

**TESTIMONY PRESENTED TO THE FINANCE, REVENUE AND BONDING
COMMITTEE
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Testimony Supporting Senate Bill No. 1007

AN ACT CONCERNING THE GOVERNOR'S RECOMMENDATIONS ON REVENUE

Senator Daily, Representative Widlitz, and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to offer testimony on Senate Bill No. 1007, An Act Concerning The Governor's Recommendations on Revenue.

Upon entering office, Governor Malloy was confronted with the immediate task of closing a \$3.2 billion current services gap. In deriving a solution, the Governor set several key directives that ultimately led to the bill before you today. One of the first mandates that the Governor set was that the FY 2012 budget should spend no more than we did in FY 2011. That directive alone meant that cuts totaling \$1.7 billion would be necessary. As part of that \$1.7 billion in cuts that the Governor is seeking, \$1 billion is expected to be in the area of personnel costs. The Governor was also very clear that taxes were going to have to be part of the solution, given the enormity of the problem confronting the state and the moral imperative of shared sacrifice from all stakeholders in Connecticut's future.

This bill contains the major revenue elements of the Governor's plan to balance the FY 2012 and FY 2013 budgets, but it is more than just a plan for raising revenues. It embodies other significant directives of the Governor including: a) it does not rely on one-shot revenue, b) it asks for all segments of society to participate, c) it provides for long-term structural balance, including the need to accommodate honest budgeting on a GAAP basis, d) it revisits the rationale for numerous tax expenditures embedded within our tax code, e) it does not harm the state's long-term competitiveness, and f) it reflects our need to address Connecticut's poor record of job creation by not overly burdening the business sector. On this last item, the Governor recognized that businesses were already going to be called upon to repay the federal loans extended over the past few years to the state's unemployment compensation fund and although not a revenue of the General Fund, nonetheless, business costs were going to be rising.

My agency has prepared a detailed fact sheet that accompanies my testimony here today. Specifically it indicates that this bill would increase General Fund revenue by over \$1.5 billion in FY 2012 and by approximately \$1.4 billion in FY 2013. It also includes Transportation Fund revenue increases of approximately

\$50 million in each year. Finally, it includes revenue sharing with the municipalities of the state of approximately \$85 million annually.

As you can see from the fact sheet, there are numerous elements contained in the bill, which I will not detail in my testimony. However, I will be happy to answer any questions you may have. I would like to again thank the committee for the opportunity to present this testimony and I respectfully request the committee support this bill.