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BATON ROUGE, LOUISIANA --- At the mid-way point of the 2005 Session, it has become clear that Governor Blanco and her administration have embraced the politics of the past. The Administration's tax and spend proposals are in the face of the largest increase in revenue growth in nearly a decade. The Administration seems to be fixated with additional revenues while not seriously attempting to deal with the major issues in healthcare.

We call on the Governor to stop leveraging children for taxes and restructure the budget to take care of the teacher pay raise within the budget. It is unfortunate that teachers have been used by this Administration as leverage in their attempt to pass unnecessary, regressive and diminishing taxes.

Conservatives again call on the Governor to embrace our proposal, as presented to her prior to the start of the current session, to use \$120 million of the ongoing revenues discussed below to make the \$2,500 teacher pay increase happen. We further call on Governor Blanco to support House Concurrent Resolution 77 by Rep. Mike Powell and many others to retool the BESE formula to bring teachers to the southern regional average and require more of the current state funding to be dedicated to classroom costs.

#### The New Money

For FY 05 the Revenue Estimating Conference recognized \$341.8 million in additional taxes, licenses and fees, \$149.9 million of that being reserved for constitutional dedications and \$192.1 million going for use in the General Fund;

For FY 06 the Revenue Estimating Conference recognized \$373.1 million in additional taxes, licenses and fees, \$204.5 million of that being reserved for constitutional dedications and \$168.6 million going for use in the General Fund;

**For a total two-year increase of \$714.9 million, less dedications of \$354.4 million, leaving \$360.7 million available to the General Fund without additional taxes!**

With that much new money available it is unbelievable to us that the FY 06 budget is out of committee to be debated on the house floor tomorrow and teacher pay raises were left out. And yet the Administration's floor leaders restored the rural and urban slush funds 100% and funded other special interest pet projects. What are the Governor's priorities?

The Proposed Taxes

On top of all the new money, the Governor and her floor leaders continue to push hard for tax and fee increases, including but not limited to:

- House Bill 608 raising nearly \$300 million in tobacco taxes;
- House Bill 619 allowing for multiple increases on college tuition and fees;
- Senate Bill 228 to raid the rainy day fund creating another \$75 million this year and nearly \$200 million next year, and;
- A proposed \$75 million sick tax on hospitals!

Enough is enough! It is a shame that the Blanco Administration has chosen a liberal tax and spend mentality.

Just as incredible, is the fact that on a partisan line vote and at the request of the Administration, members of the House and Governmental Affairs Committee voted not to create an independent inspector general. Clearly, the Governor wants more money, but just a clearly she does not want independent oversight.

It is crystal clear today that Louisiana has a spending problem, not a revenue problem, and there is absolutely no justification for new taxes.

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