

House Republican Press Release

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REP. CHAPIN BACKS REDUCTION IN GAS TAX



Hartford—On Monday, April 28, State Rep. Clark Chapin, R-New Milford, today joined with House and Senate Republican leaders in offering an alternative budget plan that would: cut state gas taxes, eliminate a business tax and balance by offering thousands of state employees an early retirement plan. The proposal would reduce spending by \$163 million next year, according to

the non-partisan Office of Fiscal Analysis (OFA).

House Speaker James Amann, D-Milford, Senate President Pro Tempore Donald Williams, D-Brooklyn, and Appropriations Committee House Chair Denise Merrill, D-Mansfield, recently stated that it might be better to do nothing regarding budget adjustments for the next fiscal year.

When the Legislature started the current legislative session in February, a surplus of more than \$200 million was projected. OFA now projects a deficit of \$139 million. Rep. Chapin said the deficit would likely continue to grow if the Legislature's leaves the current state budget with few adjustments, given the dramatic drop in revenue projections.

"We, as legislators, have a golden opportunity to provide direct relief to all residents experiencing escalating prices at the pumps," said Rep. Chapin. "Even though other state revenues are shrinking and there may be a temptation to refrain from reducing the taxes on gasoline, we must realize that such a reduction is both necessary and justified."

Some details of the budget proposal include measures that:

- Cuts gas prices by 10 cents through a summer state tax moratorium and a roll back the scheduled gross receipts tax increase of .5 percent on July 1. Those roll backs will save consumers \$50 million, Republicans said.
- Eliminates the \$250 Business Entity Tax over two years that all businesses pay just for opening their doors. This will save \$35 million (\$17.5 million in the first year).
- Phases out of the so-called Death Tax cliff that will save estates \$24 million and help keep more people in Connecticut (\$12 million in the first year).
- Offers up to 11,600 eligible state workers an early retirement incentive program, or ERIP, to save a projected \$163 million in the next fiscal year. This would help

people receive long-term health care at home rather than in a nursing home. It would allow individuals to use their Medicaid benefits to cover long-term health care at their homes instead of at nursing home facilities.

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The ERIP offered in 2003, in the midst of the last state fiscal crisis, saw more than 4,000 workers retire and cut the state payroll by more than \$155 million. Rep. Chapin noted that no state workers would lose their jobs because of the ERIP.