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SENATE APPROVES STATE BUDGET WITH
REASONABLE CUTS IN STATE SPENDING

AVOIDS CRIPPLING CUTS TO HIGHER EDUCATION
AND HEALTH CARE WITH NO TAX INCREASES

After over 80 hours of hearings and review of proposed state spending cuts over the last six months, the Louisiana Senate overwhelmingly approved the state operating budget for the 2009-2010 state budget year. The approved budget makes significant, manageable reductions in state spending in all areas, including over \$100 million in cuts to higher education, but avoids proposed reductions that would have dismantled vital higher education and health care services.

"We all agree that we must reduce state spending and move to more efficient, reorganized delivery of services across state government in an effort to make sure we are making the kinds of investment of taxpayer dollars that meet the immediate needs of our citizens and the long-term goal of building a better Louisiana. However, in that process, we cannot erode the foundation upon which we hope to build a stronger Louisiana," Senate President Joel Chaisson said.

State lawmakers began working on the state budget facing a budget shortfall of almost two billion dollars considering declining state revenue collections and increasing mandated operational costs. The executive budget proposed significant cuts that would have severely impacted citizens' access to health care and higher education services.

The Senate moved to ease the impact of the proposed cuts on vital services by freezing certain personal income tax deductions claimed by less than one-fourth of taxpayers at its current level for three years. The current deduction is the highest it has ever been in Louisiana. No one taking the deduction will pay more taxes next year because of the move. The rollback of the Stelly income tax changes which provides citizens more

than \$340 million in income tax reductions this tax year is not impacted by the deduction freeze. The Senate approved budget also depends on the use of monies from the Budget Stabilization or Rainy Day Fund over three years. Both alternative funding measures are supported by the Council for a Better Louisiana (CABL), Blueprint Louisiana and numerous business and civic leaders across the state.

"There are groups out there that would have us raise taxes, delay the \$358 million tax break that we gave taxpayers when we passed the Shaw bill, and do whatever else it takes so that we wouldn't have to make ANY budget cuts," President Chaisson said.

"There are others who would have us simply pass the executive budget without regard to the devastating consequences for higher education and health care or the long-term negative effects that doing so would have on our state. This bill, as amended by the Senate, represents a reasonable and thoughtful approach to achieving a balanced budget, without raising taxes and without crippling higher education and health care."

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