



News From:

COMPTROLLER KEVIN LEMBO

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COMPTROLLER LEMBO REPORTS SIGNIFICANT SPIKE IN REVENUES SINCE LAST MONTH; PROJECTS YEAR-END BALANCE OF \$509.6 MILLION

Comptroller Kevin Lembo today announced that state revenues have increased by \$414.9 million since last month – bolstering projections for the state’s fiscal year-end balance, and enabling state lawmakers to consider buying down state debt, replenishing the Rainy Day Fund or eliminating an assessment on electric ratepayers.

In a monthly financial report to Gov. Dannel P. Malloy, Lembo projected that the state will end fiscal year 2011 with a fund balance of \$509.6 million.

Lembo said the higher-than-anticipated revenue should not influence the current budget – but instead be used to pay off debt and replenish the Budget Reserve Fund, or “Rainy Day Fund.”

“This revenue should be used to diminish debt and replenish the Rainy Day Fund,” Lembo said. “This should not be used as an opportunity to increase spending.”

As Lembo testified before the Appropriations Committee last month, the state must maintain a larger Budget Reserve Fund – or “Rainy Day Fund” – in order to protect against volatile financial markets. State law currently requires that the state maintain a Budget Reserve Fund capped at 10 percent of the budget. Lembo said 15 percent is more adequate to protect state taxpayers.

Lembo also said that, regardless of the legality of the energy assessment that remains under court review, and which lawmakers are considering eliminating, it is bad public policy. This year’s unanticipated revenue could enable the state to reverse the controversial policy without suffering a significant funding gap.

“This revenue offers an opportunity to reverse bad public policy and rescind an assessment targeting electric ratepayers,” Lembo said. “This electric assessment is an added burden for Connecticut electric consumers already paying the highest electric rates in the continental United States.

“Legislative leaders are rightfully reconsidering a charge that targets electric ratepayers, and now have an opportunity to implement this reversal.”

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