

The Assembly Blinked

By Arlene Violet

Alas! President Obama's stimulus package has now enabled the Rhode Island House to blink in the light of recommendations made by its very own appointed commission on pension reform.

That panel recommended age 65 as the threshold to retire, the last five years of salary earned as the amortization basis for the amount of the pension to be received, and a cost of living index based on the original pension amount rather than an automatic 3 percent raise each year on top of the prior year's payment. Social Security analysts project that seniors will receive no increases for 2010 and 2011, with no more than a 2 percent increase through 2016, given the economy. Yet these very same seniors whose checks will be flatlined will dole out whopping payment increases to teachers and municipal workers. The legislators decided to ignore information by the General Treasurer's office that retirement payments will cost the state taxpayers \$836.2 million by 2017.

To add salt to the wounds, the House also threw another \$25 million to the city and towns. While some municipalities engaged in cost-cutting, still others ignored economic realities. These places have been rewarded for their profligate ways and refusal to challenge the vested interests. As state Rep. Charlene Lima, who represents Cranston, opined, "If we give back more money today, the cities and towns are going to lose that incentive to make the cuts and that will come back, trust me, to haunt us." Well said.

Leaders on Capitol Hill also added another dollar of tax (now tax of \$3.46 per pack) to cigarettes without any benefit of a cost benefit analysis. On the March 29 "Newsmakers" on Channel 12, state Rep. John Loughlin of Tiverton said there is a history relative to the cigarette tax as a result of the last increase of taxes. He indicated that the state is actually on track to lose \$3 million per year as smokers gravitate to Massachusetts for a butt trek. Without any study, also, was a proposal to add 2 cents per gallon to gasoline, but it was put aside "for now." House minority leader Robert Watson stated that this is a cynical move to diffuse opposition and that the real end game is to add actually 6 cents a gallon despite the plea of gas station and food mart owners that they'd be forced out of business because of a huge Massachusetts's exodus by R.I. consumers. I guess the legislators don't want something like a study to diffuse their tax spree.

In passing the budget, the House also ignored Gov. Carcieri's proposals to ease mandates for the cities and towns. In effect, the legislators have kept the gravy train rolling by ignoring the management tools requested by the governor to be passed down to the local chief executives. In other words, the budget is business as usual.

What isn't business as usual is any incentive to attract businesses to the Ocean State. Any small business looking to relocate (or stay) here has been provided a perfect blueprint as to why doing business in R.I. is toxic to its economic health. Several areas hurt small businesses, including a new proposal to tax a business on health care premiums paid. As Arnold Schwarzenegger once said in a "Terminator" movie, "It if moves we shall kill it." That's the theme on Capitol Hill.

The legislators had an opportunity to be statesmen. They had a perfect cover to do so with the fiscal woes of the state. They could have blamed the governor. Instead, they decided again to postpone the inevitable.

This budget is to plug up the present fiscal crisis. The leaders now have to address the next fiscal year with another budget. Their present actions create a pessimistic picture that they will do so. They have blown a chance to be patriots instead of partisan patsies. This doesn't bode well for the future.

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