

Legislative Liaison Updates

June 23, 2010

Legislature adopts budget-balancing bill

The special 2010 session of the legislature convened on Wednesday June 2, 2010 for the specific purpose of enacting measures needed to ensure a balanced state budget for the biennium ending June 30, 2011. A Special Session House Bill (SSHB 1) was introduced which included all the measures previously agreed to by the conferees, along with several other provisions needed to eliminate the entire projected deficit of \$295 million. The final plan included nearly \$72 million in spending cuts (including an additional reduction of \$3.9 million in catastrophic aid to school districts), \$5 million in tax increases, \$51 million in lapses and transfers among state agencies (including \$1.5 million from the land and community heritage investment program [LCHIP] and \$3.1 million from the regional greenhouse gas emissions fund), \$65 million in borrowing, \$60 million in estimated revenue for selling state assets and additional revenue through federal Medicaid money. The Senate's attempt to expand gambling through Special Session Senate Bill (SSSB 1) failed and will not be implemented.

Special notice should be given to the fact that the proposed reduction of \$6.1 million in the meals and rooms tax as well as the further reduction of the state retirement contributions (from the 25% previously approved to 20%) estimated at \$9.3 million were not part of these budget-balancing measures. In fact, there is no additional down shifting from the state to the local level with exception to the catastrophic aid to school districts.

The final package did not include either an estate tax or a capital gains tax, which were a part of the original House proposal. The special session of the legislature also repealed the so-called LLC tax, which extended the Interest and Dividends Tax to include LLC distributions.

Councilor Bill Garrison