



Connecticut General Assembly
DEMOCRATS

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Democratic Leaders Release Updated Budget Proposal

HARTFORD, CT - Democratic leaders of the General Assembly today released their updated biennial budget proposal for fiscal years 2018 and 2019. The Democratic proposal does not increase state tax rates. The Democratic proposal invests in Connecticut jobs and critical infrastructure while making responsible budget cuts implementing significant structural changes and efficiencies.

“Confronting Connecticut’s budgetary challenges requires difficult decisions across the board,” **said Senate President Pro Tempore Martin M. Looney (D-New Haven)**. “The proposal offered by Democrats in the Senate and House protects our social safety net and invests in our workforce while implementing important regionalism strategies to save taxpayers \$100 million. As Democrats and Republicans return to the negotiating table, it is paramount that we pursue structural reforms so that we can stabilize our budget.”

“This is a fiscally responsible blueprint that recognizes the reality of the need for a more efficient state government, while also investing in a path to the future by helping make our state more affordable, attractive to business, and welcoming to visitors,” **said Speaker of the House Joe Aresimowicz (D-Berlin/Southington)**. “We look forward to discussing this approach to our budget challenge with the Governor and Republicans, and considering everyone’s ideas on how best we can move our state forward together.”

“We must set a course for a sustainable budget and long-term economic growth,” **said Senate Majority Leader Bob Duff (D-Norwalk)**. “This proposal seeks to strike a proper balance by not raising state tax rates, continuing to make key investments in our innovation economy, and finding ways to responsibly deliver significant structural change and the most efficient delivery of state services.”

“There are no easy choices. Our budget reflects the tough choices we have made to create a more efficient government that still works to make Connecticut a great place to live, work and raise a family,” **said Rep. Matt Ritter (D-Hartford), House Majority Leader**. “This is our starting point as we head to the negotiating table. We are committed to working with Republicans and Governor Malloy to come up with a solution that puts Connecticut on the best possible footing.”

“This budget is a very austere but balanced budget that addresses a lot of the fiscal expectations that have been voiced by the people of Connecticut,” **said Senator Cathy Osten (D-Sprague) Co-chair of the Appropriations Committee.** “At the same time, this budget works to protect many of the programs and services that the public has told us they want and expect.”

“Given the current fiscal realities, our goal is to sustain Democratic priorities as best we can, such as protecting our most vulnerable residents, maintaining a quality public education system, and investing in job creation,” **said Rep. Toni Walker (D-New Haven), House Chair Appropriations Committee.** “This takes revenues, and we have offered a number of areas where this can be accomplished, and remain open to other ideas on how best to fund the needs and priorities of our state going forward.”

“Our budget proposal reflects the reality of significantly underperforming revenues and the hard decisions that must be made while avoiding major tax increases,” **said Senator John Fonfara,** Co-chair of the Finance, Revenue, and Bonding Committee.

“We have an opportunity to move our state forward in the face of significant fiscal constraints. Despite those constraints, we have a responsibility to produce a budget that invests in priority areas that advance the economic potential of the state while also serving the interests of the people we are elected to represent,” **said Rep. Jason Rojas (D-East Hartford), House Chair Finance Committee.** “We are prepared to make the difficult decisions that are expected of us and our budget framework represents how we plan to engage our Republican colleagues and the Governor in charting a way forward.”

Democratic Budget Proposal

5-16-17

No Tax Rate Increases

- This proposal does not increase the Connecticut Sales Tax
- This proposal does not increase the Connecticut Personal Income Tax
- This proposal does not increase Connecticut Corporation Taxes
- This proposal does not repeal the tax exempt status of Connecticut’s non-profit hospitals, recognizing hospitals are not only cornerstones of our healthcare network, but are also some of our state’s largest employers that provide countless community benefits and are critical to local and regional economies
- Reverses the Governor’s complete elimination of the Property Tax Credit and instead joins with the previous Republican proposal to maintain the full credit for taxpayers who have dependents or are elderly
- Makes Connecticut more competitive by phasing out the income tax on Social Security and cutting the Connecticut Estate Tax to the federal level

Responsible Budget Cuts

- This proposal cuts the non-fixed cost portion of the budget by 7.1% from FY17 to FY18 (year over year)

- Saves \$1.5 billion through union and nonunion state employee givebacks, including furlough days
- This proposal rejects the Governor proposal to transfer liability for the Teachers' Retirement Benefit to cities and towns

Investing in Connecticut Jobs

- Creates and preserves over 6,000 casino and tourism jobs by authorizing at least one additional casino
- Invests in families and the workforce by creating an Earned Family and Medical Leave program in the State of Connecticut
- This proposal increases Medicaid funding to hospitals by \$250 million
- Legalizes the retail sale of marijuana—in keeping with our neighboring states—complying with the wishes of more than 60% of our residents, resulting in a yearly revenue gain of nearly \$200 million as well as significant economic activity in our state
- Provides predictability for businesses by committing to not raise corporate tax rates or cancel business tax credits
- Overhauls our workforce development system to be more responsive to the needs of businesses, and by providing more comprehensive services to those looking for work This includes increasing partnering with employers to help shape curriculum at our Vo-Tech schools, community colleges and universities
- Protects UConn from the devastating cut previously proposed by the Republicans
- Continues to fund last year's major jobs and innovation program CT Next to ensure we are building an economy for the future

Significant Structural Changes & an Efficient State Government

- Implements a government consolidation and regionalism strategy to reorganize state and municipal services to save taxpayers \$100 million in FY19, including closing regional offices and combining smaller district school superintendents
- Institutes the Budget Predictability Plan, recognizing the need to grow a robust Rainy Day Fund and pay down our long-term obligations.
- Eliminates eight legislative committees
- Consolidates the Department of Aging into Department of Social Services
- Consolidates the Department of Housing into Department of Economic and Community Development
- Consolidates the Department of Agriculture into Department of Energy and Environmental Protection
- Consolidates the Office of Higher Education into State Department of Education
- Consolidates the Office of Early Childhood into the State Department of Education
- This proposal modifies and preserves the historic clean election program
- This proposal institutes a bond issuance cap, resulting in a \$22 million savings in debt service payments in FY19
- Closes the Southbury Training School
- Eliminates expensive technology licenses by moving government functions to open source technology
- Closes a prison

- Eliminates costly upkeep by selling surplus state property

Investing in Infrastructure

- This proposal paves the way for tolls in Connecticut, assuring the future stability of our Special Transportation Fund by asking out-of-state drivers to pay their fair share of the maintenance of our roads and bridges
- The emerging technology of solar panels near highways presents an opportunity for public-private partnerships that will save taxpayers on road costs and increase the state's renewable energy portfolio

The Road Not Taken

- If the \$2.3 billion shortfall were to be closed entirely by cuts, it would have required cuts of 25% to every non-fixed cost line item in the budget in FY18 and 30% in FY19
- If the projected \$2.3 billion shortfall were to be closed only by tax increases (equally between the sales tax and the income tax) alone it would have required the Sales Tax to go up to 8.05% and the Income Tax top bracket to increase to 10.3%.
- As noted, this proposal does not increase the Connecticut sales tax rate, however, if the rate were raised from 6.35% to 6.99% the resulting revenue would be approximately \$438 million

The Democratic proposal is publicly available through the Office of Fiscal Analysis

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