percent and there is a way you can look at it where it's even more than that. And that is of great concern I know to the taxpayers. It certainly is to me.

We have such a tough time in this building understanding how to control spending. I said earlier today that democracy is one of the most expensive forms of government in - known to mankind. It's also the best one I would argue. But it is expensive and it gets expensive over the course of time because you have the power of compounding. If you're growing your - your debt, your budget by a certain amount every year, even if it's a lower amount, over the course of time, it compounds. And you start to get into a curve.

Unless you have a tax base that can follow that curve

at the same angle going up, increasing angle going up on that curve, you are eventually going to run into solvency problems and especially when you have a flat population growth, which essentially we've had here for the last 30 years in the State of Connecticut. And a tax base that just hasn't grown that much. And if, you know, it's been shown so many times - so many times graphically.

But if you look at this, this is a 40-year chart of government spending versus the population of the State of Connecticut. It's pretty dramatic when you think about it. And when you look at the blue line is the population, the red line is the government spending level, which has gone up many, many fold since 1972, which is the beginning of this chart. And somewhere in between these two lines airing closer to the blue line are things like Consumer Price Index and disposable - not disposable, but personal incomes of families in the State of Connecticut.

So we're clearly asking for trouble because of this disconnect between that curve I was just talking about and the tax base, which is almost flat and is becoming more flat as some people say, you know what, I either can't afford to pay the taxes here in Connecticut or I don't want to pay the taxes here in Connecticut because they don't allow itemized deductions, they're a state tax that's too high. They tax this, they tax that, I'm sick and tired of it, and I'm going to - and I'm going to leave.

So we're raising this budget by a significant amount of money. Depending on how you look at it, it's a potentially massive increase against the backdrop of anemic growth here in the State of Connecticut, 0.4 percent compounding for four years now. That puts us in number 10 in the - one of the worst 10 in the entire country. And that - compare that to Connecticut of 35 and 40 years ago. It's astonishing to me.

So we have this larger budget that we're looking at here tonight. And yet at the same time in that budget, there are raises for state employees. There's hundreds of new hires. At least 135 new hires on the books. But we know it - it'll amount to many, many

more if many of these programs, particularly in transportation are enacted and it's just inevitable. And we're astonishingly budgeting overtime to the tune of 283 - $285 million over the next two years.

You know, I know they're - you have to expect there to be differences between the private sector and the public sector. But some of these are just so - so black and white. My understanding of overtime when I got here seven years ago that in a contingency situation, you had the resources budgeted for in emergency situation, a natural disaster, something like that, where you had to call upon your workforce to come in and spend an extra few hours.

And maybe that happened over the course of a week. And so you had budgeted X number of dollars to take care of that. But $285 million put into the budget. And when you have that kind of overtime budgeted, you know it's used. That gets very expensive for the - the people of Connecticut, the taxpayers in - in particular. So I think, ladies and gentlemen, when the history book is finally written about the State of Connecticut many decades from now, I think they will look back on June 3, 2015, and it will be a very important chapter in that history book on Connecticut.

They will look at a similar date in 2011, when the largest tax increase in Connecticut state history was passed. It will look at the difference between today and four years ago. And there may be some questions in some of those chapters as they dig down into the issues and dig down into the historical facts of this state. How did Connecticut do this to itself? They may look at things like they've grown their budget.

I heard 7.1 percent from someone. That's even higher than the estimate I've seen. Because maybe it stretches out longer. I don't know. But in the high 6s, low 7s. Again, growing a budget at 7 percent, compounding over the course of time, there's no way mathematically you can keep up with it. I don't care if your Texas. I don't care if you're California during the boom days. You simply can't keep up with it. It's a matter of mathematics.

In 1992 to 2017, state spending went up 200 percent

with a median household income going up only 67 percent. So you had spending going up three times what the median household income was going up by. No wonder the whole idea of the spending cap is not so popular in this building, even though it should be and even though it's the last bastion of fiscal responsibility that we may have to use as a tool here under the dome.

The history book, I also think will look at the report card going back even before four years ago and say what went wrong here? How could we be, according to the Tax Foundation - some of this you heard before, the worst place - one of the 10 worst places to do business in the country. Gallop Poll, last job creation for 2014. May 13 is our Tax Freedom Day. The longest, latest in the country before you start being able to take money home for yourself after paying for state, local, and federal government tax liabilities.

Fifty percent roughly of Connecticut residents want to move out of the state of Connecticut and would do so if they could. 56 percent don't approve of our work in the Legislature. That would be, yes, ladies and gentlemen, 60 percent believe the state is on the wrong track at this point, fiscally and otherwise. We are last in places to retire, fiscal management, last in debt management, last in unfunded obligations, last in tax - tax burden, in terms of being tax burdened as taxpayers, last in the achievement gap.

The list goes on. It's tragic. It's just sad. It breaks my heart that this has happened to the State of Connecticut. And, you know, you have to ask yourself, you know, where did this all go wrong? You know, did we - did we in fact do this to ourselves or was this something that came in from outside the State of Connecticut and we had no control over and became a hindrance in terms of our job growth, and our economic activity, and so on? And so, you know, did we do it to ourselves?

And the answer I think when you look back on it, when this book looks back on it, and looks at the decisions - decisions that were made over decades having to do with regulations, having to do with taxes, having to

do with fees and - and bureaucracy, and everything else, I think the answer is going to be, yeah, we did do it to ourselves, unfortunately. The good news there is that if we did it to ourselves, we can undo what we've done to ourselves going forward.

So if you believe that government tends to not so much solve problems but rather than to subsidize them, then you'll agree with me that reducing deficit and - and causing growth, causing the case for growth in a state. In other words, adopting very strong pro-growth strategy all across the board having to do with tax rates, having to do with businesses environment, having to do with regulations, then you have a chance of growing your tax base. And you can't - you can't reduce deficits long-term by raising taxes. It just didn't work.

You have to get going on the growth end of the - of the equation. And in this book, they may draw an analogy to, you know, Star Wars and say that, you know, over a generation, maybe two or three generations, the General Legislature created, you know, Jabba the Hutt. You know, Jabba the Hutt has to eat more frogs and - and serpents every day because he's a growing beast. And as you grow, you get hungrier every day. That's the way it works, at least in Star Wars. But it also works this way in state government as well.

And these are people's hard-earned resources that we're talking about that are going into Jabba the Hutt's mouth. 40 percent, 40 percent of our budget is in compensation and in - in benefits. And that is a large chunk of change at the end of the day when you think about it. Multiply that by 0.4 times roughly $20 billion. And if when you look at that growth rate in that particular set of line items, it's a very, very large rate. And it's really unsustainable. And it's really sad too because a lot of that - that spending crowds out a lot of other super important funding for important programs that I think we'd all agree are part of the safety net.

So that's another chapter or two chapters in the history book on Connecticut that I think will be of great import to future generations. So we're looking

at the second largest tax increase in the State of Connecticut here tonight. And we're looking at, as we went through before through Senator Kane's excellent questioning on the spending cap, we were blatantly disregarding the spending cap going forward. And I heard some of the quotes that came out of the Appropriations Committee about how this was never really intended to have any sort of control over anything to do with spending going forward, it's irrelevant. It's anachronistic. Lose it. We don't need to respect it so let's lose it.

But for 4 - excuse me, 22 years ago, as it was pointed out by Senator McLachlan, 22 years it was respected and now we're throwing it out the window. It's really inexcusable. And as I started to say earlier, people are waking up and they're looking at what's going on here and they're beginning to understand exactly what kind of a fiscal position they're in. And, again, they're scared. They're leaving. We're losing families.

It's almost a modern day Grapes of Wrath down in our necks of the woods. And I know that that sounds like an exaggeration, but it's really not. It is the talk of the town. Has been, not for the last year, but for the last five, six, and seven years. And a lot of people, I can tell you, have moved. There will be other Senators who would tell you the same thing around this Circle tonight that they've lost a good portion of their population.

We've lost unbelievable amounts of individual wealth that can be taxed for another 40, 50 years, depending on the actuaries, which amounts to a lot of money to the State of Connecticut. We're losing their philanthropy. We're losing their great character, their other contributions. And I might point out that much of the state's responsibilities as far as safety network goes that Connecticut's responsible for is actually shifted into the nonprofit sector, and not the reimbursable type that I'm - I'm talking about, but there are so many organizations, 501(c)(3)s out there that take care of those who are fallen through the safety net and don't know where to get help.

And with that kind of support gone, we're in a much

worse position and more that burden comes to the State of Connecticut, comes to our front door, and we're responsible for fixing it. You know, I get more phone calls these days about people saying I - I'm selling my business. I think the - the example was brought up the other day by Senator McLachlan about the moving company that's for sale, $360,000 for him. And that's probably good timing for him.

But I'm receiving phone calls from people saying and I own, you know, 19 car washes and I am going to put the business on the block tomorrow morning. This is the real stuff. We've heard it from Aetna, we've heard it from GE, we've heard it from Travelers, we've heard it from others. It's not - it's not a good situation. If we start to lose our major employers, we are really in trouble.

You know, most important thing you have in life is a job. Most important thing for a state government so that they can take care of their desperate is that you have a good steady predictable revenue stream coming from jobs, coming from revenue, from income tax, coming from other forms of taxation, whether - whether it's capital gains or passive income or whatever the case might be. And, you know, whenever someone pays a tax for the first time in the State of Connecticut or anywhere across this country, they become a shareholder in - in this operation called state government.

And they have a say in this whole thing. And if they're not being treated well like any other shareholder, then changes have to be made. And if they're not getting a return on that investment - and I know that may sound strange to some of you - but it is an investment in your own state because there's supposed to be fiduciaries of your resources. Spend it on wise projects like roads and schools. Spend it on people who desperately need it. And I think in all of us who have come to know Connecticut State Government so well, we know it's not the most lean, mean, efficient machine around. And we're concerned about it.

So a lot of people have picked up. And they're selling their shares. They're selling their shares

and they're moving to another state. And they're - and they're not necessarily getting a lot of money back on their original investment in the State of Connecticut. Some of them feel like they're being mugged with this new proposal, this new budget here. So we, by default, if we allow this to go through tonight, allowing, enabling our state to continue on its growth path and we're doing this in a very low interest rate environment, which has huge implications.

I want you to all think about that for just a minute. We're roughly 2.25, 2.4 percent on a normal general obligation bond issue without a premium. And it stands to be closer to maybe 4.5 to 5.5 percent here within the next 18 to 24 months or so. When that happens, we're going from 11 percent of our budget going to take care of debt service, to as much as 14, possibly even 15 percent if we continue to borrow at the rate that we have been borrowing. We know that when you take on too much credit card debt, you're putting yourself in a very precarious position.

And if you know that if for some reason something happen to you and your kids were to take over your financial situation, you'd be burdening them, just like we're doing with the amount of borrowing that we're doing right here. So every dollar - every dollar that is taken out of the economy makes us weaker. Every dollar that's kept in the economy makes us stronger. And we know this to be true.

We've seen in other states that have fully recovered and fully recovered in terms of jobs. I think we've only recovered 76 percent of our jobs since the beginning of the recession in 2008. The nation has recovered 136 percent. That's a remarkable statistic. So we need to be leaving those resources in the private sector, the productive sector. That's where there's a bigger bang for the buck for everybody. And it's a bigger bank for the buck for Connecticut because as John - as Senator Fonfara pointed out, you know, lower taxes get businesses back in here.

Get them cooking with gasoline and guess what, the tax base is growing. They're now contributing a much greater amount of - of money in absolute figures to

the state coffers. And that's exactly where we need to be going rather than continuing to do things that scare our tax base away. So, you know, again, we end up in bottom five in all of these different categories. Changes have to be made.

This budget takes us, you know, the wrong - the wrong direction. And, you know, they're, you know, they're 15 Republicans here, they're 21 Democrats. I would venture to say that it's not just the 15 Republicans representing 1.5 million people, you know, about 40 percent of the people in the State of Connecticut. It's really many more of you who share your concerns about the future of the State of Connecticut are even remotely fiscally aware and fiscally responsible. I would venture to say that that's more like 2.2 or 2.4 million of the 3.6 million people that we are.

Let's call that two-thirds. Let's do the right thing for Connecticut and forget about party. Let's grow this state. Let's get it back on track. And let's, Mr. President, not vote for this budget - let's not vote in favor of this budget tonight. Thank you.

THE CHAIR: (Senator Coleman in the Chair)

Thank you, Senator. Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. Mr. President, it is really a pleasure to stand up here and provide some remarks on this biennium budget, particularly as I've had the pleasure to sit on the Finance Committee for the last few years with some wonderful Chairmen on the democratic side. And as you just heard from a stellar ranking member, Senator Scott Frantz, who made some of the most passionate comments and reflections on our state budget, who couldn't have said it best.

We're so lucky to have someone with his background, his business skills, his close understanding of our economy and our marketplace. His argument, we should be listening very closely to because what he has described is the important dynamic of increasing and expanding the tax base, not increasing and expanding the taxes. I think he showed very clearly that if you

have the proper dynamics and you have a larger tax base, those tax revenues will grow.

And even with two of the highest historic retroactive tax increases, what have we seen instead? We have seen rolling deficits, not surpluses. It clearly shows you cannot tax your way up into an expansion. Because that tax base is not expanding, it's eroding. So there are fewer people paying more of the taxes. And that's a dangerous dynamic.

I do have a question for the very distinguished Chair of the Finance Committee with regards to an important area of our budget that I've spent quite a bit of time on and is a great concern and a focus, rightfully so, of the Governor, of the majority party, and of the minority party, and that is on our transportation fund. This year was the year of transportation. There is a great deal of focus and proposals to create a long-term plan for sustainability of our transportation systems and how do we pay for it.

In this particular budget, there is some folks in concern because one of the main topics was, again, generally supported that we should put a lockbox on our transportation funds and not rate it or siphon it away for other purposes not intended for transportation. And when you're in a budget deficit situation like this, the temptation is so great to move funds around.

So through you, Mr. President, I wonder if I could ask the Chairman of the Finance Committee a question about the special transportation fund?

THE CHAIR:

You may proceed to frame your question.

SENATOR BOUCHER:

Thank you very much, Mr. President. I see from the information we were provided on the 2016/2017 biennium budget that there is a transfer into our transportation fund, special transportation, of some of the sales tax that will be diverted into this fund in 2016 of $158 million. Through you. And then also

to the Chairman of the Finance Committee, there were also some reductions and transfers out of the fund of 38 million and 152 million that was an elimination also into the transportation fund.

Through you, Mr. President, I wonder if the Chairman could explain those reductions and how the operation of our Transportation Department will be effected by this reduction. Through you, Mr. President.

THE CHAIR:

Senator Fonfara, do you care to respond?

SENATOR FONFARA:

Through you, Madam President. Briefly I will - Mr. President, I apologize.

THE CHAIR:

Thank you, sir. I appreciate that.

SENATOR FONFARA:

Yes. Senator Boucher, the - the effort here this year is to finally end the back and forth of funds going from the general fund statutorily to the transportation fund and back again. For the first time with this passage of this document, revenues that are dedicated to transportation will go directly to the transportation fund and not to the general fund, as it has been in the case for so many years.

It is a more responsible way of budgeting. We should have done it years ago. This Governor has proposed it. This budget reflects that desire. I think it's a smart and responsible and particularly in light of the Governor's initiative for 30-year major expansion in transportation with a lockbox that revenues will be kept where they belong in supporting this expansion, this commitment to - to transportation in our state. Through you, Madam - Mr. President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. I thank the good Chairman for his response. Is there language, through you, Mr. President, that will guarantee that if in fact the funds do not appear in the second year, in 2017, in this fund that the shortfall will be made up and also that in fact is there statutory language that prevents further raiding of this fund? Through you, Mr. President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. Again, for the first time, we are - we are dedicating revenues directly to the special transportation fund and not going to the general fund and then over to special transportation. There will be an initiative to lockbox revenues so that the public, that the taxpayers of this state will have the comfort of knowing that their dollars regarding transportation and any mechanism that there may be, as Senator Boucher knows, in this particular proposal and this tax package, we dedicate 0.5 percent of the sales tax, first time for transportation initiatives.

That's a major commitment to keep the special transportation fund solvent, which it is now, substantially so, and will be for many years to come. Through you, Mr. President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Mr. President. And, Mr. President, through you. It sounds like there is all good intentions to make sure that those monies are kept there. But there's no actual statutory language that prohibits the movements of funds. Through you, Mr. President.

THE CHAIR:

Senator Fonfara.

SENATOR FONFARA:

Through you, Mr. President. As I've indicated that we change for the first time that revenues generated as with respect to the gross receipts tax that previously or under current law goes to the general fund and then is - is then moved to the special transportation fund. We end that policy and begin the process statutorily of dedicating those funds to the special transportation fund.

But with the advent of the lockbox, which Senator Boucher knows would have to be done constitutionally, that that's a process we have to go through and that - that it is intended to begin that process through this session. Through you, Mr. President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you very much, Mr. President. And I thank the good Chairman for his answers. It sounds like for the next couple of years until a constitutional amendment could be adopted and is at least a two-year process, then these funds will be there but not necessarily guaranteed as the intention was when we first started. I still have some concern about the shortfall in 2016 of $32 million in the transportation fund and am concerned about how that will affect the projects in that calendar year.

But I'm going to move on to just my remarks with regards to the budget in its entirety and how it affects the citizens of our state. You know, I - I was listening very intently to the debate downstairs. We're very fortunate to be able to have live streaming so that while you're doing other things, you can hear our colleagues down in the House and what they are talking about. And I was fascinated by all of the

remarks.

But it was interesting to hear the minority leader, Themis Klarides, remark and talk about her Greek grandfather Gus and his experiences coming and arriving to Connecticut. Coming to America so many years ago, myself and my family and my brother and I immigrating from Italy, I can hardly recognize the state that we arrived to and what it looks like today. Not necessarily for the topography, which is always beautiful, but the economic circumstances we find ourselves in.

Connecticut at the time that we arrived was a state of great opportunity. It had very low taxes, the top of the nation educational system, and a wonderful quality of life. At the time of our arrival to Connecticut, we were limited as a family. We were limited by poverty, by illiteracy, but not by Connecticut's economy or lack of opportunity. I may have grown up in a minimum wage home but also in a state that was the insurance capital, the brass capital, the rubber capital, the defense capital of the world.

And the captains of industry that headed some of these companies provided my father with a factory floor job and a path to immigration. Me with my first toy, in fact, one of the CEOs took a little pity and sent something to my home that I had never seen before. It also provided my junior achievement club at Naugatuck High School with money to run our high school company, where we learned entrepreneurship.

My local retailer with all of the U.S. rubber company employees as his customers in Naugatuck paid for my scholarship money to fund an exchange trip to Argentina for a year. So these are just little examples of the ripple effect of our business community contributions that are deep and profound in all of the towns and cities that we represent. Our large corporate donors give millions to originations like AmeriCares and Girls and Boys Club, YMCAs, and UConn's Foundation, Big Brothers and Big Sisters, and not to mention all the community college foundations that don't necessarily have individual alumni donors, but they certainly do have corporate sponsors for their foundations.

In fact, when I talk to UConn and UConn Foundation folks, because they solicit many of us that are graduated of their school, when their donors move to Florida, how do you keep those donations? And they tell me that they do try to find them. But when they do, it is very hard to get those funds back. That they settle in a different state and decide then to give and contribute to the community that they're residing in.

I believe that the budget that we're talking about this year will further erode the ability of these philanthropists to give to our state's nonprofits and the very needy people that are beneficiaries of that generosity. I know that Senator Frantz alluded to this in his remarks. I have to say that it hurts me and many others to see the state that I love, that they love, change so dramatically.

In fact, the town that I live in and represent, of my seven, recently had a change in the entrance to their food pantry because the family needing its use felt humiliated and embarrassed to come through their front door. So they had to create a backdoor entrance. This is what is happening in our communities, even as most other states are well beyond a recessionary period. In fact, two-thirds of my own neighborhood have left or are planning to leave and are moving to Texas, to Florida, to New Hampshire even in New England, and to South Carolina.

In fact, my own daughter keeps calling me to tell me of a home listing on her street in North Carolina. And I can tell you the cost of housing there is amazing. I think the average home on her street is $150,000. And it's a four bedroom, maybe it has a one-car garage, but it has a very nice front and backyard.

I received a lot of feedback this year, more than any other time that I'm here, from constituents about a state budget. They're very concerned. There's been a lot of publicity this time around. And, as Senator Frantz has just mentioned, it's - it's unique this year that people are waking up and paying attention. And it's important for us to have their voice be

heard, for us to be the conduit to bring their message here.

This constituent, an older woman who is a widow, said to me, do members of the opposition party sitting on the Finance Committee make so much money that they feel increasing taxes is painless, therefore the same should hold true for anyone else or are they exempt from paying taxes with a magic formula, therefore they can slap an increase on everyone else without affect on their own pockets? As a widow on fixed income, I can tell you that while I'm maybe generous to a fault, I regret every penny extracted from an income over and above a fair share because we have an administration intent on playing Father Bountiful to those who take everything.

Enough, she says. If I could drive on improved roads and over safer bridges, see better results and services, that would be a good thing. But for all that I'm taxed, I see a degrading infrastructure, increasing salaries to every segment of the burgeoning state government. I should have a job as a state employee and have the comfort of knowing I would be supported for the rest of my life.

The citizens of Connecticut cannot withstand more taxes. Bring in businesses by lowering the corporate rate, create jobs for those who would then add to the tax rolls, and please, please stop driving nails in the coffin that is Connecticut and either bury us once and for all or get out of the way and let us grow and improve. You have killed the golden goose and now you are intent on plucking every remaining feather.

Well, you know, guys, we've been here very late every night. And I have to tell you, after pulling an all-nighter the other day, takes me about an hour and a half to get home. So I pulled into my driveway at about 5:30 in the morning the other night, or morning, and I dragged myself into bed only to be awakened by a call from media. They wanted to know what was happening in Hartford, as the Governor and the majority democrat budget had everyone crying foul.

And they had heard all of these reports, these unusual statements by GE, Aetna, Travelers, all threatening to

leave the state. It certainly got a lot - even this was the New York media that was calling. It was CBS Radio. I told them that we had provided an alternative that doesn't increase taxes. But, once again, the Governor did not reach across the aisle. The idea of its my way or the highway has been sort of the answer we've been getting every year.

Well, too many people are choosing the highway. You've heard that time and again. But it's true. It's not anecdotal. It's not a way to sensationalize this issue. It's truly happening. And it seems that with all the communication that we're doing, an uprising seems to be taking shape. Because I sure have gotten a lot of emails and phone calls. And I know all of you have as well.

The state can't continue on this path. It simply cannot. There is an alternative to taxing people and business more. And that is, and we've mentioned it - and it's not an attack on a group - the 300 million in concessions that, by the way, was agreed to previously, not new concessions, but yet to be delivered. And also the $400 million in prioritizing current bonding that passed for transportation infrastructure. Those are only two of the many examples that we've provided.

It's really interesting to know that other states led by democratic parties, even right here in New England, seem to be able to manage their finance. Why not Connecticut? Someone has to swallow their pride. And let's do what's right for the people of Connecticut. Because, as was mentioned by Senator Frantz, there's still time to pull this budget out of the fire before everybody gets burned.

You know, this has been mentioned every once in a while and there was just a recent newspaper article. I'm sure you all saw it, the Day, the New London Day paper had a headline that said basically said "Insanity". Well, insanity is the - doing the exact same thing over and over and expecting a different result. And we just reiterated this over and over.

In 2011, there was a budget proposed, signed, the largest retroactive tax increase in history that

resulted in continual deficits with more people and jobs leaving the state. And as I was listening to the House last night, a new State Rep - someone by the way that has some financial background. There's not too many, but he's in banking. And that's State Rep. Fred Wilms from Norwalk who took Larry Cafero's place. He remarked on the House floor making Connecticut a state of permanent fiscal crisis.

In other words, we're in this fiscal crisis state on a permanent basis now it appears. It hasn't let up. Our unemployment rate, by the way, is higher than the national average. Okay. But guess what, it's also higher than all of the other New England states. And we were, at one time, boasted we had the lowest unemployment rate. You've heard about the Wall Street article that reported on our state's financial condition, our unfunded liabilities, tax burden, and business reputation are all that much worse than even Illinois.

The state economy is stagnant. It grew 0.9 percent, not even 1 percent, 0.9 percent in 2013. Tenth worst in the country. And only 0.2 percent in the last four years, according to the Bureau of Economic - the Federal Bureau of Economics. Connecticut, as you heard, has only regained 80 - 78, not 80, but 78 percent of its jobs lost in the - during the - the recession. And by other states are anywhere from 130 to 150 percent recovery.

That means they're well above at their lowest point. A campaign promise that was made last year during that time, the Governor promised that he wouldn't raise taxes. That's been brought up time and again. But he also said that in 2010 when there was a theme of shared sacrifice. That was central to his budget message, in fact. However, during the time the Governor signed a $2.6 billion hike promising that it would eliminate the budget deficit.

Now he's poised, that is if we ever get to it this evening, to sign yet another significant tax hike, another $2 billion. It doesn't appear that that shared sacrifice was enough. What this budget doesn't do is it doesn't change Connecticut's bad spending habit. But it continues at an increase of spending of

7 percent and 16 percent over last few years. It's very clear.

If you take in $100 and you're spending $150, we've got a problem. And remember, at the very same time this has all been happening, our towns and cities have enacted necessary forms, transforming their large deficits, their pension share of share falls, and changed it. They - they've turned it around. They've - their reforms have resulted in significant cost savings and responsible low cost budgets. One of my towns in fact that has had a change of political leadership, remarkably so, has actually had flat - two flat budgets and barely a 1 percent increase.

In fact, most of my towns are between 0 and 1 percent. They have embarked on a path of sustainability and they strive to have their communities live within their means. The State of Connecticut can certainly learn something from it. Some of the things that have a lot of us very concerned in why we may be talking at some length this evening is that that $40 billion budget that's being brought out is impacting, not necessarily those five big companies everybody's talking about right now that have put a spotlight on this whole situation, but it's the middle class families, the middle class smaller businesses, and our veterans.

We've remarked time and again on the property tax credit reduction from 300 to 200. But remember, it was 500 just a couple years ago. So really is taking a $500 tax credit to a $200 tax credit.

It repeals sales tax exemptions for clothing and footwear that are under $50. It also reduces the state tax holiday, which this definitely impacts middle to lower income families. It - you know, it implements a 3 percent sales tax on the World Wide Web. It still keeps in there a sales tax on car washes.

This is kind of a one of those nice to have, not have to have, but it will impact small businesses, certainly in my communities. And that luxury tax that everybody thinks it's easy to do because, you know, you're touching people that really can afford it.

We're going from 7 percent to 7.5 percent, totaling about a $4 million increase. But you know what that really does, because we're a small state with lots of border communities, they're going to just go right across the border, just like going to buy a Tesla car.

And these are individuals that by buying these things really help actually the small retailer and the people that work in these little shops. There are many other things that are in here that give one pause such as reducing the burial benefits to indigent people by $400, giving their loved ones $1,400 to pay for your funeral. Takes away the veterans honor guard. No gun salutes at the military service members funerals, which is kind of a sad thing. It's almost, again, it's significant to us as a state budget and $40 million, but again it is one of those things that, you know, sends a message.

It implements a sales tax on motor vehicle parking. So a lot of those parking lots that we have that we're encouraging people to use, that is going to be kind of a shock to many communities. I know that - that many are there. And certainly Senator Frantz made a very good argument, and others that brought out amendments, on the ambulatory surgical centers that concern me, particularly when we're talking about getting mammograms for women that really need to see and keep themselves abreast of possible cancer that could be lurking.

And the increases of the hospital tax, the 410 million, is of course something we have deliberated on, talked about quite a bit this time. But one of the things that impacts one particular company, a small company that started out of a home that does data processing and computer data processing, is really going to hurt them tremendously. And I've talked to them at length because they sell their software all over the country and even across the world. And that is taking that 1 percent tax and moving it to a 3 percent tax.

What has a lot of the large companies coming out of the woodwork and making historic statements is of course the $500 million tax hike on businesses, which will make it for - very difficult for employers to

grow jobs and remain competitive. And those jobs effect every single family in our state from all walks of life because, again, of the trickle down impact. Boehringer Ingelheim Pharmaceuticals is in my district. It employs more than 47,000 individuals worldwide.

And this is what they told us just a day ago. They've said implementing the current short-term, short-sighted tax proposals, will stifle innovation, especially research and development of critical medicines, and have far-reaching implications on our ability to plan and make long-term business decisions. The current proposal will undermine the financial feasibility of continued - again, this is the comment that is in all of these statements that have us concerned - it undermines the fiscal feasibility of continued capital investments in our Richfield, Danbury site.

We were all invited as a delegation, both the democratic rep in Danbury and the republican reps, to see and meet with them the expansion of a research facility right on that property there just a short six months ago. To get this statement right now is a big concern. Of course, we all know Aetna, right - right outside the door here, they employ 7,450 individuals and have this to say. Connecticut is in danger of damaging its economic future by failing to address its budget obligations in a responsible way. Such action will result - not may - says will result in Aetna looking to reconsider the viability of continuing major operations in this state. Wow.

If they say this and Travelers, which employs 6,200 people, that is saying much of the same, then we definitely, definitely are in danger of losing the title of the insurance capital - forget the world, forget the nation - at least in our - in the Northeast. That has us - and of course, our signature company, General Electric, that so many of us, if you talk to them, there's always that six degree of separation. Many of us got an early start in the business world by working for this stellular international company that is so admired, and it's such a signature company for Connecticut. It would be devastating.

And their statement says the very same thing. Retroactively raising taxes again on Connecticut residents, businesses, and services makes businesses, including our own, and citizens seriously consider whether it makes any sense to continue to be located in this state. And you all have heard that the Governor, the democratic Governor of New York, gave that CO a phone call, 8:00 in the morning as soon as this came out. Raising taxes again on these companies, talking about the unitary tax, is not just devastating for these large companies.

It means a lot to those that actually get businesses and customers from those employees, not necessarily the CO, but the thousands of employees from the larger firms. They could be CPAs, they could lawyers, they could be doctors, your dry cleaners, your landscapers, your oil companying, pizza shops, your grocery stores, your nail salons, your veterinary clinics. Those are the customers that work at IBM, which I don't have a formal statement from them, but they have also expressed publicly their dismay. Many of the same words were used. Xerox, which is in our backyard. FedEx, in fact, we even have members of the General Assembly that work for FedEx. GE, Aetna, and Travelers.

Another example of an individual that is targeted to when you talk about, you know, the brackets of our income tax. And that income tax was based on two things too. You will have a spending cap. And it will always be a flat and it will treat everyone equally. And we won't have any tax brackets. Look at how well we've kept those promises. Here's one of those people, it's an example that Scott Frantz was alluding to. There's a gentleman, in Old Saybrook, the age of 50, whose income is over - is over a million.

He's leaving Connecticut because of the proposed tax increases. His wife is a teacher because she loves children. She runs the local library as well. So we would be losing his tax dollars, his spending money, a great teacher. His friend is the controller for one of Connecticut's top five companies. His friend told him that his company is leaving Connecticut regardless

of what comes out of this budget this year because he can no longer trust the state. Because you know all those bad bills that never go through but they're always proposed, they're killed at the end. Those discussions have an impact on the psyche of the individuals running these companies. And they - this is their bottom line. It's unpredictable.

We don't know from one end to the other you're going to give us a tax liability carried forward and then you're going take it away in the next breath. We got all of these film companies coming into Connecticut and now they've kind of halted because we've changed the rules on them every year it seems like. The decision, by the way, I'd love to know who this top five company is because he says the decision is already made for this company to leave Connecticut. It would actually be very good information if the Governor would pick up the phone and find out who this person is and give them a call.

You know, many of us actually are applauding these large employers from speaking out instead of just thinking about this, talking amongst themselves, they need to speak out if they care and really want to stay here instead of leaving quietly at the end of the day. And, of course, we are very concerned that this budget does in fact violate the spending cap, whether it's in statute or whether it's in the - in the intent of the law because it was instituted when the income tax was returned, put in effect, and I would maintain it was probably the beginning of the end of Connecticut's competitiveness countrywide.

We have heard from hundreds of our constituents. They will say, don't let this happen. We can't afford to live here anymore. I know you all have heard this both sides of the aisle, whether you're staff or whether you're Legislators. A lot of them say that they feel duped, that they're being lied to. And they made phone calls, they wrote letters, emails, got on social media. But sadly, they feel the State of Connecticut has turned their back on them and also the largest most prestigious employers, even to this day.

But I would tell you that I think the majority party, the individuals that keep and continue to push this

budget forward without saying maybe let's halt a minute here. Let's rethink this. Let's get together. Maybe we should bring everybody in the room and let's get a better budget out. Let's tell everyone we've heard their message. I'll tell you that to ignore the will of the people at this juncture right now would be to our own peril. I have a very strong sense right now that there is a day of reckoning and it's coming soon.

This is not a popular budget with the Republicans or with the Democrats. How many arms had to be twisted? And it's not popular with the public. Too many reps had to be persuaded to vote for it by giving them an extra bit of funding for a pet project in their district to at the last minute to get that vote. In fact, there were only three-vote difference, maybe two to get a tie vote in the House. But this may only please a few people to bring home some extra funding for this one time. Just a few people.

The vast majority of the people and voters in anyone's district do not like this budget, will remember the vote, it does put it at risk. The last election, changes were made in seats in the House, seats in the Senate, because people were paying attention. We may see even more change, more dramatic change, as people are not just awake this time but they're paying attention more than ever before.

I've asked some veteran staff that have been here over 30 years, hey, is this a bad as the income tax year? And you know what their answer is? No. It is much, much worse. So often things have to get so bad before people demand a course correction. I sincerely hope, Mr. President and my colleagues, that this is the time. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator. Senator Bye.

SENATOR BYE:

Thank you, Mr. President. How are you this evening?

THE CHAIR:

I'm doing -

SENATOR BYE:

Since we're having conversations, I thought I would - I would chime in and sort of wrap up some of my thoughts about this budget and where we are as a state. And I'd like to revisit parts of the debate that we've heard over and over again from some of my colleagues on the other side about a ranking that Connecticut got from Chief Executive Magazine that was down on Connecticut. This magazine costs 16.50 per issue on newsstands. And it runs articles for things like how to escape winter's chill by hot air ballooning on the Baffin Island in the Arctic. $12,000 per person for that trip that that magazine is advertising.

A family of four would cost the average median income of a Connecticut worker. Here's one of the reasons that Connecticut was ranked 44th in the nation by *Chief Executive* magazine. I'm reading verbatim from that magazine. "Connecticut's embrace of minimum wage and minimum wage boost pushes business to the lower rung in Dante's Inferno." Dante's Inferno. Increasing the minimum wage is hell to *Chief Executives* Magazine.

But not in Connecticut. In Connecticut, 71 percent of our residents believe in increasing the minimum wage, according to a 2014 Q Poll. Because our state has a history of investing in people and believing in people and believing that a living wage is not so bad and maybe it won't hurt that CEO. At the same time Chief Executive Magazine was calling Connecticut hell for raising minimum wage, 7 out of 10 of our residents were supporting the increase.

Why is this important to talk about? It's important because when my colleagues on the other side of the aisle quote ratings from a rarefied magazine like *Chief Executive*, they're doing a disservice to our state. Because there are so many great things about the State of Connecticut. And we've made investments over decades to reach these heights. When it comes to the best cities in America for tech jobs in 2015, East Hartford, Hartford, West Hartford region was rated

number 24 in the country with an average salary of $92,000. And the Bridgeport, Stanford, Norwalk area was also in the top 100.

When it comes to healthy residents, we're number one. We have the healthiest residents in our nation. The share of finance and insurance job in the country, we're number three. Advanced degrees per capita, we're third in the nation. Productivity per capita, fourth in the nation. Business and research and development funds per capita, fifth. Science and engineers per capita, fifth. Energy efficiency, sixth. Venture capital deals per million residents, seventh. Patents per 100,000 workers, seventh.

We're educated, we're healthy, and we are productive. Let's pause for a minute to reflect on this next fact. The State of Connecticut has the fifth highest worker productivity in the world. If Connecticut were a country, it would be the fifth most productive country in the world, just behind Switzerland. We even beat Singapore, Sweden, and Germany. According to the NASDAQ - we all know about NASDAQ here - there's some companies in our state, this state that is so rough on business my colleagues say, that GE has projected earnings of 20 percent in the coming year.

International Paper, 10 to 13 percent projected growth in the next five years. Aetna, 10 to 12 percent growth in the next five years. Xerox, expected to grow 8 to 10 percent in the next five years. The Hartford just posted its profits for the first quarter of 2015, $467 million in profits. That's pretty good. These companies seem to be doing okay in our state because we have a great workforce. We have great people in Connecticut. It's not really evidence of a horrible place to do business, these kind of profits.

You know why I believe we're doing well, I believe we're doing well because of generations of investments in people. We believe in human capital and its one of our great assets in Connecticut. This budget before us today continues to invest in our human capital because we believe in our people. And believing in our people and investing in our people leads to profits for our corporations. This budget matters because we've made critical investments in mental

health services and supporting people with disabilities in education, in jobs, in health care, in early education, in public safety, and in housing.

And I stand before the Circle tonight so proud of the work we've done on this budget, one that I think will continue Connecticut's long held proud, proud, proud tradition of investing in people and believing in a quality of life and supporting in an quality of life where people want to live here, people want to raise families here. Like many young people, I left Connecticut when I young. I lived in Boston. I wanted to be in a city. I livid in New Hampshire, I wanted to ski. But guess what? When I wanted to raise my children, I came back.

And my children got an incredible education in the public schools in this state and they are thriving. And when they go to college, they say to me, mom, I'm at a national university and I have one of the best educations of anyone, kids from private schools, kids from public schools around the country. They're proud of Connecticut. They love coming home. They love to go hiking in our state parks. They love this state. And while some of them are living in other states now, I bet way better than 50/50, they're coming home.

And I'm proud that if they looked at this budget before us, they would say that's the Connecticut I believe in. Connecticut that thinks we needs health care, really good health care for all. Connecticut that believes we need great schools for all. And a Connecticut that raises productive workers so businesses will continue to settle here. So, Mr. President and Madam President, I'm proud to present this budget and I urge passage. Thank you, Madam President.

THE CHAIR: (The President in the Chair)

Thank you, ma'am. Will you remark further? Senator McLachlan.

SENATOR MCLACHLAN:

Good evening, Madam President, and nice to see you back.

THE CHAIR:

Thank you so much, sir.

SENATOR MCLACHLAN:

Madam President, I rise very concerned about the budget proposal before us. And I'm relaying concerns from my constituents. We have reached out in a great way to ask for input from our constituents here in the republican caucus in the Senate. I have communications that have come by way of telephone, email, Twitter, Facebook, and it is a unanimous message. Yes, there are a few people who have written to me and said everything's fine. Pass the budget.

But there are literally hundreds, hundreds who have called and said stop spending money. Their messages are loud and clear to me. One of - one of our local real estate developers, who is responsible - his family is now, I believe, fourth generation builder and developer in Western Connecticut - is responsible for a - a little office park. We would call it little, it's big in our area, the Berkshire Corporate Park, which straddles the Danbury, Bethel, and Brookfield borders. It's right at that point where they're in three towns.

One of their proposed projects - they are the home to Duracell now - but one of their proposed projects for this year that was announced by Governor Malloy last Halloween in Danbury was to have Praxair build a new world headquarters at the Berkshire Office Park. A hundred thousand square foot building. $65 million budget. $32.5 million delivered by Governor Malloy on Halloween of last year. That's half of the project cost. And they walked.

Think about that for a minute. The State of Connecticut's willing to put up 50 percent of the cost of a new world corporate headquarters for a company that has been in Connecticut for a long time. They were part of Union Carbide. And when they broke up, became Praxair. Been here a long time. Been in the Danbury area since their operations moved from Manhattan in 1981, I think was the year. $65 million

project. Over 500 jobs, permanent jobs, in Connecticut.

A lot of transient jobs coming in from around the world on assignment. $65 million project. $32.5 million offered by Governor Malloy to get them to stay here. And they walked. They walked from that proposal. They're not going to build that - that facility now. Now, frankly we don't know what they're going to do. And I'm very worried about that.

And I know their chief executive officer, a very talented gentleman by the name of Steve Angel. A good businessperson. And I wish that I had something else to offer him. But the reality is that our environment in Connecticut is not the la-la land that we're hearing about while we try to pass this budget. The reality is that people like the fourth generation business that has developed the Berkshire Office Park, Berkshire Corporate Park, 300 acres, 15 buildings, 26 companies, 2,500 employees right now.

People who are on the frontlines dealing with other businesses trying to get them to succeed and stay in Connecticut, send a message to me, their State Senator, and I get very detailed comments from their tenants in the park. They're begging us that we need to make Connecticut a more attractive state for companies and businesspeople to invest in. And tax increases won't solve our problems. Mr. Steiner, the president of this development company said, let's grow the economy rather than taxing and stifling any possible means of growth.

Now, he is also the landlord to GE. A division of GE is in the Berkshire Corporate Park. Now, they're already downsizing that facility. GE is selling some of their operations. And the buyer of the operation that resides in Danbury is apparently moving all of the operation to another state. See, this is not hearsay. This is what's happening. We can't run away from that.

Business executives, entrepreneurs, don't make decisions like this without doing their homework. And they do their homework. And, yes, they may read the magazine that the good Chair of the Appropriations

Committee mentioned just now. But they also read something like the Wall Street Journal. And I'm sure all of you saw the Wall Street Journal editorial from Saturday.

They say in their opening comment the Census Bureau says Connecticut was one of six states that lost population in Fiscal 2013/14. And a Gallup Poll in the second half of 2013 found that about half of Nutmeg Staters - wish they wouldn't call us Nutmeg Staters, but that's what they did - half of Nutmeg Staters would migrate if they could. Second paragraph - and I won't read anymore from the Wall Street Journal - now the Democrats who run the state want to drive the other half out too.

So that's the Wall Street Journal. That's not some travel magazine, I guess is what the Appropriations Chair was referring to. That's a well-respected newspaper. People are talking about what's going on in the Connecticut State Capitol across the country. I have a sister in Oklahoma, western Oklahoma. She's two hours west of Oklahoma City. And she's hearing about Aetna, Travelers, and GE rattling their sabers, saying wake up Connecticut politicians, you're making big mistakes with your spending, with your borrowing. Wake up Connecticut politicians and stop doing what you're doing.

Now, someone two hours west of Oklahoma City is hearing that on national media. So that means that we have to wake up. And the way to wake up is to say no to this budget proposal before us. There was a brief discussion before - well, I guess it may have gone on for a couple hours - about the spending cap. And there seemed to have been a little confusion, I thought, that the spending cap had been exceeded before.

It's not unusual for the Legislature here in Connecticut to exceed the spending cap, which we still don't really honor, we certainly don't have the spending cap that voters wanted in 1992, but I already said that once earlier today. So we exceeded the spending cap under Governor Rell, who incidentally was signing budgets that were passed by a democratic majority Legislature, and we had surpluses. Can you

imagine having a surplus in today's Connecticut government? Wouldn't that be swell?

But this Administration and this majority of the Connecticut General Assembly has before us another time, another budget proposal, where they're exceeding the spending cap, not with surpluses, but by raising taxes. There's a big difference there. Neither is acceptable to me because I think that we have failed to honor 81 percent of Connecticut's residents in a vote at the ballot box in 1992. Madam President, this budget must be defeated. Maybe I should talk to the Legislators because you'd disagree with me.

THE CHAIR:

I think it's a good idea to go that way, sir.

SENATOR MCLACHLAN:

Madam President, I urge rejection of the budget. Let us listen to the residents of Connecticut who have made it perfectly clear to us that they can ill afford more taxes. The residents of Connecticut have spoken through their employers and made it perfectly clear that their jobs are in jeopardy. And we must, must reject this budget. Madam President, I yield to Senator Martin.

THE CHAIR:

Good evening, Senator Martin. Will you accept the yield, sir?

SENATOR MARTIN:

I certainly will. Thank you, Madam President.

THE CHAIR:

Thank you. Thank you, sir.

SENATOR MARTIN:

And good evening to you.

THE CHAIR:

Thank you, sir.

SENATOR MARTIN:

I'm the new guy. I'm the new guy. And I am - I am happy to be here. And one of my objectives and goals was to help. And it's - I think everybody's has seen that I'm pretty conservative. And I - I do my best to be of, I guess, do my best to watch the pennies. I did it as a city councilman in Bristol. And I do it with my business. And I hope to do that here well.

But it's clear that Legislators in this building, since I've been here, do not have a common goal on how to balance the state's budget, philosophically, that side of the aisle or this side of the aisle, we just differ. And how we attract businesses and - no, the question I guess I ask myself is how do we attract businesses, jobs, and people into Connecticut in order to grow the economy? And that's one of my objectives as being A state Senator is to how are we doing to do that?

While balancing the budget and keeping in mind that that provides quality services that the people of Connecticut are willing to pay for. And that's the conundrum. How are we going to do that? You know, we've been in economic downturn since 2008. That's the that year gas prices went from $2 to a little less than $4 a gallon. And in some places in the country, it did go to $4 a gallon. This country literally was brought to its knees.

Many people lost their jobs. Businesses closed. Individuals and couples lost their homes. As a realtor broker, real estate broker, I saw that personally. And I've been in closings where the emotions got the better - the best out of those couples. And it's very difficult to watch. Since then, many people since 2008, many people and businesses are living week to week, paycheck to paycheck, and are praying to God that there's not another economic downturn in the - in the horizon.

If the goal is to attract businesses and people into Connecticut in order to grow the economy, then

fundamentally our policies and my belief, first and foremost, ought to be to lower taxes and minimize government spending. The empirical data is clear that the communities with the greatest economic growth are the communities that have lower taxes and less government spending are the ones that attract the people, the businesses, and the jobs.

I don't believe this budget does this. And the people of Connecticut are saying it as well. I heard it throughout my campaign. No more taxes. And by the way, they're also saying I'm out of here. I'm making plans. The mood is very cynical. We can repair all the roads, the bridges, and the railways. But if we haven't harnessed taxes and runaway spending, the businesses, the people, and jobs will not come.

Many don't see a future for this state anymore. Citizens - and this is not me, I've - I read this. Citizens are customers of government. And citizens can and will do what dissatisfied customers do - does, go somewheres else, high property taxes force people to move. High sales taxes provoke them to shop somewheres else. And high taxes on businesses make companies build and hire somewheres else. And high income taxes undermine the will to work.

Further, there then also needs to be an understanding and acceptance of ultimately every dollar of government spending must be raised through a dollar of taxation. All government expenditures must be paid out of the proceeds of taxation. In my opinion, Connecticut is fiscally undisciplined. A certain amount of public spending is necessary to perform government functions. That's - that's the minimum.

A certain amount of public works, streets, the taxation of money, the collection of money, we do need to take care of our roads. We need to take care of our bridges, our tunnels, our seaports, the police, the fire departments, we have the fiduciary responsibility in how we spend that money. And those are the items that we need to take care of. In addition to that, I think it's important for us to keep our promises.

For example, we have broken numerous promises as a

state. The State of Connecticut, I guess - I can guess, that would include the Legislators here - are expected to keep our promises to the state employees and teacher pensions and health obligations. Legislators and the State of Connecticut need to keep the promises to taxpayers as well. When a tax on gasoline is promised to be used to repair our infrastructure, then we shouldn't be using those funds for operating expenses.

I believe the transportation fund began in 1984. The first year, from what I read, the first year those funds were kept in there and used accordingly. But fast forward another 31 years or 35, 34 years, we have tapped into the special transportation fund in order to balance our budget. And had we not, we would have today $5 billion in that fund or our roads wouldn't be in such dire straits and our bridges and our tunnels. Can you imagine how different tonight's budget discussion would be?

Similarly, another example is the real estate conveyance tax. And that's dear to me. This tax was established in 1984 with the condition that the tax was to be a sunset provision in two years but was continually extended every two years until most recently it was made permanent years ago. Another broken promise. And let's not forget the personal income tax was also to be temporarily.

All of these are examples of broken promises to taxpayers. And in the business world, we try not to do that. Madam President, I have an image in my mind that many of you may be familiar with. We all know that the - we all know the classic comic strip Peanuts. Right? We're all familiar with Lucy. And we are all familiar with Charlie Brown. Of course we are. We all remember how Lucy holds the football in - in place as Charlie Brown comes running up to kick it.

And we all know what happens to Charlie Brown. Charlie trusts Lucy. He starts running towards the football that she's holding in place. And just as he - as he tries to kick the football with all his might, what does Lucy do? We all know what she - Lucy does. She pulls the football away at the last second and poor, trusting Charlie Brown goes flying. He falls in

a heap. And Charlie Brown wonders why did I trust her.

Well, as one of the new Legislators in this Circle and someone who has not been here in Hartford for a long time, here's how I see it. The Connecticut State Government is Lucy. And our Connecticut job creators are Charlie Brown. Again and again and again we pull that football away. And again and again Connecticut businesses, large and small, wonder why they believe anything we say and do.

Madam President, I represent Bristol. ESPN is Bristol's largest employer. ESPN will take a huge hit from this - from these new taxes. Bristol Hospital, as many of you know, is another major employer. Bristol Hospital takes a huge hit from these new taxes. Our goal as lawmakers should be to foster a high degree of certainty and trustworthiness in Connecticut's business climate.

Businesses small, medium, and large businesses make long-term investments and hiring decisions based on the policies we create here at the State Capitol. Pulling the rug from underneath them by changing these policies does not send the right message to the businesses that are - that are here. Pulling the rug out from underneath them by changing the policy sends a terrible message to those who are considering on coming here.

And I want - I want to thank those businesses for speaking out against this legislation. We've heard them through our social media, through our emails, and as well as through the newspapers. They're not afraid to speak out. And they're - they were not intimidated. And I applaud them for doing so. Madam Speaker, this - this represents the second largest tax hike in Connecticut's history. The second largest. It is coming on the heels of the largest hike in the state history just from four - from four years ago.

I heard loud and clear from the taxpayers in the greater Bristol area and throughout my district that they do not want new taxes. I've heard that message from people all - of all ages and backgrounds. I've heard it from the small business owners in our region.

I've heard it from the seniors on fixed incomes. And I thank them for contacting me through their phone calls as well. I thank them for meeting with me in the coffee shop. They have told me, enough is enough.

They have told me, no more new taxes. I know that I'm making the right decision with my no vote. I feel this democratic budget, which unfortunately had zero input from the Republicans, will continue to take our state into the wrong direction. And that's why I'm voting no. I believe is that we have a fiscal - we need to be more fiscally disciplined. And, Madam President, I yield - I ask that I may yield to Senator Linares.

THE CHAIR:

Senator Linares, will you accept the yield from Senator Martin?

SENATOR LINARES:

I accept the yield Madam President.

THE CHAIR:

Please proceed, sir.

SENATOR LINARES:

Madam President, I stand - I stand in firm opposition to this budget before us. I would like to thank Senator Martin for his kind words. Senator, you are the new guy. I was the new guy once. And just like you, I was appalled by the process. Something so important as the budget should never be something that we are debating in the middle of the night in the last day of session.

The budget should be the very first thing that we talk about as a body, as a Legislature. This state needs a leader that comes to the Legislature and says, no bills until we have a balanced budget. That should be the first thing that we talk about. Senator Martin, I appreciated your kind words. And I'm sure Senator Welch is - is watching. And I'm sure he would be proud.

Madam President, after the last tax increase in 2010, the largest tax increase in state history, billions and billions of dollars absorbed out of our economy. People were worn out. I can tell you as a 23-year-old State Senate candidate knocking on doors across the 33rd district, I could hear it in their voices. I could see it in their eyes. They're tired. They can't take it anymore.

And I firmly believe that my election was a referendum on that policy. And I am incredibly astonished that tonight another significantly large tax package of $2 billion is at our desk. I don't appreciate it. And I can tell you that my constituents in Portland, East Hampton, all the way down to Westbrook and Clinton do not appreciate the fact that we could not get together and come up with a responsible budget that didn't place the burden on the taxpayers once again.

We couldn't - we couldn't come up with creative solutions together. And the problem was that the Republicans were not brought into the room. There's a saying that my father always said to me growing up. He said you can bring a horse to water but you can't make him - you can't make him drink it. You can bring a horse to water but you can't make him drink it. So often in this Chamber, I feel like we provide the amendments necessary to solve the problems of our time.

We provide bills that change regulations that allow new businesses into this state. And they're shot down, sometimes not even taken up for a vote. And meanwhile, in our Committee process, we pass thousands of bills. Thousands of bills. Bills that we have not yet figured out exactly how much it's going to cost our state because we haven't passed a budget yet. The process is simply - is simply flawed. And we will never have a balanced budget. We will never have a balanced budget in the out years.

We will continue to run billion dollar deficits if we continue this process. Now, this budget results in another OFA projected out year deficit of $1.6 billion. That's a nonpartisan office that is

telling us that we're going to have to come back two years from now with a $1.6 billion deficit. We shouldn't even be considering this right now. This should not even be up for discussion.

Taxes, a total tax increase of $2 billion. Think about what that's going to do to our economy. Think about all that money that could be used for creating jobs, could be used for new construction, could be used for parents to put money in a savings account for their child to go to school, to attend a college to the university of their choice. All that money absorbed in a state government that has clearly shown to its people that it can't balance its budget.

This budget also places unnecessary harm on our middle class. It reduces the property tax credit from $300 to $200. Now, I know some people say, oh well, that's just - that's just a hundred bucks. We've been taking in increments that money from the middle class for years. And they are feeling the squeeze. They simply cannot take this anymore. This property tax from 300 to 200, this credit, will result in $152 million tax hike on the middle class families and lower income families all together.

According to DRS that's - according to DRS 2013 income tax data, 81 percent of those that utilize this credit have incomes of less than $100,000. 66 percent of those that utilize this credit have incomes of less than $75,000. And 44 percent of those that utilize this credit have incomes of less than $50,000. Now you tell me, you tell those people, reach out to them and tell them that you're taking $100 away from their budget. Another issue I have with this budget and with the process in particular is omnibus bills.

We - we are continuously packaging multiple bills, often times bills that people don't even have a chance to read in a single package and forced to vote on it immediately. To me, this is unacceptable and it can't continue. There should be segregated decision-making - there should be a segregated decision-making process based on economic logic for every single bill that we vote on. An honest debate. And as a result, we're not seeing that.

With this - with this particular bill, companies like GE, companies like Aetna, companies like Travelers, some of the greatest companies in the world have told us that they're considering to leave this state. And meanwhile, we have innovative businesses like Uber that are trying to come in. And we have sat on our hands and not helped them create jobs in this state. You can take the horse to water but you can't make him drink it.

Now, GE and these companies, they're - they're thinking of leaving. But what about the people that can't leave? There was a poll done that said 50 percent of the people in this state would leave if they could. Now, I think Connecticut can be one of the greatest states. I think - I love Connecticut. And I think it could be one of the greatest states in the country. It could be the greatest state to start a business. It could be the greatest state to raise a family. It could be the greatest state in the world to buy a property.

But if we continue to pass budgets like these, we won't get there. And there's people that are trying to sell their homes but can't. There are people out there that are looking to get out and they can't. So what happens to the people that can't leave? What happens to them? Well, in this budget, aside from the reduction in their property tax, it delays the earned income tax credit, a tax hike of $22 million on working class families.

The earned income tax credit was an idea that Ronald Reagan had. The idea was to get money directly to the people that need it the most. We've created, unfortunately, large bureaucracies that prevent that money going directly to the people that need it. And the earned income tax credit is something very well-intended. And we need to continue to work to reform. But in this particular instance, we're taxing it. A hike of 22 million on working families.

It repeals the scheduled sales tax exemption for clothing, footwear under $50, and reduces the sales tax holiday from applying only to items under $100 instead of $300, representing a $280 million tax hike. $280 million on footwear and clothing. Necessary

needs of the people of our state. That's something that we shouldn't even be considering. That - that is something that should not even be on the table. People are struggling. Clothing and footwear? We're better than that.

We are better than that. It balances the - the budget on the backs of the poor by reducing the burial for the truly indigent in our state, reducing the benefit from $1,800 to $1,400, measly $887,000. Not to mention what we've taken away from giving those who served us, who fought for our - for our security a proper burial. Close to $100,000 was taken out of that budget. Now, I don't know if you've been reading articles lately but during a hiring freeze, State Treasurer's Office just hired someone for around $85,000. I like to call it the candidate protection program.

Well, that candidate will never serve in this Body so long as I live in the State of Connecticut. And it's unfortunate that in a time when - when the budget is so tight that people would use government, government money, for political purposes. It's shameful. This also taxes car washes, a new tax totaling $13.6 million, 13.6 million. Taxes motor vehicle parking, a new tax totaling 12.2 million. Anytime you pay for parking, you will be paying the sales tax.

Taxes ambulatory surgical centers, $35 million new tax that will result in higher health care costs for anyone who needs fertility treatment, endoscopic services, cancer screening, our general surgical services at 61 surgical centers state-wide. And as we spoke about before, the hospital tax. A $500 million hospital tax was proposed two years ago, resulting in thousands of layoffs. And last summer, we were all concerned about the - the challenges we face with Ebola, diseases, and we're laying off -

THE CHAIR:

Excuse me, Senator. Senator Looney, why do you stand, sir?

SENATOR LOONEY:

Madam President. Madam President, thank you. Madam President, I rise for a point of parliamentary inquiry.

THE CHAIR:

Please state what your parliamentary procedure is, sir.

SENATOR LOONEY:

Yes, thank you. Thank you, Madam President. Madam President, it is now after 11:00 p.m. and pursuant to Senate Rule 29, when a question is under debate, a Member can move -

THE CHAIR:

What purpose do you rise, Senator Fasano?

SENATOR FASANO:

Madam President, may we stand at ease?

THE CHAIR:

Stand at ease.

(Chamber at ease.)

THE CHAIR:

Senator Looney, why do you rise, sir?

SENATOR LOONEY:

Madam President, I would yield to Senator Fasano.

THE CHAIR:

Senator Fasano, will you accept the yield, sir?

SENATOR FASANO:

Yes I do, Madam President. Thank you. Madam President, the President of the Senate has the ability to raise the issue with respect to Section 29 of our Senate rules. And one of those rules allow upon a

motion to call the question. Out of respect for the institution and consultation among the - the leaders, we believe that's probably not the best interest of this Body. And therefore, after some brief discussion, I will close out this debate from our side relative to the budget, Madam President.

THE CHAIR:

Thank you, sir.

SENATOR FASANO:

Madam President, the reason why this debate took so long and the reason why this debate was at times intense is because we represent the entire State of Connecticut. And 40 percent of that state is represented by sitting Senators in this Circle. Yet with this debate, which is the only time that this republican minority party had the right to speak about this budget at a meeting was here. We were locked out of the room. We were told we didn't have to be there.

Now, that isn't just recent news. We started in October. And there's jokes about it at the back of the envelope. But to us, wasn't a joke. It was about doing something right in this state. It's about having all ideas shared in this state. It's about bringing people together to make a difference in this state. That's what it was about.

So we did put out a budget, and we're proud of that budget. And no tax increase budget, which put all the social services back on the table to a variety of degree to protect those less vulnerable. And when we did that, we had it reviewed by OFA because we had ideas, we had a plan, and we brought it forward. Not once do we get a call to come to a meeting. Not once do we get a call for the Governor to invite us to say, let's sit down and explore some of - some of the concepts.

We did a transportation budget that still today no one has claimed there's an issue other than we don't like it. That's not open-minded. That's not bringing everybody at the table. That's not the saying when he first took office, there's no republican ideas or

democrat ideas. They're just good ideas or bad ideas. That's what we're talking about.

And we are frustrated. And we should be frustrated. That's not the process we signed up for. We get a budget Saturday morning. I can't even remember because our clocks are all off. And we're here and the House is here 24 hours. They're going on 40 hours with 3 hours rest. People would say that is ridiculous and absurd. I would too. Is that what we're doing in this institution?

You stay here till you vote my way or go home. That's what this place is about? Fourteen years ago that isn't what I signed up for. I want a place we have fair debate. I want to have a place where we have discussion. I want have a place where all ideas are brought into a room and everybody gets a seat at the table. You can disagree with me. I have no problem with that. You don't want to listen to me, I've got a problem with that.

I represent constituents, just like all of you. That's the problem with this budget. That's the problem with the transportation plan. And to suggest that this budget sets us on a brighter future for tomorrow, well, at the end of two years, we get a $1.6 billion hole that we're all falling into. How does that change structuring? How does it change who we are and what we do? How does that looking at things different? It's not.

It's the same off. If you're not going to talk about the structure that gets us to our problem and all you're going to do is raise taxes and not look inward, you can never solve the problem. And we should learn that after fiscal deficits after fiscal deficits after fiscal deficits. And then we pass a plan that gives us another fiscal deficit. It is insane. But even if we disagree, not having us in a room to talk about it.

Sometimes, one may argue, that you don't have people in a room because they scare you because perhaps they have ideas which are different than yours. And that may scare you. I hope that's not the case. We work on, what, 92 percent of the bills passed here, either in this Chamber, either unanimously or with a majority

of us voting for them and a couple who don't. But why does that happen?

Because we start off with Joint Committees that work together on a budget. We work right on through to the day it hits the desk. But not the budget. Scatter. Go into separate rooms. We knock, not allowed in. So we end up with a lopsided, one-sided document for which many people in the State of Connecticut, press and otherwise, point to us and say, what are you doing?

I can't answer that question. So, yes, we're frustrated. Yes, we're upset. Yes, we feel like we should be at the table. And, yes, we feel that we need to do it right, not just do it. And, yet, we have said time and time again, please don't give us a budget five hours before we vote. Give us a fair opportunity. And we don't get it. And then we're asked to come here to vote. And then we're squeezed by a clock that says 12:00, you're done.

And all legislation that sits here has to suffer under a guillotine of 12:00 because we have to be shorter on the debate so bills don't die. Why? What is it to put this budget into special session along with the implementers that are growing at astronomical rate in terms of height probably higher than this desk. And we have to review that. And everybody knows in this Circle.

Everybody knows in this Circle. In that implementer are bills that die, bills that weren't heard, bills that didn't make it through, bills where the public don't even know about and know right the way in are going to be in that bill. And we all know it. And we do nothing about it, but we all know it. We've got to change. We've got to set a new course for this state.

We've got to be responsible here in this Chamber first. We've got to stop passing legislation that doesn't make it through the Committees. We got to stop passing legislation that people don't get to vote on. We got to stop passing legislation the public doesn't know about by sticking implementers. And we all go home and someone says, boy, that was a dumb bill you passed. We say, it was in the implementer, I

couldn't take it out because it was a part of the whole package.

That's what we all say. We all know it. When are we going to change? When we are going to change? Senate Republicans started the change by saying we're going to talk about cities because the health of our city is the health of the state. We said we want to open up our voices, we want to bring everybody in. Let's talk about a new way of looking. And we did that well. But that shows you we can't have the conversation that shows you we have commonality and that shows you we get serious this Body, this - this room can get it done.

But if we do it the way we do in the past, we're doomed for failure. And this budget is a $1.6 billion failure. I believe in property tax reform. But when you're giving the money to government, be it all town halls or COGs, you're not giving it to the community. Politicians can't tell you what's best for the community. Only community leaders can.
So when you say I'm going to give it to the town hall or I'm going to give it to COG and they will tell you where to put it, I would suggest that dollar is better in the hands of a community leader than it is in the hands of politicians who are going to be giving money to find efficiencies.

If that's not a oxymoron, I've never heard one. You're going to give more money to government to find deficiencies. That never happens. Give it to the communities directly. Bypass all this government stuff and bureaucracy. They know what to do. They know how to do it.

So, Madam President, we're running against the clocks. I will keep it short. This is why we are where we are. This is why this debate took so long. It is a culmination of frustration. It's a culminating of our inability of ideas to reach the public. And this is the forum for which we speak and seek. Thank you, Madam President.

THE CHAIR:

Thank you, Senator. Will you remark? Will you

remark? Senator Looney.

SENATOR LOONEY:

Thank you, Madam President. Madam President, speaking in support of the bill and support of this budget, I am actually proud to vote for this budget this evening. And it is one of the best budgets that I think that I have encountered in my 35 years in the General Assembly, one that I think responsibly and creatively meets the needs of the people of - of our state.

And first of all, I want to begin by thanking the Governor for his leadership, you, Madam President, and the hard work of our majority leader, Senator Bob Duff, not only in the budget process but all the way through and the superb job he's done in helping to manage the business of the Senate throughout this session.

Then, of course, the work of our Senate Appropriations Chair, Beth Bye, and our Finance Committee Chair, John Fonfara, both of whom are visionary leaders who have really I think come to the floor in this budget process. And their - their House counterparts as well, of course, Representative Walker, Representative Berger, Speaker Sharkey, and Majority Leader Aresimowicz as well.

This has been of course a difficult, challenging year. But it has come I think to an excellent resolution. This budget for the first time provides significant property tax relief for middle income families. We have talked for years about the burden on the municipal property tax and the fact that the tax that most residents of Connecticut find the most burdensome and the most troublesome and the one that is a disincentive for investment in many ways is not any tax directly levied by the state but the municipal property tax.

And for the first time, we are taking action to deal with that in this budget by a proposal to provide significant property tax relief to municipalities through sales tax revenue. And it comes in - in three forms. First, recognizing that communities have

significant differences in the amount of tax exempt property that they have. Some communities have as much as 50 percent of their property tax exempt, others as little as 2 or 3 percent.

And up until now, our pilot reimbursement formula set the same levels for every municipality regardless of need. This creates a - this budget creates a three tiered structure of pilot reimbursements. Also, some municipalities, as we know, have extraordinarily high motor vehicle taxes and mill rate that - that is astronomical compared to others. And while real estate values may be conditioned upon location, we know that a car is the same car everywhere in the state.

So now, going forward, this budget will cap the car tax at 32 mills providing a grant to municipalities to make up the difference between that and their current rate. But also providing then that aid to the towns but also tax relief to the individual car owners in those towns who will now only have to pay 32 mills and going down to 29.36 in the year after. That is a revolutionary change directly addressing what people have been complaining about.

And the third category is a general tax relief program using sales tax revenue for municipal aid. We see in this budget a significant increase in enhancement of educational cost sharing grants for the towns, the major education grant that funds our - our public schools. We make long-term investments in our transportation structure and that is the other part of the creative funding source using the sales tax revenue.

Governor's Malloy's leadership in identifying what has been a huge problem and something that has been a detriment and a deterrent to economic development in our state for years. We are finally undertaking something other than hand wringing about our transportation problems and providing a revenue stream to go forward and - and to meet those needs. So those are really significant changes and advances in this budget.

And it is a responsible budget that made difficult

choices. It cuts nearly 600 million from current services in the first year of the budget and more than 800 million from current services in the second year, keeps the overall general fund budget growth under 4 percent. And - but substantially addresses social service needs as well. Provides 34 million in new funding for mental health outpatient services and restores funding for important employment and job training programs.

And it also is - is one that recognizes that we have to look at a new way of dealing with the sales tax because the sales tax is structured in a way that was appropriate in the 1950s. But increasingly now in the 21st century, we find the economy has changed, our sales tax having been so dependent upon goods and products needs to deal with our service-related economy to a greater extent. We see significant erosion of sales tax every year as more and more people become comfortable with internet sales.

And yet our - our use tax receipts under the sales and use tax are never - never what they should be. So we have some expansion of the sales tax base to deal with that. But not in any way that puts us in a - at a disadvantage. We are not raising the overall rate of the sales tax, we'll still be at 6.35 percent, lower than New York State and Rhode Island and nearly identical with Massachusetts.

The - the fact that some have spoken about the - the combined reporting or the unitary taxation is something that is standard in many states in - in this country. And that is something that in fact Connecticut is the only state in New England up to now without mandatory combined unitary reporting. So it is a change recognizing the universality of the way large corporations do business. And we are dealing with that in this - in this budget.

Connecticut has always been the leader in technology and innovation. And we are trying to maintain that. We have a dynamic and educated workforce. And we need to maintain our quality of life here in Connecticut. People want to live in Connecticut because of the quality of our services, the quality of education here, the productiveness of our workers, and we need

to sustain that edge in order to hold our - our competitive niche.

So Connecticut ranks nearly at the top among all states in - in the American Human Development Index, a measure of how well states are improving people's well-being, expanding their freedoms and - and opportunity. So we have - we are a dynamic state. We are a state that recognizes that people want the programs and services that we are - that we are providing. Some have - have complained about the tax in computer data processing services. It was up to 6 percent in - until 1994, which was the general sales tax rate, and was then exempted at 1 percent, it goes to 2 percent the first year, 3 percent in this - in this budget.

It is a reasonable budget, meeting the reasonable needs of the state. The Appropriations process was one that was very painstaking, having sat in on a number of those meetings and seeing the - the way in which Senator Bye and Representative Walker went over detail after detail and program after program looking for cuts and savings, while at the same time being motivated the - the principles of preserving what needs to be preserved to keep Connecticut truly the Connecticut that we have loved and want to continue to be proud of.

So, Madam President, this is really a budget to celebrate. This is not a budget to be defensive about. This is one that I think that we should stand forthright in every community of this state and proclaim that we have done the right thing for the people of our state and urge approval of this budget bill. Thank you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark? If not, Mr. Clerk, will you call for a roll call vote. The machine will be open.

CLERK:

Immediate roll call has been ordered in the Senate.

Immediate roll call has been ordered in the Senate.

[pause]

THE CHAIR:

If all members have voted, if all members have voted, the machine will be closed. Mr. Clerk, please call the tally.

CLERK:

House Bill 7061

Total number Voting	36
Necessary for Passage	19
Those voting Yea	19
Those voting Nay	17
Absent/not voting	0

THE CHAIR:

The bill passes. [gavel] Senator Duff, good evening, sir.

SENATOR DUFF:

Good evening, Madam President. Madam President, I move that we stand at ease for a moment.

THE CHAIR:

The Senate will stand at ease.

SENATOR DUFF:

Thank you, Madam President.

(Chamber at ease.)

THE CHAIR:

The Senator will come back to order. Senator Duff.

SENATOR DUFF:

Thank you, Madam President. Madam President, I move all items on Senate Agenda No. 4 date Wednesday June -