



AMERICANS FOR TAX REFORM

TAX ALERT

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Connecticut Governor Calls Special Session

Gov. John Rowland (R) called his state's legislature into a special session beginning 11/13/01 and ending three days later. Connecticut faces a budget deficit of about \$300 million – the state comptroller estimates \$283 million while the Office of Fiscal Analysis estimates a deficit of \$348.6 million – nearly 2.3% of the state's \$13 billion annual budget. Gov. Rowland's agenda for the session includes a plan to extend health benefits for state workers who have been called to active duty in the Armed Forces and National Guard since the terrorist attacks of 9/11. Democratic and Republican leaders apparently disagree as to how the other big issue calling them back into session, the budget deficit, should be resolved. These leaders met with Gov. Rowland 10/30 and voiced their agreement that education spending should be spared cuts, but disagreed whether the state should use more or less of last year's surplus to offset the deficit. Financing the budget through long-term bonding is another suggestion to emerge recently, although Gov. Rowland has resisted borrowing unless accompanied by spending cuts.

Florida Special Sessions Concludes, Dems Grumpy

Gov. Jeb Bush (R) recommended that the legislature refrain from raising taxes when designing a new budget, but chose to heed the advice of state Senate President John McKay and House Speaker Tom Feeney that he not contribute his own solutions with definite price tags. Gov. Bush called the legislature back into special session this month to cut \$1.3 billion from the budget after post 9/11 reports of an \$800 million spending shortfall. The Governor was attacked by some members of the legislature and Florida Democratic Party Chairman Bob Poe, who labeled Bush "the invisible governor" through the latest round of budget wrangling.

Georgia State Agencies Prepare to Cut Spending

Gov. Roy Barnes (D) ordered state agencies to file budget cut plans today, amounting to 2.5% this fiscal year and 5% next fiscal year. The Governor hopes that agency cuts will help trim Georgia's \$15 billion budget by \$300 million and cushion what could be the worst economic downturn in a decade for the state. Gov. Barnes announced on 10/30 that he had no intention of cutting direct funding to K-12 schools, nearly a third of the state budget exempt from budget cuts. The Governor also announced on Tuesday that

he had every intention of including the fourth year of his plan to cut property taxes in next year's budget, saving taxpayers \$80 million. "Particularly in this time of economic downturn, I think there is one thing we should set as a top priority: to make sure as much money as possible is put back into the pockets of taxpayers so that we can continue to strengthen our economy," said Gov. Barnes on 10/30 (*Atlanta Journal-Constitution*, 10/31/01).

Iowa Resists Simplified Sales Tax Project (SSTP)

Gov. Tom Vilsack (D) met Tuesday with reporters to talk about SSTP, a program of legislation created by the National Council of State Legislatures (NCSL) to design uniform definitions, technology, and procedures making the taxation of online commercial transactions easier. "This is a tremendous engine for economic growth, and we don't necessarily want to restrict it," said the Governor about the emerging Internet marketplace. State Senator Larry McKibben (R-32, Marshalltown), Chairman of the Senate Ways and Means Committee, issued the following comment regarding SSTP: "I think that all of the signals that we have gotten from Congressional leaders is that states would be poorly advised to try to proceed rapidly in this area" (*Des Moines Register*, 10/31/01).

Maine Ballot, 11/6: Question 3 to Fund Transportation

Voters will decide if they want to improve conditions on over 200 miles of Maine roads in a \$61 million transportation bond question appearing on the November ballot. If voters approve the question, the initiative will receive \$121 million in federal matching funds and \$16 million in local funds, a total of nearly \$200 million. Maine voters have approved transportation bond packages every time they have appeared on the state ballot for the last 32 years.

Maryland Spending Shortfall Reaches \$1.7 Billion

Maryland may face a spending shortfall of \$1.7 billion by the end of this fiscal year, according to a report issued by the state's Joint Spending Affordability Committee. Gov. Glendening announced a hiring freeze and canceled several building projects, saving taxpayers \$205 million. "The big problem is that the budget we passed last [session] was unsustainable," said state Sen. Robert Neall (D-33) (*SunSpot.net*, 10/31/01).

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