

HB 6408

PA 647 (Vetoed)

1971

State & Urban Development 5

House 4897-4904

Senate 3295-3299

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**JOINT
STANDING
COMMITTEE
HEARINGS**

**STATE
AND
URBAN
DEVELOPMENT**

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STATE AND COMMUNITY DEVELOPMENT

WEDNESDAY

FEBRUARY 10, 1971

5574 will not be heard today, and 5918 will not be heard today. They will be rescheduled. Next Bill is 6408; that's the Bill introduced by our Senator Lieberman.

Attorney Kevin Kenny: Attorney Kevin Kenny, 75 Pearl Street, Hartford, representing the Associated Restaurants of Connecticut. We want to go on record in favor of this Bill. We have felt in the past, any money spent by the Development Commission, let's say, any one dollar spent has returned to the State of Connecticut, in business, at least one hundred dollars. So, any additional funds that can be spent by the Connecticut Development Commission would, I think, increase definitely, the income to the business in the State of Connecticut. Thank you.

Chairman Tudan: That was real brief. Anyone else care to speak on 6408?

Mr. Mark Feinberg: Gentlemen, my name is Mark Feinberg. I am Managing Director of the State Development Commission, speaking in favor of 6408. This is the major source of promotional funds which the State Government, through a Development Commission, has available for tourist promotion. Tourist promotion in this State and tourist business attracts about 15 million people a year and brings about 270 million a year in fresh money into the State of Connecticut, and this is money that does not require a lot of services. An investment..capital expenditures by State municipal government. This is what we call clean fresh money. Now, we are in a highly competitive situation on attracting tourists, not only with other states but with other countries. We have a cost benefit ratio of one to one hundred for each dollar that has been invested in tourist promotion. We are able to verify that a hundred dollars has been returned to the State's economy. About 10 to 12 per cent of that in direct tax revenue, to the State Government. Since this is the major fund available for tourist promotion, it's all but 20 thousand dollars of a 160 thousand that goes for tourist promotion in this State. We're very strongly in favor of this Bill because it would increase the possible promotion and attract more fresh dollars. Now, tourist industry nationally is a 40 billion dollar industry. Our target in Connecticut is to push from 270 million a year up to a billion dollars in fresh money. It's virtually an uncapped source of business, income and revenue for the State and its people and this is why we very strongly ask you consider this Bill favorably.

Senator Lieberman: Mr. Feinberg, did you know that a hearing separately tomorrow on the tourist industry? Perhaps we can set this aside but I think you make a very good point which make and double tomorrow.

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Amendment Schedule "A". All those in favor indicate by saying "aye". Opposed. Neiditz' Bill is passed. To the gentleman from the 12th, there was a comment from the floor, "Representative Neiditz represents Justice". The Clerk will continue with the call of the Calendar.

EFH

THE CLERK:

Page 16, Calendar No. 1306, Substitute for H.B. No. 5785, an Act concerning School Boards of Education and teacher negotiation, File No. 1495.

JOHN F. PAPANDREA:

Mr. Speaker, may that item be passed temporarily?

MR. SPEAKER:

So ordered.

THE CLERK:

On Page 16, Calendar No. 1313, Substitute for H.B. No. 6198, an Act concerning the licensing of professional engineers.

JOHN F. PAPANDREA:

Mr. Speaker, may that item be passed retaining its place on the Calendar?

MR. SPEAKER:

Without objection, so ordered.

THE CLERK:

On Page 17, the second item, Calendar No. 1318, Substitute for H.B. No. 6408, an Act concerning allocation of certain Sales Tax Receipts to the Connecticut Development Commission.

VICTOR TUDAN:

Mr. Speaker, I move the acceptance of the Joint Committee's

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favorable report and passage of the Bill.

EFH

MR. SPEAKER:

Will you remark.

VICTOR TUDAN:

Very simply, Mr. Chairman...Mr. Speaker. This Bill on the accommodation tax from $8\frac{1}{2}$ is increased to 10%. And if I could just clarify this for some of the folks here that this, when we talk about the accommodation tax we're talking about the hotel, the motel industry, and when you receive your bill, on that tax of 5%, 10% of that will go to the State Development Commissioners from both the tourist industry and the State of Connecticut. It's a good Bill. I urge its passage.

MERRITT M. COMSTOCK:

Mr. Speaker, I didn't want to disappoint my good friend, Mr. Tudan. I think I've opposed him on this Bill for the past two or three Sessions. I have two reasons for opposing this piece of legislation. One is that I think that we are going to authorize funds to the Development Commission for promoting recreation in the State of Connecticut, we should do it via the budget process, and not by a taking of percentage of the...this tax. Secondly, we've been increasing this percentage quite frequently. I think every other Session we increase the percentage. And we're now getting up/^{to}the point where last year we spent some \$95,475.10 based on $8\frac{1}{2}$ %, which is the present rate. This year there's some \$150,147.49. That's quite a sizable increase in one year. If we increase this another percent-and-a-half, I don't think it's warranted at this time, when the State's in the fiscal condition that it's in.

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MR. SPEAKER:

EFH

Further remarks on the Bill. The gentleman from the 42nd speaking for the second time.

VICTOR TUDAN:

Mr. Speaker, I wonder if I might clarify a point or two that was made by Representative Comstock, that the monies that are being appropriated to Development Commission, approximately 45 some odd thousand dollars, is used for the promotion of the development of the State. It has nothing to do...there are no funds allocated whatsoever for promotion of the tourist industry in the State of Connecticut. Now, presently we're talking about an industry, and I say it's an industry. In the State of Pennsylvania, the second largest industry in the State of Pennsylvania...it's a billion-dollar industry...is the tourist industry. Now, presently we're working on a four-seasons program here in the State of Connecticut, and approximately 250 to bordering on 270, 80 thousand dollars a year's being derived from the expenditures that we have here in the State of Connecticut. When you think of what we do here in Connecticut in comparison to the other New England States, we are down at the bottom of the list. Massachusetts spends approximately five, six times as much as we do. The State of Maine approximately three times as much as we do. Vermont, almost three, three-and-a-half times as much as we do here in the State of Connecticut. They've realized the importance of promoting the tourist industry in their various states. It's a proven fact. There's absolutely no question about it. This information has been made available certain to us on the Development Commission. The people on

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Finance know this well...that for each dollar that we spend in the State of Connecticut, it generates a hundred dollars coming back to the State of Connecticut. It's like anything else. If you're going to promote something, you're going to have to sell it; you're going to have to spend money. This money is being extracted from the very people that are being attracted into the State of Connecticut. It's from these people that come into our State...that we've enticed, asked, invited, and in doing so, these people more than pay their own freight. I just regret, and you know this very well, Representative Comstock, the Bill was in there for 12, and not 10, and we got shafted last time, and you know how it happened, and we settled for the 10 because it at least gives them a little bit more. We want to promote this State, and make it a tourist-industry state.

MR. SPEAKER:

Can we break this debate for very important proceedings. I understand the Clerk's office is prepared to bring something to our attention. Lucille, Chairman Gaffney. The very important occasion relates to the Dean of the House, who is celebrating a birthday. I won't ask him which one, but on behalf of all of us to a friend we hold near and dear, to a gentleman who really exemplifies the best in being a Representative to the Connecticut General Assembly, from all of our friends, and that includes all 177 of us...Happy Birthday, Ruby.

RUBIN COHEN:

I want to thank each and every one of you people...fellow Members of the General Assembly, ladies. It's been a pleasure

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EFH
serving up here a couple of semesters. I've learned something each and every Session that I've been here, and I've never had the opportunity to get too much of an education, but this year I've really gotten one. And I feel that I'm now eligible to take the Bar Examination. That's the legal bar. Thank you very, very much.

MR. SPEAKER:

Let's see...that's two, four, five children, Ruby, six. The Dean has announced that in honor of his birthday, the Hawiaan Room will be kept open until two o'clock this morning. Happy Birthday, Ruby.

VICTOR TUDAN:

Mr. Speaker. Happy Birthday, Ruby. I move the passage of the Bill.

MR. SPEAKER:

I fear Representative Tudan has been studying for the bar, too.

RICHARD B. EDWARDS:

Mr. Speaker, I rise also to support this Bill and would not reiterate many of the remarks that Representative Tudan made, but they are very, very true. One of the few areas in which a state can spend money and make it is in the area of tourism. We have been doing a good job. In fact, as this is my professional area, I have been very surprised at the excellent job which has been done with the literally small amount of funds that have been available. I would also like to point out that over the past several years media costs have climbed and climbed. Production costs have climbed and climbed. The dollar that you spend in

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promotion today covers only about 50 or even less, perhaps, as it did several years ago. It places an increasing burden on those who are spending it, but it also places a burden on us to provide them money and the figures as to the return to the State. I don't know where else you can spend a dollar and have people come from outside, spend their money with our merchants, with our attractions, and also for our sales tax...in fact, I just question if we had a sales tax...I believe there's one proposed on advertising...it's probably going to make that budget five percent less. We need this. We need it very badly. It's only unfortunate there isn't more money. I move the passage of the Bill.

MR. SPEAKER:

Further remarks on the Bill.

GERALD F. STEVENS:

Mr. Speaker, I rise in opposition to this Bill. The idea behind this Bill is, as Representative Tudan has said, to make us better able to sell the State of Connecticut. Right now our problem is in buying things to run the State for the next year...not selling it. At the present time, 8% is given out, of the 8½%, is used for the sale of the assets of the State of Connecticut, and by that I mean our natural resources...what we have to offer. I'd like to see it increased, too. My quarrel is not so much with the increase, but how you are doing it. This should be appropriated out of the General Fund, so that it goes through the Appropriations Committee, and we, here in the Legislature, have an opportunity to decide whether or not, for this particular year, we wish to increase the budget of this particular aspect of State government.

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If this Bill passes, it's anticipated that it's going to decrease the revenue to the General Fund by \$29,402 during the fiscal year that starts July 1, 1971 and runs through June 30, 1972. And I say that in a year with such a tight budget we should put that \$30,000 into the General Fund and use it for other programs. We should not appropriate money by having something tied in to an increase in receipts that is specifically allocated for one aspect of State government. It should come into the General Fund, and we here in the Legislature should determine whether or not we want an increase for the next year. I think it's a bad Bill, and it should be defeated.

MR. SPEAKER:

Further remarks.

JOHN F. PAPANDREA:

Mr. Speaker, I rise briefly in support of the Bill. I think that our concern in the time when this State has experienced unemployment well in excess of 100,000 jobs, that we consider every opportunity to increase and benefit the economic activity which is promoted and brought about by an increase in the tourist industry in this State. We have an awful lot to offer. I think a lot of times because of the industrial and commercial nature of this State we have undersold and sold ourselves short on the beauty, on the qualities that make this State one of the most attractive places in the United States to live, and I think that ^{if} this Bill promotes that end, we should all support it.

MR. SPEAKER:

Further remarks. If not, the question's on acceptance and passage. All those in favor indicate by saying "aye".

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Opposed. In the opinion of the Chair, the "aye" have it. Passed. EFH

THE CLERK:

Page 17, Calendar No. 1325, H.B. No. 6538, an Act concerning the powers of the Commission on Aid to Higher Education.

THOMAS J. MCNELLIS:

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the Bill.

MR. SPEAKER:

Will you remark.

THOMAS J. MCNELLIS:

Mr. Speaker, this Bill will allow the Commission on Aid to Higher Education to enter contracts to carry out its statutory functions. The United States Department of Education requires certain reports from institutions of higher education in each state. This department, the United States Department of Education, has been reviewing and compiling this data in their office in Washington. It has been taking them up to a year to get this data compiled, and now they've asked agencies, such as the Commission on Aid to Higher Education, in each state, to do this work for them, and these Commissions...these agencies, or the states they represent, would be paid for this work. It was felt that the Commission on Aid to Higher Education did not have the statutory authority to enter this type of agreement, and this Bill will give it this authority. I urge its passage.

MR. SPEAKER:

Further remarks on the Bill.

GUIDO LAGROTTA:

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substitute for H.B. 7014 An Act Concerning Sales Authorized Under Package Store Permits. The Clerk will pass it temporarily.

THE CLERK:

On page 7, Cal. 1249, File No. 1452 Favorable report joint standing committee on Finance Substitute for H.B. 6408 An Act Concerning Allocation of Certain Sales Tax Receipts to the Connecticut Development Commission.

THE CHAIR:

Senator Buckley.

SENATOR BUCKLEY:

Mr. President, in the absence of Senator Cutillo, I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR BUCKLEY:

Mr. President, the bill increases to 10% the allocation to the Connecticut Development Commission of the so called accommodations tax. The money is used by the Connecticut Development Commission to in turn promote Connecticut among travelers. It is the estimate of the Connecticut Development Commission that approximately \$10. in money, is drawn to the state. Additional revenues or money coming into the state is drawn in by every \$1 expended under the provision of this bill.

THE CHAIR:

The question is on passage of the bill. Will you remark?
Senator Ives.

SENATOR IVES:

Mr. President, I rise to oppose this bill. At a time when we should not be earmarking any additional funds for specific projects. This increase in this area is unjustified. And I oppose this bill.

THE CHAIR:

Will you remark further? If not all those in favor of the

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bill signify by saying aye. AYE. Opposed nay? NAY. The Chair is in doubt.

SENATOR BUCKLEY:

Mr. President, I move that when the vote be taken. It be taken by roll call.

THE CHAIR:

There is a motion for a roll call. All those in favor signify by saying aye. AYE. Opposed nay? The required 20% have indicated to the Chair that they wish a roll call. Mr. Clerk would you call a roll vote in the outer chamber.

THE PRESIDENT T. CLARK HULL IN THE CHAIR:

The Chair:

Senator Crafts.

SENATOR CRAFTS:

Mr. President, the bill before us received very brief comments. From two Senators. I think it might be very proper if we heard those same arguments once again. Since so many of the Senators were absent during the original presentation. I don't believe this bill has any political ramifications. And I would like to hear the argument presented once more.

THE CHAIR:

Will you remark further? Senator Buckley.

SENATOR BUCKLEY:

Mr. President, I was the person who reported the bill. For the benefit of those who were not here. The bill concerns the accommodations tax. The accommodations tax is a tax placed on hotels and lodgings generally in this state. The purpose of the bill, I withdraw that comment. The existing law provides that $8\frac{1}{2}\%$ of the accommodations tax will be at the use and disposal of the Connecticut Development Commission to promote tourism in the state of Connecticut. What the bill does is increase that to 10%. Its an increase of $1\frac{1}{2}\%$. If my mathematics is correct. The purpose of this increase is a laudatory one. The Connecticut Development Commission uses this money and the $8\frac{1}{2}\%$ that it is now authorized

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to use for the purpose of promoting tourism in Connecticut. In other words bring in more tourist dollars into the state. Thereby improving the economy. It is the estimate of the Connecticut Development Commission that for each dollar spent out of the funds made available through it by this use of the accommodations tax. It in effect returns \$10 for every \$1 spent. I consider that to be a tremendous bargain. We in Connecticut are certainly looking for people to come to our state. It needs promotion. It needs explanation by the Connecticut Development Commission of the benefits and assets of this state. And I think that its a worthwhile purpose. I wholeheartedly support the bill.

THE CHAIR:

Will you remark further? Senator Eddy.

SENATOR EDDY:

Mr. President, I agree with Senator Buckley that the purpose of this bill is proper and laudatory. I am a firm believer in bringing tourists into this state. I think that the principal here. Its a matter of princiapl that we are worried about. At least I'm worried about. And I know the Governor feels that one of the problems in the past, has been that there have been too many sort of irresponsible approaches to financing in general. And he believe and I agree with him that money should come to the General Fund. And then projects should live or die on their merit. Now I think this is a worthy project. I think that tourism should be encouraged. I have no doubts about that whatsoever. But I think that it should be considered as an overall financial plan. And as Senator Ives said a few moments ago. The special funds, the increasing of special finds is just another way to increase financial chaotic that we're in now. And I do oppose this bill.

THE CHAIR:

Will you remark further on the bill? Senator Lieberman and then Cutillo.

SENATOR LIEBERMAN:

I yield to Senator Cutillo.

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SENATOR CUTILLO:

Mr. President. Thank you. And you really didn't have to yield. I ran up two flights of stairs. I'm out of breath. Mr. President, the bill as reported by the joint finance committee was reported out unanimously. Now there are improvements that can be made within the system of taxation. But there is a need for this particular legislation at this point. We have a beautiful state. We ought to be proud of it. And I think that we ought to promote it. This bill will to that end. There are a lot of arguments I suppose that can be made. And have been made. As to how we're going to get the money to do this. If this is a matter, a serious matter, then I suggest that those of us on the Finance Committee can take this up in the interim. And make the appropriate changes next February.

THE CHAIR:

Senator Lieberman, then Senator Ives.

SENATOR LIEBERMAN:

Mr. President, I rise to support the bill. And while paying heed to the comments of the distinguished Minority Leader. I am compelled to support the bill because it seems to me that there are probably very few other areas of state expenditure where there is so clear a return for the money invested by the state. I think that tourism is one of the great, sort of coming industries in the state. And the record that has proven that every dollar put in by the state government in support and promotion of tourism returns many many more dollars. Many of them going back to the state in the form of taxes. The record also shows that Connecticut is lowest of the New England states in the amount of money it spends promoting tourists. And not surprisingly is also very low in the amount of money spent by tourists in the state. And therefore I think this bill goes a little way towards correcting that imbalance. And I support it.

THE CHAIR:

Senator Ives.

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SENATOR IVES:

Mr. President, I wish to re-echo the words of the Senator from the 9th. And looking in the file under the Budget which we're going to take up later. Under the Democratic Budget. There is a total of \$899,000 appropriated to the Connecticut Development Commission. And in the amendment which we will offer to that budget there is a total of \$899,000. So what we're saying is the same amount of money is going to be spent by the development commission under either budget. What we're really saying to you is leave the tax where it is. And let the money go into the General Fund. And stop messing around with special funds.

THE CHAIR:

The question is on passage. Will you remark further? If not a roll call is ordered in the Senate. Have you announced it Mr. Clerk? I was out of the room. Three times, thank you. If there is no objection it would be proper to proceed at this time with the roll call.

Results of the roll call on H.B. 6408.

Whole number voting 35
 Necessary for Passage 18
 Those voting yea 18
 Those voting nay 17
 Those absent and not voting 0

The bill is passed.

THE CLERK:

H.B. 6564

Cal. 1253, File 1491 Favorable report of the joint standing committee on Finance An Act Concerning the Classification of Forest Land.

THE CHAIR:

Senator Cutillo.

SENATOR CUTILLO:

Mr. President, I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?