

The Office of Governor M. Jodi Rell



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Governor Rell Delivers Second 'No-Tax' Budget of Legislative Session

Calls Proposal 'Good Faith Effort' to Finish Budget On Time

Governor M. Jodi Rell today announced that in order to help the General Assembly pass a budget on time before the legislative session ends June 3, she is offering a second budget – one that continues to hold the line on taxes, eliminates many state agencies, consolidates others and provides mandate relief for municipalities, including suspension of binding arbitration for the next two years and preserves municipal aid.

“This new budget contains deeper cuts and no tax increases. It also preserves municipal aid so that tax increases are not passed on to local taxpayers. Connecticut residents and businesses cannot afford massive tax increases,” Governor Rell said. “It is a budget that the families of Connecticut can afford and one that their government can ill-afford to delay any longer. They are counting on us to make those cuts and to finish our business on time.

“We must take advantage of this opportunity to reshape government and position our state to thrive when the economy rebounds,” the Governor said. “Our neighboring states continue to raise taxes, providing us with a chance to be a beacon of opportunity to businesses and employers. When businesses look for a prime location to put down roots, we want Connecticut to be the most attractive draw in the region.

“The economy has worsened since I presented my first budget in February and I had hoped the Legislature would have acted by now with a real sense of urgency,” the Governor said. “With a week left in the session, and absent any meaningful action by the legislative majority, I am providing the leadership needed to get a budget agreement before the session ends. That is what the families and taxpayers of this state expect.”

Highlights of the Governor's new proposal:

- Fiscal 2010 spending is 1.4 percent *below* Fiscal 2009 levels
- Fiscal 2011 spending increases 2 percent
- Eliminates 10 state offices and 70 boards and commissions
- Consolidates 10 boards and commissions with other agencies
- Cuts an additional \$650 million over her prior budget in *each* of the next two fiscal years
- Borrowing – notes to be paid off in seven years
- Securitization of \$350 million in last quarter of 2011
- Introduction of “Keno” and securitization of those new revenues

Governor Rell presented her initial, \$38.4 billion budget to lawmakers on February 4. That budget also included a comprehensive plan to shrink the size of government by consolidating agencies, selling surplus property and reducing the state fleet.

“Unfortunately, for the citizens of this state, the legislative majority has so far ignored my recommendations,” Governor Rell said. “Meanwhile, our economy has steadily worsened. Even more Connecticut families have had their lives and livelihoods uprooted by job losses or foreclosures. Since the day I delivered my budget, we have lost 18,100 jobs, we have seen more than 4,000 businesses close their doors and seen about 7,500 families lose their homes to foreclosure. There is no more time to wait.

“The top income tax in New York and New Jersey is nearly 9 percent and Rhode Island's is just under 10 percent – while Connecticut's top rate is still 5 percent,” Governor Rell said. “If we hold the line on taxes and make the tough decisions now, we will make our state infinitely more affordable for business and infinitely more appealing for investment. Job creation will climb as more and more companies move to – or grow in – a business-friendly Connecticut. We can reverse the “brain drain” and keep our young college graduates in Connecticut, in jobs they find here. Our housing market will rebound as these graduates and people attracted to our state seek new places to live. This is not economic theory – it's economic fact.”

Faced with an unprecedented deficit for the fiscal year that ends June 30, the Governor has used her executive authority to make five rounds of rescissions and offered lawmakers four deficit mitigation plans totaling about \$1.8 billion. She has also worked with state employee unions to secure concessions of \$700 million through FY 2011.

“Tax increases are the easy answer, but the truth is, it is much harder to say ‘no.’ It is harder to say ‘not this year.’ It is harder to say ‘it is time for government to change.’ The choices in this budget were not easy, but I had to make them to meet these economic challenges head-on with courage and vision,” Governor Rell said. “Lawmakers need to act now with that same courage and vision – and urgency. I am not looking for a battle, but I am willing to fight one because the future of Connecticut and its people are worth fighting for.”