

M. JODI RELL  
GOVERNOR

FOR IMMEDIATE RELEASE  
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## **Governor Rell Offers Third Budget Proposal**

*\$36.9B Plan Reflects Governor's Core Principles: Cutting Spending, Reducing Bloat of Bureaucracy, Positioning State for Economic Success*

Governor M. Jodi Rell today presented a third state budget proposal, one that reduces state spending by \$1 billion. The Governor's proposal also calls for \$391 million in new revenues by increasing "sin taxes" on alcohol and cigarettes and a temporary, three-year surcharge on corporate taxes, compared with \$1.8 billion in new and increased taxes contained in a plan unveiled earlier today by majority Democrats.

"We all know the economy has worsened – and we still don't have a budget," Governor Rell said. "We need a budget. We need to work together and do the job that the people of Connecticut elected us to do.

"The proposals offered by the Democrats today are unsustainable and unaffordable," the Governor said. "Their budget calls for \$1.8 billion in new or higher taxes while cutting just \$130 million in state spending – just three-tenths of one percent of their \$37.9 billion budget. Their proposals will lead to red ink and pink slips."

Governor Rell's plan actually shrinks the state budget by 1.3 percent in the first year of the biennium and spending would grow by just 1.2 percent in the second year.

"I offer this plan in the spirit of compromise – to get a budget passed into law and to help the working families of Connecticut as they struggle in this economy," the Governor said. "I would have preferred not to raise taxes at all. But it has been clear for months – and it remains clear – that the Democrat majority cannot, will not, cut state spending. I could cut more – but they cannot. And we need a budget.

"I am showing the leadership we need to get us to the finish line," Governor Rell said. "In that vein, I have invited the legislative leaders to join me in compromise – and to join me in negotiations starting Tuesday. I hope we will be able to reach an agreement soon and bring a budget to a vote."

- 30 -

**STATE OF CONNECTICUT**  
**COMPARISON OF PROPOSED EXPENDITURES**

**Governor Revised- July 2009 Compared to Appropriations Committee Budget- 7/30/09**  
(in millions)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u>
<b>General Fund</b>			
Governor-July 2009	\$ 17,093.8	\$ 17,300.5	\$ 34,394.3
Appropriations Committee	<u>17,464.6</u>	<u>17,981.8</u>	<u>35,446.4</u>
Above/(Below) Governor	\$ 370.8	\$ 681.3	\$ 1,052.1
<b>Transportation Fund*</b>			
Governor-July 2009	\$ 1,108.3	\$ 1,168.1	\$ 2,276.4
Appropriations Committee	<u>1,104.3</u>	<u>1,161.7</u>	<u>2,266.0</u>
Above/(Below) Governor	\$ (4.0)	\$ (6.4)	\$ (10.4)
<b>All Other Funds**</b>			
Governor-July 2009	\$ 155.9	\$ 156.3	\$ 312.1
Appropriations Committee	<u>64.9</u>	<u>65.2</u>	<u>130.1</u>
Above/(Below) Governor	\$ (91.0)	\$ (91.1)	\$ (182.0)
<b>All Appropriated Funds- Net</b>			
Governor-July 2009	\$ 18,357.9	\$ 18,624.9	\$ 36,982.8
Appropriations Committee	<u>18,633.8</u>	<u>19,208.7</u>	<u>37,842.5</u>
Above/(Below) Governor	\$ 275.9	\$ 583.8	\$ 859.7

\* Appropriations Committee Transportation Fund budget does not provide funds for legislatively approved labor contracts or the New Haven Rail Yard debt service and underfunds DMV.

\*\*All Other Funds include: a) Mashantucket Pequot and Mohegan Fund, b) Soldiers, Sailors, and Marines Fund, c) Regional Market Operation Fund, d) Banking Fund, e) Insurance Fund, f) Public Utility Fund, g) Workers' Compensation Fund, h) Criminal Injuries Compensation Fund.

**STATE OF CONNECTICUT**  
 Summary of Expenditure Growth  
 July 30, 2009  
 (In Millions)

**GOVERNOR'S PROPOSED**

**FY 2009-2010**

	Estimated * Expenditures <u>2008-2009</u>	Net Adjustments <u>2009-2010</u>	Recommended Appropriation <u>2009-2010</u>	% Growth Over <u>2008-2009</u>
General Fund	\$ 17,326.9	\$ (233.1)	\$ 17,093.8	-1.3%
Special Transportation Fund	1,117.6	(9.3)	1,108.3	-0.8%

**FY 2010--2011**

	Recommended Appropriation <u>2009-2010</u>	Net Adjustments <u>2010-2011</u>	Recommended Appropriation <u>2010-2011</u>	% Growth Over <u>2009-2010</u>
General Fund	\$ 17,093.8	\$ 206.7	\$ 17,300.5	1.2%
Special Transportation Fund	1,108.3	59.8	1,168.1	5.4%

\* Fiscal 2008-09 General Fund estimated expenditures includes a surplus adjustment of \$44.0 million and the carry forward of \$504.1 million from Fiscal 2007-08.

**APPROPRIATIONS COMMITTEE PROPOSED**

**FY 2009-2010**

	Estimated * Expenditures <u>2008-2009</u>	Net Adjustments <u>2009-2010</u>	Recommended** Appropriation <u>2009-2010</u>	% Growth Over <u>2008-2009</u>
General Fund	\$ 17,326.9	\$ 46.7	\$ 17,373.6	0.3%
Special Transportation Fund***	1,117.6	(13.3)	1,104.3	-1.2%

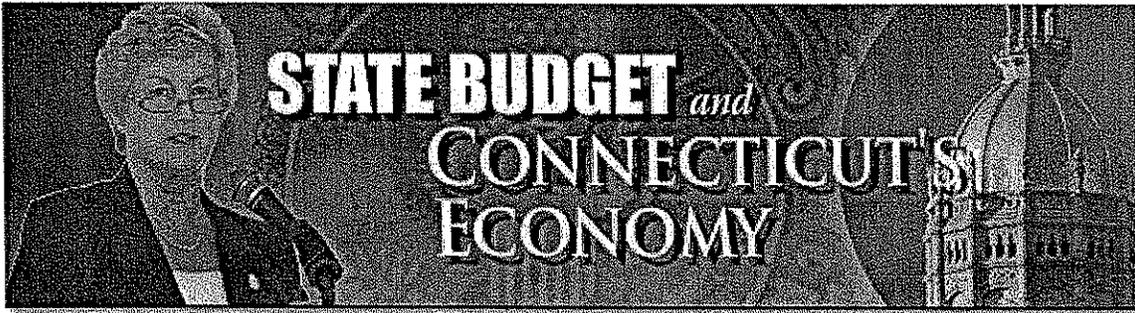
**FY 2010--2011**

	Recommended Appropriation <u>2009-2010</u>	Net Adjustments <u>2010-2011</u>	Recommended** Appropriation <u>2010-2011</u>	% Growth Over <u>2009-2010</u>
General Fund	\$ 17,373.6	\$ 517.2	\$ 17,890.8	3.0%
Special Transportation Fund***	1,104.3	57.4	1,161.7	5.2%

\* Fiscal 2008-09 General Fund estimated expenditures includes a surplus adjustment of \$44.0 million and the carry forward of \$504.1 million from Fiscal 2007-08.

\*\* FY 2010 and FY 2011 were adjusted by \$91 million for comparison purposes as the Appropriations Committee budget consolidated the industry funded agencies and the Governor's Budget did not.

\*\*\*Appropriations Committee Transportation Fund budget does not provide funds for legislatively approved labor contracts or the New Haven Rail Yard debt service and underfunds DMV.



## **Eliminating the Bloated Bureaucracy and Making Do with Less**

*"We must not forsake this opportunity. We must do what every family has been doing – cutting back and doing more with less – and less."*

*– M. Jodi Rell, February 2009*

### **GOVERNOR RELL'S JULY 2009 BUDGET PLAN**

#### **Starting with Legislative Commissions**

- Eliminate the Commission on Aging.
- Reduce funding for the Permanent Commission on the Status of Women by one-half of the originally requested amount.
- Reduce funding for the Commission on Children by one-half of the originally requested amount
- Reduce the original request for the Latino & Puerto Rican Affairs Commission and African-American Affairs Commission and the Asian Pacific American Affairs Commission by one-half and combine into a new Minority Affairs Commission

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#### **Merging, Consolidating and Eliminating State Agencies**

- Consolidating Department of Higher Education into Department of Education
- Consolidating the Office of Health Care Access (OHCA) into the Dept. of Public Health (DPH).
- Placing the State Properties Review Board within the Department of Administrative Services.
- Placing the State Insurance and Risk Management Board within the Department of Administrative Services.

- Placing the Claims Commission within the Department of Administrative Services.
- Placing the State Board of Accountancy within the Department of Consumer Protection.
- Eliminating the Council on Environmental Quality and having its functions provided by the Department of Environmental Protection.
- Eliminating the Children's Trust Fund as an agency. Core prevention grant programs consolidated into the Department of Social Services for administration.
- Eliminating the Office of the Child Advocate as an agency with the position of the Child Advocate placed within the Attorney General's Office. The Child Advocate's Advisory Committee and Child Fatality Review Panel are eliminated.
- Placing the Criminal Justice Commission within the Division of Criminal Justice.
- Eliminating the State Marshal Commission as an agency. Support functions will be the responsibility of the Department of Administrative Services.
- Eliminating the Board of Firearms Permit Examiners as an agency. Support functions will be the responsibility of the Department of Public Safety.
- Eliminating the Ombudsman of Property Rights.
- Eliminating the Office of the Healthcare Advocate.
- Consolidating the Commission on Deaf and Hearing Impaired into DSS.

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## **Abolishing More than 70 Boards and Commissions**

The Governor proposed in February to eliminate more than 70 state commissions and agencies. Many of these entities are advisory in nature; many are duplicative of other state functions. Additionally, there are agencies that provide similar functions as these boards and commissions. Such agencies will be able to handle the matters currently undertaken by the boards and commissions being eliminated. The proposed eliminations are similar to the fundamental changes she proposed in her February 2009 budget proposal.

### **The boards and commissions proposed for elimination include:**

Employee Misclassification Advisory Board, section 31-57i, CGS;  
 Employment Security Division Advisory Board to the Labor Commissioner, section 31-250a, CGS;  
 Face of Connecticut Steering Committee, section 22a-27s, CGS;  
 Greater Hartford Flood Commission, number 72 of the special acts of the November 1955 special session, and number 292 of the special acts of 1957;  
 Citizens Advisory Council for Housing Matters, section 47a-71a, CGS;  
 Property Tax Cap Commission, section 101 of public act 07-4;  
 Blue Ribbon Commission for Higher Education, section 41 of public act 07-3 of the June special session;  
 Broadband Internet Coordinating Council, section 4d-100, CGS;

Advisory Committee for the Center for Real Estate and Urban Economic Studies, section 10a-124, CGS;

Code Training and Education Board of Control, section 29-251c, CGS;

Connecticut Food Policy Council, section 22-456, CGS;

Operation Lifesaver Committee, section 13b-376, CGS;

Connecticut Seafood Advisory Council, section 22-455, CGS;

Technology Advisory Committee, section 4d-13, CGS;

Youth Futures Committee, section 1 of public act 06-182;

Youth Policy Council, special act 08-03;

Mobile Manufactured Home Advisory Council, section 21-84a, CGS;

State Board of Natureopathic Examiners, section 20-35, CGS;

State Board of Examiners of Shorthand Reporters, section 20-651, CGS;

Connecticut Allied Health Workforce Policy Board, section 4-124dd, CGS;

Blue Ribbon Commission on Housing and Economic Development, section 33 of public act 07-4;

Connecticut Boxing Commission, section 29-143i, CGS;

Comm'n on Business Opportunity, Defense Diversification, and Industrial Policy, section 32-245, CGS;

Commission on Nontraditional Loans and Home Equity Lines of Credit, section 77 of public act 08-176;

Community Economic Development Program Board of Directors, section 8-240l, CGS;

Community Mental Health Strategic Investment Fund, section 17a-485, CGS;

Connecticut Economic Conference Board, section 32-4f, CGS;

Connecticut Economic Information System Steering Committee, section 32-6i, CGS;

Connecticut International Trade Council, section 32-511, CGS;

Connecticut River Assembly, section 25-102dd, CGS;

Connecticut-Israel Exchange Commission, section 32-180, CGS;

Commission for Educational Technology, section 4d-80, CGS;

Five Mile River Commission, section 15-26a, CGS;

Automotive Glass Work and Flat Glass Work Board, section 20-331, CGS;

Connecticut Homeopathic Medical Examining Board, section 20-8, CGS;

Housing Sustainability Fund, section 104 of public act 07-4 of the June special session;

Advisory Committee to the Office of Managed Care Ombudsman, section 38a-1049, CGS;

Small Business Incubator Advisory Committee, section 32-356, CGS;

Special Contaminated Property Remediation / Insurance Fund Advisory Board, section 22a-133u, CGS;

Sports Advisory Board, section 10-425, CGS;

State Economic Development and Advisory Board, section 32-4b, CGS;

Child Day Care Council, section 17b-748, CGS;

Families with Service Needs Advisory Board, section 42 of public act 06-188;

Head Start Funds Advisory Committee, subsection (c) of section 10-16n, CGS;

Nurturing Families Network Advisory Commission, section 17a-56a, CGS;

Architectural Licensing Board, section 20-289, CGS;

Electrical Work Board, section 20-331, CGS;

Elevator Installation, Repair and Maintenance Board, subsection (e) of section 20-331 of e general statutes;

Fire Protection Sprinkler Systems Board, subsection (f) of section 20-331, CGS;

Heating, Piping, Cooling and Sheet Metal Work Board, subsection (c) of section 20-331, CGS;

Home Inspection Licensing Board, subsection (b) of section 20-490a, CGS;

State Board of Landscape Architects, section 20-368, CGS;

Plumbing and Piping Work Board, subsection (d) of section 20-331, CGS; and

State Board of Examiners for Professional Engineers and Land Surveyors, section 20-300, CGS.

**Governor's Tax Proposals**  
 July 30, 2009  
**General Fund**  
 (In Millions)

<u>Governor's Proposals</u>	<u>Eff.</u> <u>Date</u>	<u>Fiscal</u> <u>2010</u>	<u>Fiscal</u> <u>2011</u>
<u>Increase Cigarette Tax rate from \$2.00 to \$3.00 per pack</u> The tax was last raised on July 1, 2007 from \$1.51 to \$2.00 per pack.	10/1/2009	103.2	124.2
<u>Increase Various Tobacco Products tax rates</u> The tax has never been raised since its inception in July 1989. The other tobacco products (cigars, chewing tobacco, etc.) tax rate will be increased from 20% to 27.5% of the wholesale price. The snuff tax rate will be raised from 40 cents/oz. to 55 cents/oz.	10/1/2009	1.9	2.3
<u>Alcohol Beverages Tax - Increase all rates by 10%</u> The tax rates have not been raised since 1989, when all rates were raised by 100%, except for distilled liquors which were raised 50%.	10/1/2009	3.6	4.8
<u>Corporation Tax - Nexus Option</u> Economic nexus is a basis for imposing corporate income tax. Using this standard, an out-of-state corporation with no physical presence (i.e. no property or payroll) within a state is liable for the corporate income tax because of its economic presence in the state.	1/1/2009	-	10.0
<u>Corporation Tax - 10% Surcharge for Income Years 2009, 2010, and 2011</u> This proposal establishes a 10% corporate tax surcharge for Income Years 2009, 2010, & 2011. The surcharge was last imposed in IY 2003 at 20%, IY 2004 at 25% and IY 2006 at 20%.	1/1/2009	87.0	54.0
<b>Grand Total</b>		<b>\$ 195.7</b>	<b>\$ 195.3</b>

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 P 391

**Revised Governor's Revenue Schedule**

July 30 2009

**Special Transportation Fund**

(In Millions)

<u>Tax Type</u>	<u>Legislative Proposals</u>	<u>Eff. Date</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
Oil Companies Tax	Increase Transfer from General Fund	7/1/2009	10.0	10.0
Motor Vehicle Receipts	Increase Various Fees	10/1/2009	27.4	40.2
License, Permits, Fees	Increase Various Fees	10/1/2009	10.4	10.4
	DOT-Increase Various Fees	10/1/2009	2.0	2.8
	Driver Surcharge Program	10/1/2009	5.7	21.2
	Speed Camera Pilot Program	10/1/2009	13.0	20.0
	<b>Sub-Total -- License, Permits, Fees</b>			<u>31.1</u>
Transfers-Other	Eliminate Transfer to Conservation Fund	10/1/2009	3.0	3.0
Other Item	Elimination of the New Haven Line Revitalization Account-Technical			
	<b>Special Transportation Fund -- Total</b>		<b>\$ 71.5</b>	<b>\$ 107.6</b>

**Revised Governor's Revenue Schedule**

July 30 2009

**General Fund**

(In Millions)

<u>Type</u>	<u>Proposals</u>	<u>Eff. Date</u>	<u>Fiscal 2010</u>	<u>Fiscal 2011</u>
<b>License, Permits, Fees</b>	Increase Various Fees	10/1/2009	58.2	51.2
	DEP Funds & Fees to General Fund-Consolidation	10/1/2009	37.2	37.2
	Increase DEP Fees	10/1/2009	8.8	14.8
	<b>Sub-Total -- License, Permits, Fees</b>		104.2	103.2
<b>Miscellaneous Revenue</b>	Sale of Assets	10/1/2009	15.0	45.0
	Cell Tower Leases	10/1/2009	-	10.0
	Enhanced Tax Collections	7/1/2009	75.0	-
	Enhance Dept. of Revenue Services Collections Staff	7/1/2009	7.0	14.1
	<b>Sub-Total -- Miscellaneous Revenue</b>		97.0	69.1
<b>Federal Grants</b>	Impact of Recommended Expenditure Changes	7/1/2009	(29.7)	(136.1)
	Federal Stimulus	7/1/2009	878.9	594.8
	<b>Sub-Total -- Federal Grants</b>		849.2	458.7
<b>Special Revenue Transfers</b>	Implement Keno	7/1/2009	10.0	60.0
<b>Transfers-Other</b>	Budget Reserve Fund	7/1/2009	1,201.7	180.0
	Securitization	7/1/2010	-	1,054.9
	Reduce Mashantucket Pequot Grant	7/1/2009	24.5	24.5
	Casino E-play Settlement	7/1/2009	28.0	3.0
	Higher Education Unit Reserves	7/1/2009	20.0	20.0
	Delay increase in Singles Exemption for 3 years	1/1/2009	19.3	22.8
	Cap Film Industry Production Tax Credit at \$25 million/year	1/1/2009	35.0	35.0
	Cap Historic Homes & Structures Tax Credits at \$2.5 million/ year	1/1/2009	5.0	5.0
	Estate Tax due within 6 months of death- not 9 months	7/1/2009	44.0	-
	Increase Transfer to Transportation Fund	7/1/2010	(10.0)	(10.0)
	DEP-Consolidation- No Transfer to Underground Storage Tank	7/1/2009	12.0	12.0
	DEP-Consolidation- No Transfer to Emergency Spill	7/1/2009	12.5	12.5
	Tobacco & Health Trust Fund	7/1/2009	14.0	14.0
	Citizens' Election Fund	7/1/2009	17.0	26.0
	Biomedical Research Trust Fund	7/1/2009	8.0	8.0
	Public/Education, Governmental Programming	7/1/2009	2.0	2.0
	Criminal Injuries Compensation Account	7/1/2009	2.0	1.0
	Dry Cleaning Establishment Remediation Account	7/1/2009	0.8	-
	Pre-trial Alcohol & Drug Account	7/1/2009	0.6	0.6
	Agriculture Viability	7/1/2009	0.5	-
	Animal Population Control Account	7/1/2009	0.5	-
	Siting Council	7/1/2009	-	1.0
New Automobile Warranties Account	7/1/2009	-	0.5	
<b>Sub-Total -- Other and Transfers To/(From) General Fund</b>		1,437.4	1,412.8	
<b>General Fund -- Total</b>			<b>\$ 2,497.8</b>	<b>\$ 2,103.8</b>

## **DEMOCRATS: THEY WILL NOT AND CANNOT CUT STATE SPENDING**

*The citizens of Connecticut want leadership. They want a budget that reduces the bloated bureaucracy of state government.*

*The Democrats are Incapable of Doing Both: Here's proof:*

**WHEN CUTTING SPENDING IS THE TOP PRIORITY,  
THEY PROPOSE \$60 MILLION OF EARMARKS!**

### **Higher Education**

**Democrats Add \$1,000,000** in each year for Americorps –This is presumed to be a general expansion of funding since no substantiation was provided.

**Democrats Add \$712,500** in each year for CommPACT Schools. Funding for this program was appropriated a one-time \$712,500 in SFY '09 and not requested by agency or recommended by Governor.

### **UConn Health Center**

**Democrats Add \$10,000,000** in each year for John Dempsey Hospital.

### **Economic and Community Development**

**Democrats Add \$155,000** in each year for Main Street Initiative. This funds an operating grant to the Westville Village Renaissance Alliance, Inc., which represents a commercial district in New Haven.

### **Comptroller – Miscellaneous & Fringe Benefits**

**Democrats Add \$500,000** in each year: \$100,000 to East Lyme for the tax loss on the US Navy's Dodge Pond Acoustic Measurement Facility and \$400,000 to Mansfield for the tax loss on the federally owned Fenton River Watershed for Mansfield Hollow Dam. This is an unwarranted expansion of state PILOT to federal properties.

**Democrats Add \$13,500,000** in each year to UCHC Fringe Differential –for the differential between the state fringe benefit rate for John Dempsey Hospital employees and the rate for private hospitals.

### **Education**

	SFY '10	SFY '11
Edison Magnet School Subsidy	\$750,000	\$750,000
JM Wright Marketing Funding	\$750,000	\$750,000

Wintergreen Magnet School		
Subsidy	\$750,000	\$750,000
Stamford ECS	\$426,769	\$426,769

**Social Services**

Elderly transportation – **Democrats Add \$250,000** each year to expand the public/private sustainable elderly transportation efforts to five communities. Current RFP resulted in a lack of appropriate responses. Majority of funds (\$210,000) will lapse in FY 09. The project can be suspended in FY 10/11 biennium with no adverse impact and a savings of \$250,000.

Elderly Housing Support Services Earmark – **Democrats Add \$200,000** each year. In FY 08 and FY 09 funding was appropriated to DSS for a \$200,000 grant to Hartford Grand Families Housing.

Senior Care Earmark - Mary Wade Home – **Democrats Add \$50,000** each year.

**Children and Families**

New Earmark Funding to Enhance Care Coordination Services – **Democrats Add \$240,000** each year.

**Agriculture**

Urban Organic Farms – Provide funding for Urban Organic Farms – **Democrats Add \$50,000** each year

**Corrections**

Children of Incarcerated Parents – Funding is provided for programs for children of incarcerated parents – **Democrats Add \$750,000** each year

Distance Learning for inmates – **Democrats Add \$250,000** each year

**TOTAL EARMARKS: \$60 MILLION!**