

Where The Major Issues Stand

The two-year budget deal agreed to by Republican Gov. M. Jodi Rell and Democratic legislative leaders raises taxes by \$158.4 million in the fiscal year beginning July 1 and \$316.2 million the following year. Spending will increase for all funds by 8.7 percent to \$15.66 billion in fiscal 2006 and by 3.3 percent to \$16.19 billion in 2007, according to the legislature's nonpartisan fiscal office. Some highlights:

Revenue And Savings		Amount At Stake FY 2006/2007
Estate tax	A new combined tax on gifts and estates over \$2 million, from 5 percent on amounts over \$2 million to 16 percent on amounts over \$10 million.	\$40 million/ \$102 million
Corporate tax surcharge	On top of the current 7.5 percent corporate profits, a surcharge of 20 percent in the 2006 business tax year and 15 percent in the 2007 business tax year.	\$43 million/ \$50.8 million
Property tax credit	A scheduled increase in maximum property tax credit to \$500 is eliminated; the credit will remain at \$350 for the current tax year and increase to \$400 in 2006.	\$105 million/ \$70 million
Spending		
Aid to cities and towns	State aid to municipalities increases to \$2.448 billion in FY 2006 and \$2.476 billion in 2007.	\$142.7 million/ \$ 28.1 million
HUSKY health care program for adults	Continued health insurance for adults who have been enrolled in the plan and whose benefits had been scheduled for termination.	\$50 million/ \$70 million
Education	Increased funding for school-readiness program to prepare students for kindergarten	\$10.1 million/ \$13 million
Nursing homes	A new 6 percent tax on nursing home services will generate \$119 million in federal matching funds. Proceeds from the tax and the federal reimbursement will be redistributed to nursing homes and other health care agencies.	None/None
State employees	Increased funding to implement contracts for state employees.	\$20.5 million/ \$41.8 million
Stem cell research	A 10-year, \$100 million program to support and encourage stem cell research.	\$10 million / \$10 million
Rejected Proposals		
Co-payments for prescription drugs and doctor's visits	Democrats blocked Rell's proposal to charge \$3 co-pay for Medicaid fee-for-service recipients.	\$7.8 million/ \$8.3 million
Public transportation	Democrats blocked Rell's proposal to increase the current \$1.25 bus fare to \$1.50 in September.	\$4.4 million/ \$5.4 million