

Weicker's latest offer: income-tax phaseout;
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Weicker's income-tax'sunset' plan fizzles with legislators

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Body

In a televised speech that broke no new ground Tuesday, Gov. Lowell P. **Weicker** Jr. sought to end the 16-day-old budget stalemate by offering to phase out any **income tax** passed by the General Assembly in 2 1/2 years.

The "**sunset**" proposal, a variation of which has been around for months, was not eagerly embraced by the dozen or so legislative leaders who watched the speech on a TV set in the office of House Speaker Richard J. Balucci, D-Newington.

Indeed, it appeared **Weicker's** comments -- trumpeted as a major address by his staff -- did almost nothing to derail a drive to override his July 1 veto of a non-**income-tax** budget. That move could come as early as Thursday or Friday.

"I think the governor has to understand he can't get an **income tax** adopted and he has to work with us on a conventional package," said House Minority Leader Edward C. Krawiecki Jr., R-Bristol.

There was widespread speculation throughout the day as to what **Weicker** would say. Some lawmakers braced for him to deliver a scolding, others said they expected him to threaten to lay off thousands of state workers if the budget deadlock was not ended soon.

He did neither.

Later, during a question-and-answer session with reporters, **Weicker** downplayed the possibility of massive layoffs, saying state employees had done their part by agreeing to \$ 354 million in wage and benefit concessions.

"I'm sure as heck going to try to make sure that the people who offered themselves, their jobs [and] their money are not going to suffer any more than is imposed on them by the legislature," he said.

During his speech, broadcast live by many TV and radio stations, **Weicker** repeated many of the themes that lawmakers and taxpayers have heard many times before -- that his **income-tax**-based proposal is the only one that would spur economic growth, create jobs and balance the budget.

"Most importantly, what I proposed will work," **Weicker** said. "Nobody has come up with a fair, sensible, balanced alternative."

Weicker implied that he would have no choice but to cut spending if legislators persisted in overriding his veto and enacting a budget he believes is unbalanced. However, he did not specify what items he would cut.

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Referring to his legislative opponents as "the gang that couldn't count straight," **Weicker** called their tax package "a fraud" designed to make Connecticut taxpayers "feel good."

Some legislative leaders reacted angrily.

"He's chosen to grandstand again," said Senate President Pro Tem John B. Larson, D-East Hartford. "The governor always comes from the perspective that he's right and everyone else is entitled to be wrong."

The budget that **Weicker** vetoed -- passed by a coalition of Republicans and moderate Democrats opposed to an **income tax** -- calls for about \$ 7.7 billion in spending and a \$ 1 billion tax increase, primarily through an expansion of the 8 percent sales tax to more goods and services.

It also would impose new taxes on mortgages and commercial leases and would increase taxes on corporate profits.

Weicker vetoed the plan July 1 -- the first day of the fiscal year -- saying it was anti-business and seriously out of balance. His action left the state without a full-year budget and operating under the first of two temporary authorizations passed by lawmakers.

Although there were signs Tuesday that the coalition might be splintering, legislative leaders emerged from an afternoon meeting still hopeful about the prospects for an override later this week.

"The chances look pretty good right at this point," said Balducci.

Balducci said each of the four caucuses -- House and Senate Democrats and Republicans -- would canvass its members today to determine whether there are enough votes in both chambers to strike down **Weicker's** veto.

To override, the House would have to muster 101 of 151 votes, and the Senate, 24 of 36 votes. The budget bill passed the House 83-66, and was approved by the Senate 24-12.

However, some senators who voted for the coalition budget said they probably would not support an override, casting some doubt over the success of the effort.

"I am not voting for the override as of today," said Sen. William A. Aniskovich, R-Branford.

Aniskovich is one of four Senate Republicans behind an alternative proposal calling for \$ 1 billion in additional spending cuts.

Sen. Timothy F. Upton, R-Waterbury, who sat in on the leadership meeting, said afterward that he fully expects some GOP defections. If that happens, it would increase the pressure on Senate Democrats to come up with the necessary votes to override.

House Democrats, who had earlier balked at efforts to overturn **Weicker's** veto, had a change of heart Monday after Senate Democrats spurned a modest **income-tax** proposal that had been put forward as a compromise. House members viewed the senators' rejection as a sign that no **income-tax** plan could pass the Senate, leaving them with no alternative but to override.

Democratic Rep. William R. Dyson of New Haven, co-chairman of the appropriations committee, said he's considering voting for the override despite strongly opposing the coalition tax package.

Why? "To get us off the dime," he said. It's too frustrating and depressing, he said, to have days and weeks elapse with no progress whatsoever. An override would be progress of sorts.

However, Dyson and other House Democrats have made their support conditional on passage of a "baby budget bill," or clean-up bill, to accompany the coalition budget. It would include some or all of the following items:

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Restoration of \$ 54 million to various payroll accounts. Without it, **Weicker** would be forced to lay off thousands of workers.

Restoration of \$ 10 million to airmail and service computer equipment.

Elimination of the planned transfer of the Department of Motor Vehicles budget from the general fund to the transportation fund. This would not affect the overall bottom line, but would add \$ 51 million to the tax increase necessary to balance the general-fund portion of that budget.

Restoration of a 2.5 percent increase in welfare benefits for single mothers with children, at a cost of \$ 12 million.

Distribution of \$ 36 million in grants to towns under a property-tax relief formula. Although it doesn't amount to much money when divided among 169 towns and would arrive too late to cut anybody's local taxes, many House members are insisting it be part of the final budget.

The baby budget bill also is necessary to fix a \$ 91 million revenue shortfall in the general-fund portion of the original bill.

The total effect of all those changes would be a net increase in the bottom line of \$ 112 million, putting it at about \$ 7.8 billion. After adjusting for some accounting differences between the fiscal years, that amounts to a 3.6 percent increase in spending over last year.

The general-fund revenue gap would be even bigger, however -- about \$ 254 million, meaning the legislature would have to adopt that much more in tax increases at the same time it overrides the veto.

The original bill had a general-fund tax increase of \$ 795 million. That would have to rise to \$ 1.05 billion if the baby budget bill is passed.

In the transportation fund, the original bill had a \$ 35 million tax increase. It's expected that about \$ 60 million in fee increases also will be approved, raising that revenue increase to \$ 95 million.

The total tax and fee increase, then, would be \$ 1.1 billion.

Deputy House Majority Leader Jonathan W. Pelto, D-Storrs, said he understands an analysis of the vetoed budget by **Weicker's** fiscal experts shows it out of balance by a minimum of \$ 420 million and a maximum of \$ 750 million.

That apparently depends, in part, on whether the state employee labor unions are willing to give up pay raises and pension contributions to help balance that budget, as they were to help balance a budget with an **income tax** in it.

William J. Cibes Jr., the governor's budget director, could not be reached for confirmation of those figures.

The indication from the union leaders Tuesday was that if the vetoed budget becomes law, it will have to be balanced without the \$ 354 million in contract givebacks that **Weicker** obtained in an agreement reached in April.

The union leaders delivered that message to Balducci, Larson and other leaders Tuesday afternoon.

"They said the ... [concessions] are in jeopardy and it may be very well off the table," Balducci said.

Asked if that would result in widespread job losses, he replied, "I don't think layoffs are necessarily the way to fix" the problem.

Courant Staff Writers Bill Keveney and Lisa Marie Pane contributed to this story.

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