

State Budget and Tax Proposals Talking Points

Overview: The General Assembly's budget and tax committees proposed a two-year spending and tax plan that would dramatically raise taxes on Connecticut residents and businesses.

- **\$1.5 Billion in additional spending:** The Appropriations Committee's spending plan renders the Constitutional spending cap meaningless to allow for over \$1.5 billion in additional spending over the next two years.
- **\$2.56 Billion in new and higher taxes:** The Finance, Revenue, & Bonding Committee's tax package will raise \$2.56 billion from a variety of taxes that will make the state significantly less competitive and hurt our ability to grow our economy.

Lasting harm: Unsustainable spending levels and huge tax increases, combined with shredding the state spending cap, will do serious and lasting harm to Connecticut's economy and workforce.

Uncompetitive: Many of our competitor states are working to lower corporate, income and other tax rates, not raise them. Those states are marketing against Connecticut because of our high cost of doing business.

Drain: If we don't reverse course, Connecticut's reputation as a place to do business will worsen, and we will continue to see the drain of capital and talent from the state.

Stop the cycle: We have to break the corrosive cycle of deficits followed by tax increases followed by deficits and more tax increases

Grow the economy: The only way to do that is to focus on economic growth, not by enacting policies that will inhibit growth.

Next steps: The full legislature—Democrats and Republicans—should take the best ideas from both sides of the aisle and work with the administration to develop a budget that encourages investment in Connecticut. They can look to:

- The Connecticut Institute for the 21st Century's recommendations in the areas of corrections, long-term healthcare, social services, state pensions, and information technology.
- Governor Malloy's "Second Chance Society" corrections reforms, which emphasize changing lives rather than putting people behind bars.
- The legislative Republicans' "Blueprint for Prosperity" budget plan, which spends at a level below the spending cap, maintains strategic tax investment incentives that have helped spark Connecticut jobs, provides for the state's non-profit human service providers, reduces overtime, and seeks savings from the state's workforce that had been called for—but largely unachieved—in the current state budget.