

# NEWS RELEASE

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### **Enacting a Responsible State Budget**

Since he has been in office, Governor Rendell has had an insatiable appetite for spending. State spending increased by over \$7 billion, or 36 percent, since 2003. And for the 7<sup>th</sup> year in a row under Governor Rendell, a budget has not been adopted on time -- quite an infamous legacy.

Despite the Senate being led by Republicans -- who aim to control spending and oppose tax increases -- the House is controlled by Democrats, which has given the Governor a key ally. Two years ago, the Senate focused on defeating the Governor's seven tax increase proposals -- which we did. Unfortunately, the compromise was that spending increased over the rate of inflation. Last year, Senate Republican again successfully fought the Governor's proposed tax increases and limited spending to a degree.

With the economic downturn, Pennsylvania currently faces a \$3.2 billion deficit. In 1991, Pennsylvania increased the PIT as well as other business taxes. This severely crippled our economy. Our Senate Republican Caucus has learned the lessons of the past and understands that increasing the PIT in this economy only further hurts us. Even the President has said that, "In an economy like this, the last thing we should do is raise taxes on the middle class."

We need to do what every working family does -- live within our means. We cannot afford all the items that we once did, and as such, we need to cut spending. Last year, the Commonwealth spent \$27.7 billion. With a \$3.2 billion deficit, we cannot spend more than this past fiscal year. Any federal stimulus dollars we receive will only be for a short-term and will still not allow us to spend more than what we have. As such, the Senate adopted proposal (Senate Bill 850) would spend \$27.3 billion -- which we fully understand will have to be reduced further. The Governor's plan would increase taxes and spend \$28.9 billion. The Senate Republicans will continue to be engaged with the Governor and recently have sat down to review every single line-item in his budget.

As of now, we are a long way apart. And what needs to happen first is for the House to pass a budget. They have been absent in this debate. The Senate passed our bill on May 6<sup>th</sup>. For two months, the House has shirked its duties and not brought up a budget. They need to engage in this process and show the public where they stand -- either for cuts encompassed in Senate Bill 850 or for a 16 percent increase in the PIT like the Governor has proposed