



## CONNECTICUT

**TESTIMONY OF  
NATIONAL FEDERATION OF INDEPENDENT BUSINESS (NFIB)  
REGARDING  
THE CONSTITUTIONAL SPENDING CAP & CERTAIN KEY DEFINITIONS  
BEFORE THE  
SPENDING CAP COMMISSION  
OCTOBER 5, 2016**

*A non-profit, non-partisan organization founded in 1943, NFIB is Connecticut's and the nation's leading small-business association. In Connecticut, NFIB represents thousands of members and their employees. NFIB membership is scattered across the state and ranges from sophisticated high technology enterprises to "Main Street" small businesses to single-person "Mom & Pop" shops that operate in traditional ways. NFIB's mission is "To promote and protect the right of its members to own, operate, and grow their businesses." On behalf of those small- and independent- job-providers in Connecticut, NFIB/Connecticut offers the following comments:*

**NFIB/Connecticut strongly supports implementation** of the state's constitutional spending cap that was approved by a strong majority (81%) of voters upon adoption of the state's personal income tax, by enacting certain defining terms concerning personal income, inflation and general budget expenditures. There is no doubt that this Commission has a difficult task, however there is nothing more important than determining and recommending to the legislature reasonably understood, clear definitions of the key terms ("inflation", "personal income growth", "general budget expenditures", etc.) that will lead to additional budget transparency, predicability and ultimately cap state spending on an annual basis in a way that aptly reflects the will of the voters. A strong, in force, constitutional spending cap would be a much more valuable benefit for taxpayers, including small business owners, and lawmakers alike, than the current statutory cap. Legislators would no longer have to bend to the pressure of special interest groups asking to modify or do away with the cap, and it would be helpful in outlining the ever-increasing confines of the state budget, in conjunction with our limited revenue inflows. Small business owners feel that the legislature absolutely needs to stop allowing excessive spending to be an option and to recognize the "new economic reality", just as small business owners have had to do. Achieving that goal is the most effective economic development policy we could have, and we believe that implementing the constitutional spending cap, and properly defining component terms, would go a long way in this regard. Specifically, NFIB/Connecticut recommends that any adopted definition concerning "general budget expenditures" be as *inclusive* as possible (with the possible exception of debt service related to capital spending) in order to reflect accurately the complete financial picture the state faces. If slices of the budgetary "pie" so-to-speak, are exempted from the definition of "expenditures", it undermines the intent and ability of the cap to effectively help achieve much needed fiscal discipline. Thank you for your consideration of NFIB's comments. For any questions or additional information, please contact Andy Markowski, NFIB/Connecticut State Director, at 860-248-NFIB.