

What's in the Republican "No Tax Increase" Budget?

Current Law	Republican Budget Proposal
State employees pay \$3 for generic drugs and \$6 for brand-name drugs. Taxpayers pay the rest.	Increase prescription drug co-pays to \$10 for generic and \$20 for brand-name.
State employees pay about 10% of the healthcare premiums. Taxpayers pay the remaining 90%.	Increase employee share of premium cost to save taxpayers over \$20 million a year.
Fringe Benefits – A rich package of health insurance, vacation, and guaranteed pension.	Create a new tier of fringe benefits for new state employees, including increased employee share of healthcare payments; increased contribution to pension system or change to defined contribution; and higher threshold to qualify for retiree healthcare benefits.
Tens of millions of dollars are wasted on redundant administrative services and managerial positions because the state has too many agencies.	Consolidate 23 agencies into six. This would result in a significant reduction in redundancy.
A recent audit of our Department of Social Services shows that taxpayer dollars are being used to continue sending benefits to people after they die.	Require more oversight and investigation into fraud and abuse in state programs.
The state unnecessarily spends millions of dollars on printing costs for documents that never get read. These documents are already available on the Internet.	Move toward paperless state government: 1) 100% online application and licensing forms 2) Produce only a limited number of physical copies of standard documents: annual reports, brochures, financial documents, etc... Make these documents available on Web sites. Goal is to reduce these printing costs by 50%. 3) No physical "pay stub" for state employees 4) Double-sided printing as default on all state computers 5) Posting of notices be required on the Web OR in the newspaper. 6) Require electronic payment of child support and unemployment.
The state spends \$280,000 on beepers and pagers, at a time when cell phones are so prevalent.	Eliminate the use of beepers and pagers to save taxpayers' money.
Currently, many functions of state government are performed by private-sector employees. In most cases, this arrangement saves taxpayers money without sacrificing quality of service.	Maximize use of private entities to perform functions of state government. For example, we currently spend at least \$8 million for state employees to maintain state parks. This work could be done by local landscaping companies.

What's NOT in the Republican Budget

A Summary of Democrats' Proposed Tax Increases

Total tax increases of about \$3.3 billion for the next two years.

<i>In millions of dollars</i>	FY 10	FY 11
Income Tax Increase	\$1,226.0	\$825.9
Phaseout of Property Tax Credit	\$72.5	\$324.0
Delay of Singles Exemption from State Income Tax	\$23.9	\$36.4
Suspension of Sales Tax Free Week	\$4.2	\$4.4
Elimination of Various Sales Tax Exemptions		\$79.5
Addition of 30% Corporation Tax Surcharge (3 years)	\$160.0	\$106.0
Federal Tax Deduction Change for Corporations	\$27.5	\$27.5
Reduction in Corporate Tax Credit (from 70% to 65% then to 50%)	\$10.0	\$40.0
Elimination of Exemption for DISCs and FSCs	\$50.0	\$50.0
Addition of Estate Tax Surcharge (30% for three years)	\$42.7	\$51.2
Cigarette Tax Increase (Additional \$.50 to \$2.50)	\$36.0	\$63.0
Total Increases	\$1,652.8	\$1,607.9

Income Tax – Retroactive to the beginning of this year. Rate increases start at couples who earn \$250,000 and up; singles who earn \$132,500 and up. This is a graduated tax increase with the following new rates: 6%, 7%, 7.5%, and 7.95%.

Phaseout of the Property Tax Credit – The credit is phased out by 25% in the first year and 75% in the second year.

Delay of Singles Exemption – This proposal delays the increase in personal income tax exemption for single filers.

Sales Tax Free Week – The proposal suspends the sales tax free week for 2009 and 2010.

Sales Tax Exemptions – The proposal eliminates a variety of sales tax exemptions.

Corporation Surcharge – The proposal places a 30% surcharge on corporations for a period of three years.

Federal Tax Deduction for Corporations – The proposal bars companies from using the federal tax deduction for domestic production activity when determining net income for purposes of the state corporation tax.

Corporation Tax Credit – Reduces the allowable credit from 70% of its liability to 65% in 2009 and to 50% in 2010.

Exemption for DISCs and FSCs – The proposal eliminates corporate exemptions for Domestic International Sales Corporations and for Foreign Sales Corporations.

Estate Tax – Creates a 30% surcharge on the estate tax for a period of three years.

Cigarette Tax – The proposal increases the tax from \$2.00 to \$2.50.