

STATE REPRESENTATIVE JASON ROJAS

Dear Neighbor,

As you are well aware, the 2017 legislative session was as challenging as I have ever experienced in my time representing East Hartford and Manchester. The two-year state budget dominated the 2017 session. I had a unique role in the process given my position as House co-chairman of the Finance, Revenue and Bonding. This committee has oversight of matters relating to finance, revenue, capital bonding, fees and taxation. Despite the long and frustrating process, we were able to adopt a budget that included critically needed structural reforms that will help provide much needed budgetary stability in the future. Nevertheless, much more work remains as we continue to adjust to the ever-evolving nature of our state, national and global economies.

We had to make compromises, some of which I personally did not want to see, but had to accept as part of the budget agreement in the face of continued volatility in our major revenue streams:

- * Increasing revenue while avoiding major increases in income, sales and businesses taxes
- * Making reductions in spending including health care subsidies for the elderly, municipal aid and programs across all state agencies
- * Agreeing to a \$1.5 billion state employee concession package that includes structural changes to the state pension system and health care benefits

We also included a number of important structural with policy changes to how we budget, spend and borrow for capital projects and infrastructure. The ongoing instability in our state's economy together with these reforms will require a period of readjustment that will force all of us to reconsider what state government can support and what we should expect from it.

Sincerely,



Representative Rojas meeting with constituents to discuss how to solve Connecticut's budget crisis.

STATE REPRESENTATIVE JASON ROJAS

EAST HARTFORD AND MANCHESTER - DISTRICT 9

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SIGNIFICANT STRUCTURAL REFORM

- * **Revenue and Volatility Tax Cap** - Limits use of unreliable revenue streams and caps how much tax revenue we will count toward budgeting to control spending and shift more into the state's Rainy Day Fund
- * **Spending Cap** - Enacts a clearer definition of a spending cap to more accurately account for state government spending which will limit growth
- * **Bonding Cap** - Enacts an annual cap on borrowing for capital projects that is below what we have borrowed in recent years
- * **Credit Revenue Bonds** - Enacts an alternative method for issuing bonds with reduced borrowing costs, by working with the state treasurer's office

TEACHER'S RETIREMENT SYSTEM VIABILITY COMMISSION

The Teacher Retirement System (TRS) is severely underfunded and needs particular attention paid to it as more and more teachers retire. Historically, the state has assumed the \$1.2 billion annual cost of contributing to the retirement fund on behalf of towns and cities. This year, Governor Malloy proposed having municipalities assume 1/3 of the cost which would have been significant. We rejected that proposal for now and called for a special commission to develop reforms to improve the financial viability of the system while avoiding new or increased taxes.

CONSUMER ADVOCATE FOR METROPOLITAN DISTRICT COMMISSION

MDC water and sewer customers have long expressed concerns regarding increasing rates and a lack of clarity in how decisions affecting ratepayers are made in both member and non-member towns. This year, we established a new independent consumer advocate to represent MDC customers on issues with water rates, quality, supply, and wastewater service quality. The advocate will produce quarterly reports and hold an annual public forum to ensure accountability to ratepayers.

EXPANDED OVERSIGHT AND REVIEW OF BUSINESS INCENTIVES

We will require more information on how business tax incentives and assistance are awarded in an effort to maximize the return on taxpayer investment in economic development projects. We will have more data on the effectiveness of our programs, and a clearer understanding of the impact of our programs with additional analysis by the office of the state auditors whose recommendations will help improve our policies and procedures.



The East Hartford delegation visits the Coca-Cola plant into hear about East Hartford's \$18 million investment.

INCREASING ACCESS TO FUNDING FOR EMPLOYERS TO INVEST IN CT

We expanded the use of certain tax credits by Connecticut businesses to expand here in Connecticut. Modeled after the program that resulted in Pratt & Whitney's \$400 million investment in Connecticut, we passed legislation that allows additional businesses to use excess tax credits to invest in capital investments and programs only if those new projects will generate revenue in excess of the amount of the tax credit. This new law will help retain many of our major companies whose presence results in growth opportunities for many small businesses in Connecticut.

MAJOR HIGHLIGHTS OF THE BUDGET

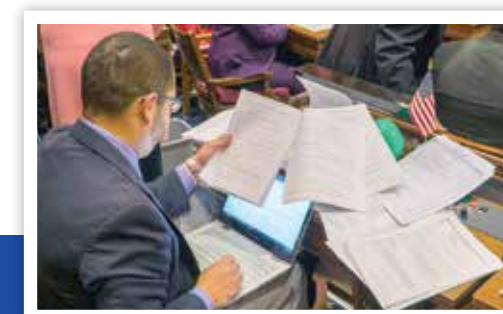
The adopted budget avoided increases in income, sales and businesses taxes by including significant spending reductions of approximately \$1 billion. While I appreciate the spirit of bipartisanship, the compromise budget included cuts that I wouldn't have otherwise supported if we had the ability to raise some new revenue. They include:

- * Reductions or elimination of tax credits that impact families and businesses. Most notably is the reduction in the Earned Income Tax Credit that affects more than 5,000 families in East Hartford and Manchester.
- * The car tax cap was raised impacting taxes on cars in our communities.
- * Budget freezes or limiting access to a number of health care programs that impact severely the elderly and other low income individuals and families.
- * Reductions to municipal aid which helps offset property taxes in our towns.

While there were reductions in municipal aid, which accounts for almost \$5 billion of the state budget, we were able to keep some key programs level funded including:

- * Education: Our towns will be flat funded in fiscal year 18 and receive a small increase in 2019.
- * Town Aid for Roads: East Hartford will receive \$584,000 and Manchester will receive \$643,000.
- * Reimbursement for non-taxable property: East Hartford will receive \$980,000 and Manchester will receive over \$556,000.
- * Local Capital Improvement Funds: East Hartford will receive \$819,000 and Manchester will receive \$785,000.

State funding for our communities is essential for the operations of local government and for mitigating increases in property taxes for both residential and commercial properties.



Rep. Rojas at his desk in the chamber preparing to answer questions about the budget.



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