

House Republican Press Release

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**REP. STRIPP: SHARPLY LOWER 2008 SURPLUS ESTIMATE  
HIGHLIGHTS NEED TO CONTROL STATE SPENDING**



***“Legislature’s Office of Fiscal Analysis Report  
Should be Wake up Call for State Legislature”***

A report issued this week by the state legislature’s nonpartisan Office of Fiscal Analysis (OFA) that projects a substantially lower surplus than earlier estimates underscores the urgent need to get state spending under control during the upcoming legislative session, state Representative John E. Stripp said today.

The OFA report, estimates revenues will be about \$100 million less than earlier projections indicated. The OFA report reveals corporation tax revenues are expected to decline sharply. Instead of counting on surpluses of \$263 to \$281 million, we are now looking at an estimated surplus of \$160.4 million, meaning there will be very little margin for error as we adjust the budget for the 2008-09 fiscal year.

The report projects a \$160.4 million surplus at the end of the current fiscal year June 30<sup>th</sup> - substantially less than earlier estimates of \$263 million from the state Office of Policy and Management and \$281.2 million from the State Comptroller’s Office, said Representative Stripp, R-Weston, the House Ranking Member on the General Assembly’s Commerce Committee.

“This report should serve as an awakening to every member of the Connecticut General Assembly, who were operating under the illusion that we would be able to increase spending on a variety of state programs and projects during the second year of the two-year budget will now be forced to re-examine their priorities” Representative Stripp said.

The report also states that the revenue estimates for the 2009 fiscal year will also be down significantly, by about \$205 million.

"The state's declining revenue stream is a clear indication that an economic downturn is looming in the months ahead," Representative Stripp said. "Next fiscal year, the year which our budget covers, the situation is far more uncertain and unpredictable. That is why fiscal caution, fiscal restraint, is needed to protect Connecticut's economy and safeguard critical state services."

In Governor Rell's budget address, she stated there are currently 19 states that face shortfalls this fiscal year or next, including Massachusetts, New York, and Rhode Island. Fortunately, Connecticut is not in the same difficult fiscal position these 19 states are in.

"If we don't stop this runaway train of large spending increases now the specter of budget deficits and tax increases will be in our future. This could have cataclysmic effects on the state's economic climate over the next few years over the next few years. Higher taxes on individuals and employers could force more businesses to close or move out of state, resulting in the loss of thousands of jobs which will mean economic pain for many of our citizens. Increasing state spending at a time like this is a blueprint for economic misery. It is a risk we simply cannot afford to take," Representative Stripp said.

"We in the legislature will have our work cut out for us over the next several years. I pledge to do my best to help the state through this passing storm," Representative Stripp concluded.