

House Republican Press Release

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**REP. FREY APPLAUDS ALTERNATIVE REPUBLICAN BUDGET**



***“CUTS GAS TAXES, BUSINESS TAXES, OFFERS EARLY STATE WORKER RETIREMENT”***

HARTFORD – State Representative John Frey of Ridgefield joined fellow House Republicans today to announce support for an alternative Republican budget offered that would cut state gas taxes, eliminate a business tax and balance by offering thousands of state employees an early retirement plan that will reduce spending by \$163 million next year.

Rep. Frey said, “Connecticut is facing an economic environment that is very different from when we passed the two-year budget in June. Our state surplus has disappeared and we are projecting deficits in 2010 and 2012. While this is an election year and often, that means tough decisions are delayed, we need to make adjustments to the current budget in light of the new revenue forecasts. Otherwise, we will face a much more difficult situation next year.”

With just 10 days remaining in the legislative session House and Senate Republicans put forth a balanced tax and spending plan that will not raise taxes, streamlines government and will avoid potentially huge budget deficits in the coming years.

Rep. Frey added, “Our plan would address several issues that concern my constituents – the cost of gasoline and eliminating the \$250 business tax impacting small businesses the hardest. Perhaps most important, it makes the estate tax fairer.”

Democratic leaders have said they are content to not make major changes in the 2008-09 budget because of recent drops in revenue projections. The Republican alternative would:

- Cut 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 millions Republicans said.
- Eliminate the \$250 Business Entity Tax that all businesses pay just for opening their doors over two years to save \$35 million (\$17.5 million in the first year)

- Phase out of the so-called Estate Tax cliff that will save estates \$24 million and help keep more people in Connecticut (the first \$2 million of all estates would be exempt, vs. tax on first dollar of estate valued over \$2 million).
- 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.

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. Republicans stresses that no state worker would lose his or her job because of the ERIP. The incentive plan will be a matter of personal choice and that the enrollment period could begin immediately. Savings would be attributed primarily to replacement of highest earning state employees and replacing three out of four employee positions that enroll in early retirement.