

House Republican Press Release

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Surplus Pushing \$1 Billion – and State Senators Colapietro and Williams Want To Raise Taxes?



Let's see if we have this right: state tax revenues are pouring into the treasury; the state surplus is almost \$1 billion; the state's Rainy Day Fund totals \$1.112 billion – and state senators Thomas A. Colapietro, D-31st District, and Senate President Donald E. Williams Jr., D-29th District, want to increase taxes?

In essence, that's what they said at a news conference last week in Bristol.

Colapietro and Williams and their Democrat colleagues in Hartford want to spend \$2.1 billion more over the next two years and they claim they can pay for it by soaking the rich (couples earning \$150,000 or more and single people making \$79,700 and up).

What they aren't saying is that their budget also includes the elimination of the sales tax exemption on clothing costing \$50 or less and the exemption for funeral services. It also could mean you will have to pay sales taxes on internet sales purchases.

They also aren't telling us that their plan will only work if 'the rich' will stay here after the new rates take effect.

Because the state taxes capital gains as income, their proposal also depends on the stock market staying healthy. If it tanks – as it did in the early 2000's – it will significantly reduce the incomes of those they expect to pay most of their new taxes, which will mean a lot less revenue coming in to foot the bill for their new spending.

When the budget deficits start piling up and they refuse to cut state spending to balance the budget, they will come for the middle class, because that is where the money is.

It has happened so many times already that it's hard to put much faith in the Democrats' claim that someone else will pay for the sharp increases in spending and taxes they are preparing to foist on us.

That's why Republican legislators fashioned an alternative budget that limits spending increases to what is needed to provide additional funding for critical services and to maintain current services, but which does not raise taxes and does not eliminate sales tax exemptions that benefit working and middle class families.

Our \$35 billion, two-year, "No Tax Increase" budget recognizes that Connecticut has important needs and provides the funding needed to meet them.

The Democrats want to spend \$2.1 billion more over the next two years on problems that need to be addressed but which hardly rise to the level of crises.

Our budget anticipated that projected revenues would be grossly underestimated, which has been the pattern almost every year since the state income tax was adopted in 1991. Since then, Connecticut has underestimated revenues to the tune of more than \$5.5 billion, which has led to tax increases to cover revenue shortfalls that fail to materialize.

That scenario is unfolding once again. As of last week, the surplus stood at \$846 million - and it is likely to top \$1 billion in a few short weeks

Since we presented our alternative budget, the growing surplus and new revenue projections have enabled Governor Rell to back away from her initial budget that included a 10 percent across the board income tax.

Since the Democrats developed their original budget, they have added another \$2 billion in spending to it.

Last week, a Quinnipiac University poll found that 41 percent of Connecticut residents preferred our proposal. That compares to 33 percent who favored the Democrats' budget and 16 percent who liked the governor's original plan.

Yet Democrat legislators like Senator Colapietro and Senator Williams still persist in pushing a budget that within a year or so will have to be balanced on the backs of the middle class.

It's not necessary; it will drag down Connecticut's economy; it will cause more people and employers to flee the state; and it will mean fewer jobs for those of us who remain.

But the Democrats have veto-proof majorities in the state House and Senate - and unless Connecticut taxpayers finally rise up and say 'enough is enough,' their budget will pass and all of us will be paying for it for years to come.