

## House Republican Press Release

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### Bailouts, or Bold Initiatives?



*By State Representative John J. Ryan*

So many interesting topics we can look at this week....did you see the story in the business section of the Sunday papers on the study that demonstrates that Connecticut taxpayers are fleeing to Florida , North Carolina, etc., to escape our estate tax ( of course, I hear from Democrats in Hartford that “no one is leaving” and the tax should go up, not down!), and how about the demise of the “supermajority” now that Robert Russo won the 22<sup>nd</sup> State Senate special election last week (necessitated by Bill Finch being elected Mayor of Bridgeport in November) thereby giving Senate Republicans a 13<sup>th</sup> seat and enough to now sustain a Gov. Rell veto ? Or did you see the piece on “60 Minutes” Sunday on the egregious effects of sleep deprivation...and did you recall my frequent mention of how the General Assembly usually does not start on our annual budget debate until after midnight every year – is there a storyline there on efficiency and accuracy in government ?

Of course, we could also respond to some out-of-whack editorials in those daily newspapers and other places, and with committees hitting their JF deadlines and bills flying out to the floor there are so many issues to consider ( “bottle bill”, gas prices, DOT split/reorganization, Broadwater/LNG terminal....), but lets take a look at an issue that despite being our main issue in the Banks Committee this year, has been somewhat ‘under the radar’ in Hartford, namely the subprime mortgage foreclosure mess !

First, if you need background on the whole subprime mortgage issue, please see the excellent task force report released in early November, which can be found at our State Dept. of Banking website [www.ct.gov/dob](http://www.ct.gov/dob). I am certain that you know that this industry mess has caused a large increase in foreclosures (although Connecticut is not in the same dire categories as Detroit, Cleveland, areas of California, there is clearly a serious problem). Governor Rell promptly responded to the issue by directing CHFA to set up the CTFamilies program with \$40 million in funding, and we expected to, and did have flurry of proposed bills on the topic in the Banks Committee this year.

As Ranking Member on Banks, I thought a good start was the Governor’s Bill, S.B. 21 as submitted by the Dept. of Banking on increasing their regulatory powers and oversight on subprime loans, see the excellent summary dated February 21 on the Governor’s website [www.ct.gov/governorrell](http://www.ct.gov/governorrell) . Our public hearings had extensive testimony on this topic, and

an intriguing variety of other proposals, but I was disappointed when our JF deadline agenda did not include this worthy bill, and instead included a different proposal HB 5577, which among other things, took \$40 million from the CHFA's CTFamilies program and proposed more than \$100million in new bonding for a whole new program, and a potential 6-month foreclosure moratorium that could be invoked by the Banking Commissioner, and other provisions . (And remember, you can look every bill, every committee, and every vote up at [www.cga.ct.gov](http://www.cga.ct.gov) !) We rarely try to encumber you with committee details and parliamentary procedures in this column, but you might want to know that I attempted to amend SB 21 back into existence at our committee meeting, and of course failed on a party-line vote.

The larger issues are not just how our legislative committees work and what really goes on with your tax dollars, but the valid policy issues of how your state government responds to a crisis, whether it be a flood caused by the weather, or an economic flood of foreclosures ! All seemed to agree that regulatory tweaking so that home buyers are not subjected to "bad loans" is a proper subject for your government's purview, but what relief for the injured, how to do it, and how much of your taxpayer dollars to spend are open issues. For instance, is giving the Commissioner of Banking the ability to impose a foreclosure moratorium on the same banks he is regulating for other purposes a conflict of interest? Do we take the view that the market should (and maybe is already starting to) "correct itself". Since out there in the real world there are (unfortunately) always *some* foreclosures occurring, should the State take it upon itself to refinance everybody who happens to be in default on their mortgage, no matter what the reason? And if so, how many hundreds of millions of \$\$ can or should be spent? Should State government even be in the business of using taxpayer money to act as a bank, and hold mortgages? Is there negative impact to our bond ratings? And more, and more....

It's your government, and your tax dollars we are talking about ..... are you following what is happening?

As always please feel free to contact me with your concerns and issues. As your state representative, it is my job, and my priority to represent you and to make sure that your needs and concerns are addressed at the capitol. You can write to me at Room 4200, Legislative Office Building, and Hartford, CT 06106-1591, send me e-mail at [John.Ryan@housegop.ct.gov](mailto:John.Ryan@housegop.ct.gov) or call my office toll-free at 1-800-842-1423.