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## *FYI:* Dems Unveil 2010-11 Budget-Tax Package

*Date:* April 2, 2009  
*From:* Lisa Fecke  
*Re:* Committees Chairs Divulge Details of Budget-Tax Bills

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The chairs of the Legislature's Democratic-controlled Appropriations and Finance committees this morning unveiled the overarching details of the spending cuts and tax increases covering the 2010-11 biennium, which they expect to vote on in their respective committees today. The total two-year budget will come in lower than the Governor's proposed \$38 billion plan.

The latest budget deficit projection for the biennium, which begins July 1, is between \$7-9 billion. The Dems' budget-tax package proposes to cover the deficit in the next biennium as follows: Revenue increases (37 percent), spending reductions (27 percent), Rainy Day Fund (19 percent), and federal stimulus money (17 percent).

Here are the basic details, which we will flesh out when after the bills are voted on:

### Spending:

- ❖ The proposed budget calls for spending cuts of about \$1 billion in 2010 and \$1.4 billion in 2011 across state agencies.
- ❖ No cuts to education or municipalities, except for the Pequot Fund, which was reduced by \$24.5 million each year.
- ❖ Municipal revenue sharing money totaling \$50 million.
- ❖ Built-in savings of between \$300 million to \$328 million - anticipated to come from concessions, attrition and retirement plan.
- ❖ Maintain green jobs and energy efficiency programs.
- ❖ Maintain Office of Consumer Counsel, Health Care Advocate, and Child Advocate.

### Revenue:

- ❖ Increase corporate surcharge 30 percent, but phase out after 3 years.
- ❖ Reduce corporate tax credit from 70 percent to 65 percent.
- ❖ Increase cigarette tax 50 cents, effective July 1, 2009.
- ❖ No significant sales tax increases.
- ❖ Repeal numerous sales tax exemptions (more details to follow).
- ❖ Lower threshold for phase-out of property tax credit by 25 percent in 2009 and 75 percent in 2010.
- ❖ Impose narrow Internet/Amazon-type sales tax with New York.
- ❖ Increase personal income tax for joint filers as follows:
  - \$250,000 to \$500,000 tax bracket - 6 percent.
  - \$500,000 to \$750,000 tax bracket - 7 percent.
  - \$750,000 to \$1 million tax bracket - 7.5 percent.
  - Over \$1 million tax bracket - 7.95 percent.