

## House Republican Press Release

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### **\$300-Million Budget Deficit Confirmed; Frey Calls for Swift Action Now**



HARTFORD – State Rep. John Frey, today called for swift action to offset the growing \$300 million state deficit that was confirmed by independent budget analysts during a fiscal forum convened by House and Senate Republicans.

Sinking revenues and the refusal of the majority to make budget adjustments this year has led to the most serious fiscal problems the state has faced in years, said Rep. John Frey, a long-standing member of the Finance, Revenue and Bonding Committee, which is the tax-writing committee in the Legislature.

The budget problems will only worsen over time without legislative action, and the deficit could reach \$1.2 billion in 2010, according to the non-partisan Office of Fiscal Analysis.

“It is now clear to everyone that we cannot afford to wait and delay budget adjustments as the legislature did earlier this year. If we do not take immediate steps to deal with this pending fiscal crisis, Connecticut will be faced with huge tax increases, massive service reductions or both,” said Rep. John Frey.

Rep. John Frey said, “The numbers are sobering and, frankly staggering. The question is whether the legislature is listening and is the legislature willing to step up to the plate and take action.”

He added “The scale of the deficit keeps getting larger and larger. Are we willing to grasp these real, these severe issues in the state’s revenue outlook?”

The data show that revenue from virtually every sector is way off, from real estate sales to income taxes and sales taxes.

“We have got to address the spending side, including revisiting the proposed Early Retirement Incentive Plan for state workers which would save us more than \$160 million in payroll,” Rep. John Frey said.

He noted that the dire budget numbers do not even reflect any portion of the recent troubles of Wall Street financial institutions beginning Sept. 15, which will ripple further through Connecticut's economy.

The forum revealed that revenues are seriously lagging:

- Investment income is off 41 percent;
- Real estate conveyance taxes are down more than 40 percent;
- Casino gambling revenue is down 4.3 percent;
- Automobile sales taxes are off 10.8 percent.

Rep. Frey said the data shows that Connecticut is over reliant on certain areas of the state when it comes to revenue. Fairfield County provides 45 percent of all the incomes taxes to Connecticut, he noted.

Since the budget was adopted in June of 2007, housing starts are off an astounding 122 percent.

Frey said that all parties in state government – all lawmakers, the administration and state employees – must come together quickly and begin the work that lies ahead.

“What we have heard so far is that we cannot wait months to consider our options. No budget adjustments were made this spring and we are already in trouble,” he said.

State Rep. John Frey serves the 111th Assembly District of Ridgefield in the state House of Representatives.