



**No answers ‘right away’**

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House Speaker William J. Murphy makes a point during a meeting with editors and reporters in Woonsocket Thursday. Call photo/ Ernest A. Brown

By JIM BARON

PROVIDENCE — Being the Speaker of the House, often painted to as the most powerful position in state government, doesn't mean Bill Murphy has all the answers to the state's \$550 million budget crisis.

“We're not going to get out of this right away,” Murphy admitted in a meeting with editors of The Call and The Times.

“We’re not the only state facing a deficit, but when you look proportionately, we are in tough shape,” Murphy said, noting that Massachusetts has a similar-sized deficit as Rhode Island, but that is part of a much bigger overall budget.

“There is a sense of urgency, of oh my God, how do we get through this? But we’ll have a better idea in another month, when Gov. Donald Carcieri will have presented his 2009 budget plan to the legislature and the House Finance Committee will have started to examine it.”

Nonetheless, the Speaker said he agrees with Carcieri that he does not want the state to resort to raising taxes to fix the problem.

“As Speaker of the House I don’t want to raise taxes,” he said. “I hope it doesn’t come to that.”

Can such a huge budget hole be filled without hiking taxes?

“We’re going to try,” Murphy insisted. “I think our biggest problem here is with the job situation. I don’t think we’ve done enough to bring jobs into the state of Rhode Island.”

Might the newly instituted flat tax — which gives the state’s highest income earners the option to choose a lower, flat tax rate with fewer deductions instead of the standard income tax — have to be at least frozen from dropping to an even lower rate?

“I don’t want to,” Murphy said, speaking of the program he initiated in tandem with Senate President Joseph Montalbano. “It might come to that, but I don’t want to because you can’t, just because of this tight time right now, to stop a program that is going to work.

“I want to create jobs,” he said. “I think it is on the Assembly right now to be part of economic development. It has been the last five years I have been Speaker. We have to do what we can to attract industry here.

“I don’t think there has been a well-organized plan to bring jobs here,” Murphy noted. “It seems we offer companies specific special deals to keep them here, whereas if we had a good sound system, companies would want to come to Rhode Island. If we had an overall favorable business climate that you would have other companies that want to locate in Rhode Island.”

Murphy says one job creator has been the Film and Television Tax Credits, another leadership initiative that has brought several high-profile movie and television projects to the state.

Now, he says, it is time to “put the finishing piece in” and attract a studio to Rhode Island “because that would bring jobs.”

Perhaps the most high-profile of the initial proposals for addressing the state’s long-term budget problem is one Murphy has made his own: pension reform.

On Thursday, the House Finance Committee approved a resolution introduced by Murphy to create a 19-member commission to conduct “a comprehensive study of all aspects of the state pension or retirement system.”

The members will include lawmakers, labor and teachers union representatives, mayors, a judge, a pension lawyer, representatives of the State Police and the Providence Chamber of Commerce, among others.

The commission will be charged to come back with a report by May 15, so its work can be included in the 2009 budget that will take effect July 1.

Murphy says he expects some “fireworks” at the commission meetings “because we are going to have everyone at the table.”

“It is something that has to be done,” the Speaker said. When you look at the pension deficits throughout the state — when you look at Providence alone it is \$350 million in unfunded liability — that is something we have to get a hold of.

“There won’t be any short-term savings,” Murphy acknowledges, “if we switch over to a new type system, whether it be a hybrid system or a pure 401k, but the time is here that we have to do something with pensions.

“If you do go into a 401k now,” he said, “I feel we are morally obligated to our state workers now that people who have been working for the state should get the benefit of their bargain. You can’t pull the rug out from under them since they have been working so many years for the state. But at the start we will be looking at new employees.”

Murphy said he hopes to have some pension changes made into law by this year.

The West Warwick Democrat would not rule out additional gambling revenue as one of the solutions to the budget dilemma.

“We’ve had several bills introduced that pertain to our two VLT facilities in Lincoln and Newport, to expand to 24-hour gambling,” he said. “We’ll start to have our hearings on that. We’re of the opinion that the governor could do that without General Assembly approval, so that is certainly a ripe issue ...”

He brushed aside as “backyardism” efforts by legislators in Lincoln and Newport to require a referendum before expanded hours could be instituted at Twin River or Newport Grand.

“I don’t think we’re going to have a referendum, I think we will have hearings first,” he said.

Murphy mentioned several other possible directions for the state to go in addressing the budget crisis — expanding the reach of the sales tax, regionalizing the state’s 36 school districts and possibly some of the other services provided by Rhode Island’s 39 cities and towns.

“I think I have a responsibility to my members that I can’t put all the cards on the table today, because obviously it is not fair to them to not bring them in and tell them some positions we want to make or are leaning to before they read it in the newspaper.”

Murphy said he will definitely run for re-election in his West Warwick district and, if successful, will make a bid for at least one more two-year term as Speaker.