Governor Malloy presented his budget plan to the Connecticut Legislature Wednesday, stating, “This budget’s main focus is job creation. It’s balanced honestly, with no gimmicks and there is no new overall spending in the general fund. Moreover, it preserves the safety net and protects local services by actually increasing aid to cities and towns.”

The Appropriations Committee will begin its Public Hearings on the Governor’s budget Wednesday, February 23, and end by Friday, March 4. Those hearings will be followed by weeks of Sub-Committee meetings and budget work before the Appropriations Committee will make their budget recommendations by April 26th.

Rome Smith Lutz preformed an initial look at the Governor’s budget and has identified issues that you may be interested.

**Budget Summary:**
The budget for FY 2011-2012 is $17.94 billion and $18.73 billion for 2012-2013. The deficit for the coming year is $3.2 billion. The budget is $406.4 million below the spending cap for FY 2012 and $57.4 below for FY 2013.

**Budget Highlights:**
Funds operating expenses with on-going revenue streams; no reliance on borrowing or one-time revenues; limits debt to long-term capital investments.

**Establishes the commitment to Generally Accepted Accounting Principles**
No early retirement program, no securitization, no deferred pension contributions
Reduces the number of separately budgeted state agencies from the current 81 to 57, a 30% reduction
Initiates budget reform, including managing future surpluses, expanding rescission and transfer authority,
Aggressive maximization of federal reimbursement

**Jobs**
Estabishes "First Five" Program to provide incentives for up to five business development projects that commit to creating not less than 200 new jobs

**Capital investments to provide short and long term job benefits**
Provides significant capital investments in the state's transportation infrastructure; $572.3 million and $515.2 million in FY 2012 and FY 2013, respectively

**$260 million in capital funding for economic development programs**
Funds critical Clean Water infrastructure projects
Funds $130 million for supportive and affordable housing development and rehabilitation
projects
Provides $15 million each year for statewide tourism marketing

Safety Net
Funds caseload growth and utilization in DSS, DCF, DDS, and DMHAS
Supports expansion of community care through Money Follows the Person (MFP) to reduce costs while improving quality of life for seniors and disabled

Supports nursing homes
Adds smoking cessation to Medicaid for all Medicaid Recipients in addition to pregnant women currently covered
Avoids major service reductions

Local Services
Overall cities and towns will have more revenue, helping to avoid property tax increases
Level funding is provided for the Education Cost Sharing grant and many other municipal grants
A portion of revenue estimated at $24 million from the state sales tax will be shared with towns based on local sales
New local revenues from real estate conveyances, hotels, rental cars, cabarets, boats and airplanes
New incentives will be provided for voluntary Regional Planning Agency consolidation

Highlighted Tax Changes
Earned income tax credit @ 30% of Federal EITC: -$108 million
Progressive Income Tax with 8 brackets: $495 million
Eliminate Property Tax Credit: $365 million Sales Tax Changes: $461 million
Extend Corporate Tax Surcharge: $25 million