

HB 5430

PA 252 Scan 1996

Senate 5298, 5303-5305 (4)

House 1778, 3034, 4739-4766 (30)

Commerce 109-119, 158-165, 185-192 (26)

total 60pgs

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GEN ASSEMBLY
SENATE

PROCEEDINGS
1996

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VETO SESSION
4994-5373

kmg

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Senate

Wednesday, May 8, 1996 005298

On Calendar Page 12, Calendar 541, Madam President, I HB 5786
would move that that item be placed on the Consent
Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

On Calendar Page 16, Madam President, I would move HB 5430
that Calendar 567 be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

On Calendar Page 17, Madam President, I would move HB 5431
that Calendar item 570, be placed on the Consent
Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

On Calendar Page 22, oh I'm sorry, on Calendar SB 470
Page 24, Madam President, I would move that Calendar
item 219, be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. FLEMING:

And on Calendar Page 24 again, Calendar item 283, SB 437
Madam President, I would move the Calendar 283, be

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Page 7, Calendar 506, HB5239.

Page 8, Calendar 517, HB5211.

Page 12, Calendar 541, HB5786.

Page 16, Calendar 567, HB5430.

Page 17, Calendar 570, HB5431.

Page 17, Calendar 572, HB5518.

Page 24, Calendar 219, SB470.

Page 24, Calendar 283, SB437.

Page 28, Calendar 280, HJR22.

Senate Agenda #3, Substitute for HB5452, HB5814,

HB5799, HB5632, Substitute for SB684.

THE CHAIR:

Mr. Clerk, did you call from that Agenda, HB5452?

Did you call from that Agenda to be place on the
Consent 'Calendar, HB5452?

SEN. FLEMING:

Madam President?

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Yes, Madam President, just for clarification on
the Consent Calendar, did the Clerk call Calendar
HB5452 from Senate Agenda #3?

THE CHAIR:

I believe he called sir, but I just confirmed with

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him that it was not on the Consent Calendar.

SEN. FLEMING:

So, Madam President, for the record Calendar 5452 is not on Consent. Is that correct? And was not called to be on Consent.

THE CHAIR:

Would the Clerk, excuse me, Senator Sullivan.

SEN. SULLIVAN:

Madam President, I'm sorry, it is still difficult to hear, on Calendar, regular Calendar Page 17, File 572, did the Clerk call that for the Consent Calendar?

THE CLERK:

Yes.

SEN. SULLIVAN:

Thank you.

THE CHAIR:

Would the Clerk please announce a roll call vote, the machine will be open.

THE CLERK:

An immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber. An immediate roll call has been ordered in the Senate. Will all Senators please return to the chamber.

THE CHAIR:

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Have all members voted? Senator Upson. Have all members voted? If all members have voted, machine will be locked. Clerk please take a tally.

THE CLERK:

Total Number Voting	36
Necessary for Passage	19
Those Voting Yea	36
Those Voting Nay	0

THE CHAIR:

Consent Calendar is adopted.

SEN. FLEMING:

Madam President?

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Thank you Madam President. Madam President, I believe the Clerk has Senate Agenda #4.

THE CLERK:

Senate Agenda #4, dated Wednesday, May 8th 1996.

THE CHAIR:

Senator Fleming.

SEN. FLEMING:

Madam President.

THE CHAIR:

Senator Fleming.

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House of Representatives

Tuesday, April 23, 1996

Without objection, so ordered. Will the Clerk please call Calendar 454.

CLERK:

On page fourteen, Calendar 454, substitute for
HB 5430
HB4530. AN ACT CONCERNING CLUSTER BASED ECONOMIC DEVELOPMENT. Favorable report of the Committee on Finance Revenue and Bonding.

DEPUTY SPEAKER HARTLEY:

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker I move the substitute for HB5430 be referred on the Committee on Government Administration and Elections.

DEPUTY SPEAKER HARTLEY:

Without objection so ordered. Clerk please call Calendar 456.

CLERK:

On page fifteen, Calendar 456, substitute for
HB5561. AN ACT ENCOURAGING TRUCK WEIGHT ENFORCEMENT. Favorable report of the Committee on Appropriations.

DEPUTY SPEAKER HARTLEY:

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker I move the substitute for HB5561 be referred to the Committee on Public Safety.

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Monday, April 29, 1996

On page thirty, Calendar 454, substitute for
HB5430. AN ACT CONCERNING CLUSTER BASED ECONOMIC
DEVELOPMENT. Favorable report of the Committee on
Government Administration and Elections.

SPEAKER PRO TEMPORE PUDLIN:

Mr. Godfrey.

REP. GODFREY: (110th)

Mr. Speaker I would move the substitute for HB5430
be referred to the Appropriations Committee.

SPEAKER PRO TEMPORE PUDLIN:

The matter will be referred to Appropriations.

479.

CLERK:

Page thirty, Calendar 479, substitute for HB5600.

AN ACT CONCERNING THE REDUCTION OF ADOLESCENT
PREGNANCIES. Favorable report of the Committee on
Education.

SPEAKER PRO TEMPORE PUDLIN:

Mr. Godfrey.

REP. GODFREY: (110th)

Mr. Speaker I would move the substitute for HB5600
be referred to the Human Services Committee.

SPEAKER PRO TEMPORE PUDLIN:

Without objection referred to Human Services.

497.

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Monday, May 6, 1996

Those voting Yea	147
Those voting Nay	0
Those absent and not voting	3

SPEAKER PRO TEMPORE PUDLIN:

Bill passes. If I may also please once again admonish the Chamber, please don't be so rowdy. You don't have any excuse for misbehaving the Senators are now carefully locked away in their Chamber. Please will you please come to order? Thank you very much. Mr. Clerk, clearly 454 sir.

CLERK:

On page thirty, Calendar 454, substitute for HB5430. AN ACT CONCERNING CLUSTER BASED ECONOMIC DEVELOPMENT. Favorable report of the Committee on Appropriations.

SPEAKER PRO TEMPORE PUDLIN:

Representative Merrill, good afternoon madam.

REP. MERRILL: (54th)

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

SPEAKER PRO TEMPORE PUDLIN:

On acceptance and passage, will you remark madam?

REP. MERRILL: (54th)

Thank you Mr. Speaker. This bill is the collaborative effort of a bi-partisan group of

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legislators and will reflect the work of that committee. And response to that the Clerk has in his possession amendment LCO 3325 will he please call and I be allowed to summarize?

SPEAKER PRO TEMPORE PUDLIN:

Clerk please call LCO 3325, House "A."

CLERK:

LCO 3325 House "A" offered by Representatives
Merrill and Hess.

SPEAKER PRO TEMPORE PUDLIN:

Proceed madam, without objection, proceed.

REP. MERRILL: (54th)

Thank you Mr. Speaker. This amendment is a re-draft of the original bill and reflects the discussions of our working group. The amendment basically keeps in place an advisory council which would be a remake of the Connecticut Economic Board. And would reconstitute its membership through a collaborative and partnership between members of private industry and certain clusters of the economy and government agencies.

The board would be chaired by the governor and would basically conduct a conference once a year where clusters of industries could come before the board and describe action plans and other things that they're doing in their sector of the economy.

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It also would require the commissioner of DECD to report back on development of clusters and assumes that their strategic plan--that they've recently put into place--would assist in the development of cluster industries, and would report back to the General Assembly so we could take action on plans that were mentioned, and I move it's adoption. And may I be allowed to comment further?

SPEAKER PRO TEMPORE PUDLIN:

You may and you will. On adoption will you remark further?

REP. MERRILL: (54th)

Thank you. As I said before this has been carefully redrafted by a bi-partisan group and that group worked very hard. Because I think of all of the issues that we discuss up here and we discuss almost everything. But none is more important than what this body can do to show leadership in redirecting the economy of Connecticut in the 21st century.

It's a well known fact that Connecticut has relied for many years on two primary industries, insurance and defense. Or in some way once said, death and taxes. Those two industries while they have not flowed in Connecticut--and I think it's very telling to say that both of those industries grew in Connecticut--there has

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always been assumptions that somehow we're going to be able to tempt industry to our state and there's been a lot done in this regard all over the country in terms of reducing taxes, reducing regulations, and those things are important but I think it's important to notice that most industry grows in a place where it lives.

It starts there and it stays there. And so nothing then becomes more important than our ability to encourage the kind of small business development-- particularly that we have in this state--and nothing is more important than trying to look ahead to the 21st century and begin to put some sort of strategic plan into place where we can move into the new industries of the future.

And we already know what some of them are. There are things like bio-technology, photonics which some people didn't even know what it was but is widely regarded to be the microelectronics of the 21st century. These are things that we know are coming. And we know also that the industries that have existed here for many years are downsizing in the number of people that they employ.

We absolutely must act together with private industry in order to do something about what's

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occurring not just here, but all over the country. Now, obviously there's very little that government can do by itself. There are seat changes taking place in the world that we need to only look around and see that there is really nothing that we can do about the fact that for example technology has changed the number of jobs that need to be used in an industry in insurance for example.

None the less it doesn't mean we can sit back. Because we have one of the most prized resources of any state right here in our state, and that is our highly trained work force. Some people say that we have-- according to various statistics--more engineers per capita than any other state for example.

This is something that has grown here as a result of the industry that was here, primarily the defense industry. But we can't sit back and let those people dissipate or work in lower paying low skilled jobs because they won't last long and they will not stay here.

This plan attempts to work in concert with the DECD, who also in looking at something called industry clusters. And I think it's important to note that clusters are not geographic clusters. Every time someone starts talking about clusters--and there's been

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a lot of discussion about clusters--everyone, the first question people want to know, well is there one in my state, is there one in my district?

That is not the way a cluster concept is working, it really builds on research that's been done in universities. That look for example, at a broad-based range of industries that interact together, both in terms of market, in terms of product development, in terms of research and development.

And tries to see them as something that interacts and can be encouraged to interact in a particular area of the country. For example the state of Arizona is looking at this collaborative approach and they have established a system very similar to what we have in mind here, which is to somehow look at the strengths that we already have in certain industries and try to see what we can do as a government entity in showing some leadership from the state level to encourage their development in our state.

It definitely must come from private industry, together with government we can do many things and action plans must be developed in some of these areas so that we can begin to look to see where we're going to be in the next 10, 20, 30 years. There is no more important issue before us today. I would respectfully

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ask that you support this amendment. Thank you.

SPEAKER PRO TEMPORE PUDLIN:

Will you remark further on House "A"?

Representative Betkoski.

REP. BETKOSKI: (105th)

Yes, thank you Mr. Speaker. I rise in support of this amendment. I commend Representative Merrill and the working cluster based economic development working group who put in countless hours putting this amendment together. In my four years on the Commerce Committee, I believe that this is a milestone in terms of the legislation which will bring us into the 21st century.

I also believe that it will further assist us in our economic development in the state of Connecticut. Breaking down regulatory barriers and bringing about our work force needs, accessing our work force needs in the state of Connecticut. It's something that we need to do. I also commend Commissioner Ellef and the Department of Economic and Community Development for his support of this innovative program and I urge its passage.

SPEAKER PRO TEMPORE PUDLIN:

Representative Tercyak.

REP. TERCYAK: (26th)

Thank you Mr. Speaker. Through you Mr. Speaker a

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question to the proponent of this amendment.

SPEAKER PRO TEMPORE PUDLIN:

Your question sir.

REP. TERCYAK: (26th)

Thank you Mr. Speaker. The plan of which you speak, Representative Merrill, would it in any way, or do you foresee if not now, do you foresee it in any way encroaching on the local zoning regulations?

SPEAKER PRO TEMPORE PUDLIN:

Representative Merrill.

REP. MERRILL: (54th)

Representative Tercyak, I don't see it having anything to do with a local zoning agency what so ever. This would be state-wide advisory group really, headed by the governor to hold a conference. I don't see where it would have anything to do with local zoning. Through you Mr. Speaker.

REP. TERCYAK: (26th)

Thank you Representative. Thank you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Thank you sir. Representative Fleischmann.

REP. FLEISCHMANN: (18th)

Thank you Mr. Speaker. Mr. Speaker, I rise in support of this amendment. Some basic points that I would just like to reiterate for the Chamber. All of

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us are concerned about job creation. This sets forward a job creation strategy for the state of Connecticut. Really it's the number one issue facing us today. This involves a focus on clusters of industries instead of individual business. You know, if you look at the history of state economic development here in Connecticut, there's been too much picking and choosing of individual companies, this will get us away from that.

For folks who were wondering what's meant by a cluster, some examples: finance which would comprise insurance and banking; manufacturing; tourism; health care and bio-medicine. We're talking about broad spectrums of businesses that interact. These clusters would come together to develop strategic plans which would go forward to a board overseen by the governor.

We would have true leadership of state development strategies. We would have reporting back to the state of Connecticut to let us know what's happening with our loans with our bonds funds, so we could track how our clusters were doing.

I would like to reiterate this is an industry driven approach. For everyone here whose arrived at this Chamber through grassroots politics, this is grassroots economics. Making sure that those folks who

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are most affected by our policies have input into those policies and direct them in the right direction.

Finally, this involves great legislative and executive branch cooperation. We have been working with the Department of Economic and Community Development, they have reorganized their agency along lines that support this approach.

They now have a cluster division within their department and I'm confident that between the actions this legislature will hopefully take today and the work of DECD we'll together be able to move toward a cluster driven approach.

I hope the rest of the Chamber will joint me in support of this amendment. Thank you.

SPEAKER PRO TEMPORE PUDLIN:

Representative Simmons.

REP. SIMMONS: (43rd)

Thank you Mr. Speaker. I rise in support the concept of developing economic clusters and I've supported that on the Commerce Committee over the last several years. But I have a couple of questions that I would like to ask to establish legislative intent, through you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Frame your question sir.

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REP. SIMMONS: (43rd)

Yes, thank you. The previous speaker made reference to tourism. Tourism was identified two years ago by the Department of Economic Development as an existing, or as a developing cluster and one of tremendous importance to the state of Connecticut for a variety of reasons.

As I read the representatives to this entity on lines 54 through 69 I see reference to technology research, work force training, financial adventure capital, etc. etc. But no specific references to tourism or to light manufacturing or even heavy manufacturing.

Am I correct in understanding that the clusters to be studied will not be limited to those identified in those lines of the amendment, through you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Representative Merrill.

REP. MERRILL: (54th)

Yes, through you Mr. Speaker. That's absolutely correct. These were drawn from the economic conference board's report of 1993, I believe it was, and they are broadly defined areas in which we felt we needed to have representation on the board. Clusters change, it's not a static situation, tourism is a widely

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recognized cluster of industries in the state of Connecticut, it is already operating as a cluster, the way I understand it, and let me just say here for the record, that a cluster involves more than simply businesses and industry but also looks at infrastructure, looks at educational, looks at job training, looks at all the kinds of industries and things that surround a particular sector.

So this is in no way an attempt to define static clusters, that they will change, through you Mr. Speaker.

REP. SIMMONS: (43rd)

I thank the lady for her response. And as I understand it, what she's saying is the items in lines 55 to 69 are not determined to limit the scope of the types of clusters that might be studied. My second question goes to lines 103 through 106. Where I understand that the board will prepare reports that study the growth, majority and decline of existing economic clusters and the formation of new economic clusters which employ emerging technologies.

Am I correct in understanding that the formation of new economic cluster will not necessarily be determined by their technological base, that this is not a limitation in the language, it's simply just

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descriptive in nature, through you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Representative Merrill.

REP. MERRILL: (54th)

Yes, through you Mr. Speaker, yes that's correct. They're looking at emerging technologies, they're also looking at other emerging industries. They're looking at existing industry clusters as well as new ones, so that is in no way a limitation. Through you Mr. Speaker.

REP. SIMMONS: (43rd)

Thank you. So I understand that once again, while the language may appear to be limiting, in fact the concept is dynamic, it's all inclusive and this board is not to feel constrained by perhaps some of the words that are used in this amendment. That being the case Mr. Speaker, I would certainly support the amendment and the underlying concept, which I think is important to us to pursue here in Connecticut. And I thank the Chair.

SPEAKER PRO TEMPORE PUDLIN:

Thank you sir. Representative Hess.

REP. HESS: (150th)

Mr. Speaker. I just wanted to clarify that this amendment is the result of a bi-partisan effort to

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permit clusters to fit into the reorganization plan which you all have received and which you all probably have read, so the underlying plan is the reorganization plan which details all of the clusters that were studied by the Department of Economic and Community Development for the last six months.

This amendment really gives more reporting requirements. It is a good amendment and I urge that the body support it. Thank you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Sir.

REP. SCHIESSL: (60th)

Thank you I rise in support of the amendment but I do have one question meant in the way of a clarification to the proponent of the amendment.

SPEAKER PRO TEMPORE PUDLIN:

You're question sir.

REP. SCHIESSL: (60th)

Turning your attention to lines 50 through 54 of the amendment there's reference to chairpersons and ranking members of certain joint committees of the legislature. I would presume that this language refers to the chairs and ranking members of the Commerce Committee and the Finance, Revenue and Bonding Committee, is that correct? Through you Mr. Speaker.

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SPEAKER PRO TEMPORE PUDLIN:

Madam.

REP. MERRILL: (54th)

Yes, through you Mr. Speaker. Yes, that is correct.

REP. SCHIESSL: (60th)

Thank you. I have no further questions. I am very pleased that both sides were able to come together to craft a proposal that we will use to help identify and promulgate the creation of new economic clusters in Connecticut and at the same time not forgetting the existing clusters we have because they need our attention as well. And I would urge adoption of the amendment, thank you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

On adoption, will you remark? Representative Clemons.

REP. CLEMONS: (56th)

Thank you Mr. Speaker. I would not like to repeat what has already been said, but I do wish to support this amendment and urge you to accept it. I figure it will take us into the 21st century doing some of the things that will foster economic development state-wide with much of the initiative, most of the initiative coming from industry, rather than from the state out,

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that suits our philosophy and I'm happy to be a part of it.

SPEAKER PRO TEMPORE PUDLIN:

Thank you madam. Will you remark further on "A"? Representative Giannaros. Will you remark further on "A"? If not, let me try your minds. Those in favor signify by sa in a e.

REPRESENTATIVES:

Aye.

SPEAKER PRO TEMPORE PUDLIN:

Opposed nay, "A" is adopted. Will you remark further on the bill as amended? Representative Giannaros.

REP. GIANNAROS: (21st)

Thank you Mr. Speaker. The Clerk has amendment LCO 6300. Will he please call it and may I be allowed to summarize?

SPEAKER PRO TEMPORE PUDLIN:

Clerk please call LCO 6300, House "B."

CLERK:

LCO 6300 House "B" offered by Representatives Giannaros and Ward.

SPEAKER PRO TEMPORE PUDLIN:

The gentleman has asked leave to summarize, hearing no objection, proceed sir.

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REP. GIANNAROS: (21st)

Thank you. Mr. Speaker the amendment creates a sales tax exemption for machinery, equipment, tools, materials, supplies, and fuel used in the bio-technology industry beginning 7-1-96. It also expands the new manufacturing machinery equipment property tax exemption to include the bio-technology industry effective for the 1996 grand list.

The machinery equipment must be purchased on or after 7-1-96. The state reimburses towns for the amount of foregone revenue. The amendment also permits bio-technology companies to carry unused corporation tax credits forward for up to 15 years after the credits are earned. I urge adoption.

SPEAKER PRO TEMPORE PUDLIN:

On adoption of "B" will you remark?

Representative Merrill.

REP. MERRILL: (54th)

Thank you Mr. Speaker. I rise in support of the amendment. Actually the bio-technology cluster is one that's actually already doing what we hope happens in some of the other sectors. There is a group, an association that has banded together to look at what kind of infrastructure things will help the development of the bio-technology cluster, which is a very

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important sector in Connecticut. It's a high technology sector obviously and one that shows tremendous growth potential for the future, so I would support the adoption of this amendment.

SPEAKER PRO TEMPORE PUDLIN:

Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you Mr. Speaker, I rise in support of the amendment. As Representative Hess aptly pointed out this is a nice confluence of events where theory and practice come together and the fiscal note on this amendment is not severe. It's an experiment I think worth taking and these are companies that are quite mobile and should be offered incentives to stay in the state since we have had erosion in the original--I suppose two clusters we enjoyed here in Connecticut over time--I think it's highly appropriate for us to try to attract technology that is on the cutting edge and this amendment certainly does that.

So I express my strong support for the amendment.

Thank you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Thank you sir. Will you remark further on the amendment? Representative Hess.

REP. HESS: (150th)

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I too rise to support this amendment. Bio-technology is an industry that is growing, it is probably one of the industries that we need to promote in this state. It will help us to diversify, it is one of the clusters. It will take us into the 21st century and I urge your support. Thank you.

SPEAKER PRO TEMPORE PUDLIN:

Representative Stillman.

REP. STILLMAN: (38th)

Thank you Mr. Speaker. If I may, a question to the proponent of the amendment?

SPEAKER PRO TEMPORE PUDLIN:

Frame your question madam.

REP. STILLMAN: (38th)

Representative Giannaros, if I may, you-who, I'm back here.

REP. GIANNAROS: (21st)

Yes, I'm sorry, I was interrupted by someone, go ahead.

REP. STILLMAN: (38th)

Thank you. In part of my role as one of the co-chairs of General Government B in Appropriations, this particular fund is a fund that is in the Office of Policy and Management budget. There is a concern about the growth in obligation to this fund. Where I do

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support the concept, but I am very concerned about how the state is obligating itself. Can you share with me what kind of an impact this going to have on the new manufacturing fund?

REP. GIANNAROS: (21st)

I have, Mr. Speaker, I have with me, in front of me rather, the fiscal impact analysis. And it states the sales tax exemption for purchases made by biotechnology firms is expected to result in an estimated revenue loss of about a half a million dollars beginning fiscal 97. The estimate assumes the exemption does not change the current sales tax status of major pharmaceutical companies. With reference to the reimbursement to the towns for revenue lost due to property tax exemption, it will be \$100,000 for fiscal 98, \$.4 million for 99, \$.7 year 2000, etc.

REP. STILLMAN: (38th)

Thank you, if I may Mr. Speaker. I'm concerned, I know these are preliminary estimates and as we see the industry grow I have a concern that the estimates will also grow. I hope as we look at next year's budget that I may call upon you to participate and how we can address the costs of this particular obligation that the state will be incurring in loss of property tax, because as we look to the year 2000 we're going to see

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this program costing us close to \$100 million a year and that's quite a big impact on that fund. So I hope when we look at the next budget deliberations next year, I can ask you to help me in figuring out how we can address the high cost of this program. I do support the amendment for now. I think it is something that's appropriate.

I just want everyone to be aware that this could have a large impact down the road. Thank you.

SPEAKER PRO TEMPORE PUDLIN:

Will you remark further? Representative Ward.

REP. WARD: (86th)

Thank you Mr. Speaker. Mr. Speaker, I too rise to support the amendment. And I believe it's a very important amendment. If you take a look at where Connecticut is with the bio-tech industry you can count on one hand the number of bio-tech companies that are in this state.

If you look at the state of California or the state of Massachusetts there are very great numbers of bio-tech companies. What are we lacking to attract them here? We have the exact like quality of life that the people that the people who would be engaged in this new type of industry want, we have the educational institutions, the manufacturers of pharmaceuticals are

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here. The synergism is here. The one thing that is lacking is the right tax policy. We've taken some generally correct tax policies to encourage businesses to come, the next step is to say that all of their investment in new manufacturing equipment should receive the same benefit as other manufacturing tax equipment.

We need to give them the opportunity to compete with neighboring states and with California and the other states where this industry can grow. Previous speaker commented correctly the fiscal note shows relatively little cost as we go into the outgoing years. It's my hope in fact that, that number will rise, because that means it's worked--we've attracted new bio-tech companies.

But we shouldn't worry about that impact on the appropriations side, because if you create hundreds of new jobs, new high paying quality jobs, those generate revenues. We need to attract those kinds of industries in Connecticut and not worry that we may be reimbursing the towns for some lost property tax because it will more than be made up by the revenues that come in.

As one looks at this fiscal note, as we always do it as a static look at the fiscal note, not a dynamic look so it doesn't measure the growth and the effect on

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income to the state for the growth of the industry. I believe that this will enable this industry to grow-- frankly as we talk about looking at clusters--this is one that we don't need to study further, we know it as exactly the type of industry that we need here in Connecticut, because every other piece is there.

The Ukeppe park at UCONN that hasn't gotten too far, we've done some things to move it up further, they have the right kinds of people on that University of Connecticut Campus to work with industry in this area. The few companies that are down in my part of the state in Branford and in Guilford that are now working, have a direct connection to Yale University, the Yale University School of Medicine.

As well as the existing pharmaceutical companies at Bristol-Meyers now I guess called Bayer, in West Haven, as well as Pfeiser. So we have the right ingredients, except for the tax policy. This moves us in the right direction on the tax policy. So I very strongly support this amendment and I would like to thank in addition to those that have spoke and to Representative Hess, the ranking member on our Commerce Committee for her hard work on this, in taking what was an idea and crafting it into a critically well written piece of legislation.

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So I thank her for her support on this. And I urge the Chamber to adopt this amendment.

SPEAKER PRO TEMPORE PUDLIN:

On the adoption of "B." Representative Gelsi.

REP. GELSI: (58th)

Thank you Mr. Speaker. First let me be clear I agree with what economic development is doing in setting up their clusters and getting to an area where they'll work closer with the communities and businesses throughout the state of Connecticut. Secondly I'm going to vote against this amendment and the bill.

First off the bill sets up another committee, another report that probably nobody's going to read and then somebody is going to tell you to vote on something because that's what the report says. And it would be a waste of money to print the report.

Secondly with the amount of tax breaks we've got on the books today, the one thing we do have to remember is every time you do a tax break, you do a tax shift. Somebody's going to pay the freight. We have sure paid a lot of money in the last five years to keep businesses in this state and all that they have done is stick it to us.

Right from the banks to the insurance companies to the manufacturing and every major corporation in this

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state. The bigger they get, the less employees they need, the more they shift out of here. I think it's time we take a step back and find out who is going to pay the freight, which one of the taxes are we going to, tax breaks are we going to leave on the books. Which ones are doing the job.

And I'm going to tell you right here and now, nobody knows how effective any of these tax breaks are. I haven't seen them really tearing up our state. Thank you Mr. Speaker.

SPEAKER PRO TEMPORE PUDLIN:

Thank you sir, Representative Giannaros.

REP. GIANNAROS: (21st)

Thank you Mr. Speaker. I just want to briefly state that what we're doing with our amendment in front of us right now is simply treating bio-technology like any other manufacturing process. And therefore we are not creating anything out of allowing them to be treated similarly to other manufacturing processes.

The bio-technology industry is one of the up and coming industries that we can have potential growth and become one of our industries that we can specialize in over the next 20-50 years, like the pharmaceuticals, computer software, financial services, and aerospace technology. I'm not only in favor of this particular

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amendment. But I also, I am in favor of the underlying bill for it allows the state's economy to become specialized, develop the clusters that we may need over the longer term, you know, for our economy to health.

Specialization helps economic growth, it makes us more competitive, etc. But we certainly do not want government to direct and control them. The objective in my opinion--and I believe the underlying bill shows that--is for government to consider these clusters, review regulations, review whatever types of impediments may be there that prevent the development of such clusters and perhaps assist with the appropriate infrastructure changes. Thank you, and I move for adoption of the amendment.

SPEAKER PRO TEMPORE PUDLIN:

Representative Schiessl, what a gentleman, Representative Farr.

REP. FARR: (19th)

Thank you Mr. Speaker. Thank you Representative Schiessl. I just wanted to respond briefly to Representative Gelsi's concerns about subsidies for corporations and shifting. There is nothing in this amendment or the bill that shifts anything to anyone. Unlike the previous action of the state in which we have unwisely tried to attempt subsidize certain

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corporations to keep them here and found we spend taxpayers money and never kept the jobs.

This is in fact simply removing a disincentive for the growth of a certain industry in Connecticut. And as Representative Ward has pointed out, it costs us nothing, unless we get the growth of that industry in Connecticut.

And if we have the growth of that industry, then there's a lost potential future revenue, that's not going to happen to happen unless there's a growth of an industry that doesn't really exist to a large extent in Connecticut today. So I support this, I think this is a shift away for what we tried to do in the past, which is to support yesterday's industries towards the shift of recognizing that what we have to be is sensitive to the needs of tomorrow's industries.

I think the amendment is good, the underlying bill is good, I think this is a great step forward in economic development. Thank you.

SPEAKER PRO TEMPORE PUDLIN:

Will you remark further on "B"? No. Let me try your minds. All those in favor signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER PRO TEMPORE PUDLIN:

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Opposed nay. The ayes have it, "B" is adopted.

Will you remark further on the bill as amended? If not, staff and guests to the well of the House members please be seated, the machine is open.

CLERK:

The House of Representatives is voting by roll call, members to the Chamber. The House is voting by roll call, members to the Chamber please.

SPEAKER PRO TEMPORE PUDLIN:

I'm sorry does the bill fail on a time? One minute please. And we'll try again. If all members have voted and your votes are properly recorded. The machine will be locked. Clerk please take a tally. Clerk please announce the tally.

CLERK:

HB5430 as amended by House "A" and "B."

Total Number voting	147
Necessary for Passage	74
Those voting Yea	146
Those voting Nay	1
Those absent and not voting	3

SPEAKER PRO TEMPORE PUDLIN:

Bill passes. The Chamber will stand at ease for one moment. The Chamber will please come back to order. Mr. Clerk, Calendar 257.

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STANDING
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February 27, 1996
2:30 p.m.

PRESIDING CHAIRMAN: Senator Guglielmo
Representative Caruso

COMMITTEE MEMBERS PRESENT:

SENATORS: Gaffey, Somma, Cook,
Ciotto

REPRESENTATIVES: Hess, Boukus, Carter,
Christ, Flaherty,
Giannaros, Hartley,
Johnston, Kerensky,
Mikutel, Schiessl,
Googins, Simmons, Ryan,
Stripp, Stone, Fahrback

REPRESENTATIVE CARUSO: We will start the public hearing. The first speaker will be Representative Merrill.

REPRESENTATIVE MERRILL; Mr. Chairman, members of the Committee, for the record, Denise Merrill. I represent the 54th District, the great town of Storrs, well it's actually Mansfield, but no one ever remembers that. In any event, home of the University of Connecticut, you know that.

I come today to extend my support for HB5430, which is AN ACT CONCERNING CLUSTER BASED ECONOMIC DEVELOPMENT. I believe that this bill is integral to the growth of Connecticut's economy. This bill signals a long overdue shift in state government's role in economic development that focuses on the enhancement of its skilled work force and economic base and parenthetically, it represents an effort to unite a number of pieces, I guess I'd call it, in economic development.

The opportunity presented by the cluster approach lies in its absolute reliance on the economic and education actors who are performing daily in our economy. State government is not qualified to anticipate the needs of business because it is not

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a business. Instead, state government must become a catalyst and a facilitator, identifying existing clusters and nurturing emerging ones will allow the state to become more responsive, more pro-active and less reactionary.

And parenthetically also, this bill builds on the work of the Connecticut Economic Conference Board report. It was made in 1994 where they identified clusters. We like to think of it as sort of an open-ended approach to the cluster concept so that you don't just have certain clusters. And they are not regional clusters necessarily.

Up here I notice the minute you mention cluster everybody asks oh, is there one in my district? That's not the way it works. We're looking at the state as a statewide entity in this area.

We would like to establish an economic security commission and satellite cluster councils and then clusters will be the authors of their own destinies. I've already heard the complaint that this would establish a bureaucracy. Let me say, right up front, this is not a new organization. This is a grass roots, up from industry, kind of a look at the economy.

Government in turn will be positioned to be a more effective supporter of business. Clusters will be empowered to identify barriers to their operations, including regulatory barriers and work force training needs. A very important piece of this. The inclusion of a representative of higher education on cluster councils is integral to the enhancement of Connecticut's skilled work force base, building on the work of the Education Committee's task force on community technical colleges, which I don't know if that will come before this Committee but probably should.

An aggressive and innovative partnership must be forged to meet the needs of business. Many businesses have already pro-actively organized as clusters to share technology, support research and development and actively market themselves.

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And I mentioned a few cases in point, one that I think I've spoken to you about before, the photonics industry which is already operating somewhat as a cluster and I think you'll hear about that.

Another sort of technological type of cluster would be the biotechnology cluster, is also working together, coming up with action items and that sort of thing. So there are some models already kind of going out there.

Other states such as Arizona and Florida are where we looked for these models, and those are also in the action report of the Economic Conference Board, if you look back to those reports. They also examine some other states that are working very successfully in this area and doing a lot.

I've been heartened recently by the DECD's reorganization plan, which I notice provides for a division dedicated to cluster promotion, so I think what we're doing here fits very nicely with what the Department is doing and their reorganization plan. It's my hope the DECD will lend its support to this legislation as well as business leaders in the state.

Connecticut's economic development policy is long overdue for a change. State government can no longer afford to be held hostage to the economic insecurity fostered by corporate downsizing and threatened relocation. We must build on the strengths of our skilled work force and entrepreneurial spirit.

I strongly urge you to support this bill which is the cornerstone of state economic development reform. Thank you.

REP. CARUSO: Any questions of Representative Merrill.
Yes, Senator Cook.

SEN. COOK: Hi. I find your concept interesting, but I have to say that there was a group of us legislators who worked for two years on a program called Investing in People, the jobs for the future

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program that President Clinton sanctioned and we had Michael Porter come under our support to the Legislature to talk about cluster development, Nick Perna worked on that and that is, the result of that work has produced the school to work programming in the Department of Education and so forth.

I think that we already have a good deal of cluster development going on in the private sector. CBIA has recently published a set of cluster based recommendations and programs, so I guess my question is, why should government do this if the private sector is doing its piece of it and that the Department of Education is participating in its school to work transition piece and the companies in Connecticut are coordinating with one another.

REP. MERRILL: And actually you're right. We're building on all the things. These things have all happened. I think there was a certain amount of frustration after the Economic Conference Board presented its action plans, did meet as clusters and the perception was that nothing much happened.

We haven't really acted as a place to facilitate, I call it communication. The thing I keep hearing is that there are all these pieces out there. You're right, the school to work stuff is wonderful. We are developing those basic skill standards in clusters of areas and I have been in contact with them and working with them, too. But there's no place where everyone comes to the table together to try to look at what can be done, and that's happened sort of sporadically in the past, but there doesn't seem to be a way for them all to do it simultaneously.

I can only use, I guess, the examples that have been brought to my attention which actually was what got me interested in this and that was around this idea of photonics, which I didn't even know what it was, a year ago probably. And what I was hearing was that there were, for example, all these technical type jobs in these kinds of new fields that we had no training programs in Connecticut and that people were going to other states to find such

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technicians, for examples.

So then I was hearing that there was really no place where people found out about these things. There wasn't a lot of communication going on. So I guess if I had to stress anything, I think this is a way that all these people can talk to each other.

For industry to be out there, kind of doing it, and by the way, I think they're supportive of this approach. I think government should probably try to act as a partner and I guess that's what I'd describe this as.

SEN. COOK: What would we do with our regional economic development initiatives if we have these cluster initiatives instead?

REP. MERRILL: Well, I mean, I think they would work together. I would hope so, anyway. But I guess the regional concept is a good one. I think they work together. But the way I understand the regional, you know I've heard the argument that regions need, they are the ones who can decide what they should look like. I did speak to someone from SATTIA who was telling me about, they're doing a very similar thing in Connecticut.

Connecticut's a very small state, and it seems to me that if we divide it up into further pieces, I don't think we're as well positioned to look at our strength as a whole state. As a matter of fact, I mean I've said this to other people, I think we'd be better off looking as a northeastern region of the United States, frankly. I don't think we do nearly enough of that.

Not to say that regional councils certainly should learn about things, but I'm not sure they're all equipped to really know what's out there or to really look across the state at what's already kind of going on. A lot of small and medium sized businesses. So I would argue that we should have some sort of statewide coordination of all that.

SEN. COOK: Okay, thank you.

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REP. CARUSO: Any further questions? I think Denise what you're speaking of is really not reinventing clusters, but augmenting what currently exists and using the DED resources to coordinate, to foster this type of concept.

REP. MERRILL: Yeah, that's exactly right. It's really a strategic plan approach to the economy.

REP. CARUSO: I agree with your concept that we're too small of a state not to be looking in this direction. Thank you.

REP. MERRILL: Thank you.

REP. CARUSO: Our next speaker is Dr. Anthony DeMaria.

DR. ANTHONY DEMARIA: Good afternoon. My name is Anthony DeMaria and I am the elected president of the Connecticut Academy of Science and Engineering. The Academy was chartered by the General Assembly in 1976 as a not for profit organization consisting of a maximum of 200 of the leading scientists and engineers in our state.

The members are elected for having made noteworthy contribution to their field and the purpose of the Academy is to provide unbiased technical expertise to state government on issues affecting science and technology policies and the Academy members volunteer their time for such purpose.

The Academy has recently decided to become more pro-active. We recently launched a new initiative entitled Wake Up Connecticut. This initiative is sounding the alarm for state leaders to recognize the importance of mounting a significant and concerted effort to nurture, create and attract so-called sunrise high technology industry that can create high paying jobs for our workers that have been out of work due to the downsizing of the aerospace industry.

To kick off our Wake Up Connecticut initiative the Academy has chosen as a start, one of the promising emerging sunrise high technology industry, namely biotechnology. The Academy has formed a task force

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of concerned, Connecticut citizens interested in biotechnology from academia, from pharmaceutical and biotechnology companies, from venture capitalists and from government.

In reality, the task force is a cluster of interested organization brought together to address the urgent issues of how to promote the acceleration of a significant biotechnology enterprise within the state.

Also in my position of chairman, CEO and co-founder of a small photonic start up company in Bloomfield and as a research professor at UConn's Photonic Research Center I have also been active in forming a cluster of the photonics companies within Connecticut. Many experts believe as I do. Photonics will be the new enabling technology for economic growth in the next century just as micro electronics and computers have been in the last half of this century.

Connecticut presently has 136 small photonic companies providing approximately 17,000, high technology jobs, and growing. I am testifying in favor of encouraging the formation of clusters within our state and providing an avenue for opening communication channels between our state government and these clusters. I believe that such communication will greatly enhance the probability of developing a dynamic photonics and biotechnology industrial base as well as other high technology industries within the state, therefore improving the economic well being of our state. I thank you.

REP. CARUSO: Thank you, Doctor. Any questions of Dr. DeMaria. Doctor, if I recall properly, last year you spoke before this Committee, didn't you?

DR. ANTHONY DEMARIA: Yes.

REP. CARUSO: And I think at that time you mentioned a lot of your testimony that you're speaking of today. Has anything been done by the Department of Economic and Community Development to bring us closer to some of the thoughts you shared with us?

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DR. ANTHONY DEMARIA: I think what happened last year was that the Center for Critical Technology funding went through. So the photonic research center at UConn had another year of funding. And it looks like it will have reduced funding in general, but the funding for 1997.

I think CII has continued to look favorably on high technology companies and initiate them within the state. So that was a small accomplishment and a good victory, I think, faced with the financial circumstances the state finds itself in.

REP. CARUSO: Our next speaker our Deputy Commissioner the Department of Economic Development. Commissioner Dibble.

DEP. COMM. PETER DIBBLE: Good afternoon, Mr. Chairman, ladies and gentlemen of the Committee. Before we get started, I'd like to introduce to my right, Richard Grey who is the strategic plan coordinator working under the direction of Chairman Arthur Detrick.

On behalf of the Department of Economic and Community Development, I want to thank you for giving us the opportunity to briefly share with you our initial insights into HB5430 regarding cluster base economic development.

Needless to say we're extremely pleased to see that we share similar views on the importance of a cluster base development strategy. It's a critical part of both the DECD reorganizational plan as well as the strategic action plan currently pending the Governor's approval and due to be released some time next week.

Creating an environment which sharply increases the success and growth of key businesses in Connecticut will be greatly enhanced by the creation of cluster advisory groups comprised of industry leaders. It's much more likely that the state will accurately identify the regulatory, tax infrastructure and competitive disadvantages affecting our most important industries if we establish these private sector driven councils

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comprised of leaders drawn from these businesses.

Similarly, their knowledge of and commitment to the development of a productive work force as well as to the expansion of overseas markets for their products will provide the kind of practical, real world guidance we in state government need to more effectively leverage our limited resources. Whether these are investments in training, in research, staff or in financial incentives and support.

However, we do have some concerns with the bill as it's presently drafted. The Governor and Legislature called for the merger of the Department of Economic Development and Housing in order to reduce waste, accelerate decision making and upgrade the quality of service, increase accountability and expand the level of private sector input in shaping business, housing and community development policies and to improve the effectiveness of state investments in these two critically important areas, housing and economic development.

We believe these goals cannot be fully realized, given the current structure of the bill. Multiple, interacting groups and relationships between "assemblies", "commission", "councils" and DECD reduces clear accountability, makes decisions more complex and increases the distance between our customers and our agency.

Finally, we would suggest that establishing percentage investment criteria for clusters at this stage is not appropriate, 50% of the total grants, loans, grants to clusters. Consideration of whether guidelines of this kind should be established should await a more careful review of the clusters, their financial needs and the total amount of funds available, as well as the urban and infrastructure investments required.

Prior to making this analysis, limited flexibility could have the effect of reducing the effectiveness and leveraging of DECD's commitments. For example, we believe that these funding limitations may

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retard the neighborhood revitalization effort in our communities by prohibiting the granting of assistance such as retail businesses or child day care centers.

Given increase availability of federal and state economic data and the dynamic evolution of clusters, we would like to revisit the DRI study in order to validate and update the cluster definitions contained therein. Again, we'd like to thank you for the chance to share our thoughts with you. We'd appreciate the opportunity to work closely with members of the Committee to insure an integration of the goals so the Department of Economic Community Development reorganization and strategic plans with the goals of HB5430.

I'm confident that we can achieve quick, positive results as we strive to reach our common objectives. Thank you.

REP. CARUSO: Are there any questions of the Committee? Yes, Senator Cook.

SEN. COOK: Good afternoon, how are you? I'm going to follow up on the same question that I asked Representative Merrill regarding the regional economic development efforts that the Department has renewed their efforts to support, I guess would be the way to place it.

And how that will fit with the Department's requirement to support these cluster councils. You touched on it a little bit in your testimony but I wondered if you could elaborate a little further on the interface of the regional economic development which may not always fit into a cluster concept.

DEP. COMM. PETER DIBBLE: I think you're absolutely right, Senator and in fact I think we're looking at two, what could potentially be two separate and distinct issues. The business and housing development group as we see it will be primarily field base as I'm sure if you had an opportunity to review the plan that we released last week will indicate that we intend to move into the 13 geographic reasons that define the economic

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development regions in the state and we intend to have more close contact with customers within those regions.

That does not necessitate that they indeed would not be working with individuals within defined clusters. They may, in fact, be working with companies and individuals whose end product are identified in clusters. Then again, they may not. I think it can work either way.

REP. CARUSO: Any further questions. Thank you. Commissioner.

DEP. COMM. PETER DIBBLE: Thank you.

REP. CARUSO: Our next speaker is Representative Andy Fleischmann from the 18th District. Andy.

REP. FLEISCHMANN: Thank you, Mr. Chairman, or Mr. Speaker as you are affectionately known by some in the Assembly and assembled members of the Commerce Committee.

I'm here before you today to enlist your support for two important pieces of legislation, HB5430 which has been discussed before me, AN ACT CONCERNING CLUSTER BASED ECONOMIC DEVELOPMENT and HB5432, AN ACT CONCERNING MICRO LOANS AND MICRO ENTERPRISE LOANS.

HB5430 will fundamentally reshape the way Connecticut approaches economic development. It will shift our focus onto the groups of businesses critical to our economy and onto these group's long-term needs.

It will also do the following: First, bring a strategic approach to state economic development policy. The state will seek to meet broad-based long-term needs of industry clusters. We will no longer be picking and choosing which businesses to help or offer aid in an ad hoc reactive way.

Second, it will rely on public/private partnerships to develop long-term strategies for growth. Leaders of private industry will meet to assess

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and it goes back out there as opposed to trying to reinvent all those things on a local basis.

And my sense is that by having a combination of a statewide, central statewide function and then a relationship of partnerships with as many smaller organizations as possible, we can get the best of both worlds and hopefully contain your concern about the scale issue.

REP. CARUSO: Any further questions? Okay, thank you very much.

BARBARA MCGRATH: Thank you very much.

REP. CARUSO: Our next speaker, we only have three left, Joe Brennan from CBIA.

JOE BRENNAN: Representative Caruso, members of the Committee, my name is Joe Brennan. I'm vice-president of legislative affairs for CBIA and we represent over 9,000 companies across the State of Connecticut, the vast majority of those being small business.

And I would like just to take a couple minutes this afternoon, if I could, to talk about HB5430 and say right at the outset I'm certainly by any stretch of the imagination no expert on cluster base economic development but it's something we are interested in and trying to learn more about, so it was helpful to listen to comments from some of the earlier speakers this afternoon.

Just a couple brief comments. First of all, some people had raised a concern about the level of bureaucracy and you know, I have to say I have some of those same concerns. When you look at having an Assembly and having a Commission and having the cluster councils, one thing that we have learned in today's economy is that it's best to be as lean as possible so you can respond as quickly as possible.

So that's one thing I think you need to keep in mind if this bill moves forward is to try to look at the structure that is in place in the drafted bill, and again, look at ways where it can be made

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a little bit leaner and more efficient so it can move as quickly as possible because that's one of the things we hear from our members all the time when they're dealing with different entities, whether it's state government or some other entity that the time it takes to get some assistance is very critical and the more time it would take for this assembly or the cluster councils to respond to particular needs that are out there, will go a long way to determining its effectiveness.

Some of the areas where I think it can be helpful, number one, is infrastructure improvements. In some of the discussions I've had with some of our members, just for an example, some in the biomedical field down in the New Haven area, that they really feel that there's great growth potential given the fact that the research areas at Yale are among the best in the country.

But they find that the infrastructure needs compared to the Boston area or in California are inadequate and if the state, through these cluster councils can look at the needs of a particular industry, figure out what those needs are and try to move quickly, then I think that is going in the right direction.

Another area where I think it can be helpful is the area of communication between different entities in the private sector or if you want to call it education, so people in these various industries can find out who some of the other players are in the same industry and find an easier way to interact with those than they would right now, not having that communication available to them.

However, on the down side, I have talked to a lot of business people and I'm sure you've heard this and may feel likewise, a lot of people are concerned that some group, whether it's state government or a group of economists or anybody, kind of determines who the winners and losers are and where those, who should be in those clusters, determine which new clusters might be designated as cluster groups.

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That's one of the things that I think we'll have to work a little bit to try to overcome those concerns, because I hear that quite a bit as I kind of run these proposals in front of some of our members. I guess that some of them in particular industries think it's a good thing but a lot of other people raise those concerns and they really think the marketplace should determine who those companies that are going to succeed are.

But I do think the state does have a role to play, particularly in the infrastructure areas that I mentioned.

My final comment is, in some of the states where these things may have been successful, I think one of the advantages that those states have is that the cost of doing business is lower and the business climate is much better than Connecticut has right now. And I just hope that we don't lose focus of what I think is the most important thing and that is, to try to make our business climate more competitive with other states that we've been losing jobs to.

I've always talked about economic development as kind of two tracks that have to run parallel to one another. One being the state being involved in some business assistance programs and pro-active economic development measures, but that other track has to be just as important and that's continuing to look at areas where we're not competitive and allow our companies to compete.

So as you move forward, I just hope that we can also keep in mind that that is something that has to be addressed because you can have the greatest structure in place to deal with some of these issues, but if you don't have a business climate that's conducive to investment and job creation then it's going to be a waste of time.

That wasn't my final comment. One final comment. We do have a board of directors meeting coming up shortly and our board has expressed interest in this area and we're putting together some information, this bill, the conference board report

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and some other information. That's one of the things that we're going to present to them to have a debate and discussion on, you know, where we think the State of Connecticut should go on the whole area of cluster. So once that discussion has occurred and we come out with a formal position, I'll certainly make that available to members of this Committee.

REP. CARUSO: Thank you, Mr. Brennan. Any questions?
Representative Simmons.

REP. SIMMONS: Yes, thank you. My understanding is the issue of clusters came up a couple of years ago and it's been tossed around quite a bit. But the General Assembly is an entity or the state has never adopted it officially. Is that your recollection as well?

JOE BRENNAN: That's my understanding. I mean, in some areas we have worked in clusters in some other areas, school to careers, looking at the cluster approach but as far as adopting it as a policy for economic development, I don't believe so.

REP. SIMMONS: Now, your comments with regard to this bill go to the issue of establishing a fairly elaborate structure, if you will, that's intended to deal with this issue. How would you recommend streamlining that as you see what's being proposed?

JOE BRENNAN: Well, I haven't had discussions with anybody who worked on the bill. This is just from my reading of it, the fact that you have an assembly, a security assembly, a security commission and then the cluster councils, maybe if you do away with at least of one of those levels and try to get quicker down to the local cluster council that I think the people making the decisions as far what needs to be met, particularly in the area of infrastructure improvements can maybe flatten it a little bit that way, at least get rid of one layer.

And then perhaps ultimately it can just go down to the local cluster councils with having a very loose organizational structure around those, so again,

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they could move a little bit quicker.

REP. SIMMONS: Should the bill include a set of recommendations on the clusters? My recollection is that previous reports have identified six basic areas, or six clusters for investment. Should the bill ratify that?

JOE BRENNAN: To be honest with you, I have not read the entire conference board report when they came up with those six clusters, so I don't feel comfortable at this point saying whether they should be or shouldn't be.

One of the things that I didn't mention that troubles me a little bit. Whenever you see that regulations shall be written, that can always add many more layers of bureaucracy that can slow down the process. Now, maybe you can use the regulatory function to look at certain parts of who should be designated as a clusters and then the Legislature does have some oversight in approving those regulations at the Regulation Review Committee level but you know, beyond that, I get a little nervous with the regulations because I think we all know that that can do a lot of good but it can also slow things down quite a bit.

REP. SIMMONS: I agree with that. If we're going to rely on regulations we'll all be dead before the thing is in place and you know, what's the point. But thank you for your response. Oh, one final question. No, thank you.

REP. CARUSO: Thank you, Representative. Any other questions? Representative Giannaros and then Representative Ryan.

REP. GIANNAROS: Mr. Brennan, just clarification. Do you see this concept that involves government, for government to play a role in the collaborative effort to try to develop new industries basically out of clusters, as you refer to them, rather than government directing the effort. In other words, be part of a triangle, labor, business and government rather than government having its say in defining which way things will go?

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JOE BRENNAN: Oh, absolutely. I don't think there's any question that government has a role to play. Government will step in where the private sector won't, and again, I keep coming back to the area of infrastructure, but there's an awful lot there that the state can at least oversee or direct that certain action be taken to approve the infrastructure for specific industries.

But beyond that, I do believe that the free marketplace will direct where those companies that are going to succeed are going to come from and which won't succeed and I think the state can certainly work in partnership as you said. But as far as really directing which direction the economy is going to go in, I don't necessarily agree with that.

REP. GIANNAROS: One of the people who testified a little earlier, I forget his name, Dr. Roychoudhuri of the University of Connecticut indicated that photonics is one of the developing clusters. But Vic Berner list that one in his report if I am correct. That report came out a year and a half ago, I believe. Is this an indication of how we can get bogged down with some agency defining clusters. In fact there may be a bill here that defines clusters based on that report and here you are, you have another industry that is developing, naturally, which is the photonics.

And perhaps, I guess the point that I'm trying to make is could government make that mistake now and take that year and a half report and here it is, this is the only thing we can be doing.

JOE BRENNAN: Well, it goes back to what my original comments were, that I think the need to respond very quickly is really critical because the reverse could happen, too. They could also identify some industry that should be part of a cluster that they really think, or whoever these people are, think that it will be critical for Connecticut's economic future and a year and a half or two years later, that industry because of changes in technology or whatever, could be you know, kind of a dormant industry.

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We've seen great changes in Connecticut's, the makeup of Connecticut's economy maybe over a longer period of time than 18 months or two years, but certainly in a relatively short period of time we've seen major changes to financial services and insurance, defense contracting, you know, many other things.

So again, if the state can be a partner in moving quickly, recognizing where some needs are not being met, whether it's infrastructure, education, communication, and work with business and labor and other most importantly maybe in some regards, the university system and colleges to bring all those groups together. I think that is probably the best role you know, for this type of structure.

REP. GIANNAROS: Okay, thank you.

REP. CARUSO: Any further questions? Okay, thank you, Joe.

JOE BRENNAN: Thank you.

REP. CARUSO: Our last two speakers, James White, followed by Richard Klaffky.

JAMES WHITE: Good afternoon, Mr. Chairman, distinguished members of the Commerce Committee. My name is James White. I am the Connecticut Jobs Task Force Director for the Legislative Education Action Program. Just to give you some background, LEAP is a 15 year old organization that has done electoral as well as community activism on a number of issues.

Over the past two years we've embarked on the issue of job creation and job retention around the state and working in this capacity we come before you today in support of Raised HB5430, supporting the economic clusters.

It is our view that we support the clusters for a number of reasons. One, as an advocate for skilled labor, we recognize it as Dr. Roychoudhuri showed you earlier that photonics and other new technologies that have been in the hands of labor

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and workers in this state for a number of years need to be given a boost and stimulated to help rebuild our economy.

Further, we also support this bill because it does have a structure and a bureaucracy that does suggest some accountability for economic development, not only to the state and to the General Assembly, but also to the community and to the workers that are directly impacted by economic development.

Far too often, we have seen in the past decade where management has made decisions without labor that have resulted in the loss of hundreds of thousands of jobs. I believe if we look at the state comptroller's recent report, I believe it's 168,000 jobs were lost in our state.

I won't bore you with going into region by region where the job losses have occurred, but I will say that in support of this bill what we would ask is that it not be done the quick and dirty way that business has sought to do deals before. That it be done in an open environment that includes community, and labor and business as equal partners, along with the state as we work toward building and refining our state.

Labor helped build this state. The citizens helped pay the taxes that made all of this possible. We're still here and we salute you for including us in this bill. And what I would ask is that you keep most of this in tact and if not, also increase under the cluster councils, a place for community representation, be it designated by either a county or a municipal body, but they be added to the list for clusters and that by all means that you make it the bill that it was intended to be, a bill that not only stimulates growth in our state but also principled economic development that includes not only business and state officials but also community people and the workers of the state.

Because after all, we're also risk takers and stakeholders as well in our growing economy. Thank you.

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Good afternoon: My name is Anthony DeMaria and I am the elected President of the Connecticut Academy of Science and Engineering. The Academy was chartered by the General Assembly in 1976 as a not-for-profit organization consisting of a maximum of 200 of the leading scientists and engineers within Connecticut. The members are elected for having made noteworthy contributions to their field. The purpose of the Academy is to provide unbiased technical expertise to state government on issues affecting science and technology policies. The Academy members volunteer their time for this purpose.

Your Academy has recently decided to become more pro-active. We recently launched a new initiative entitled "Wake-Up Connecticut". This initiative is sounding the alarm for state leaders to recognize the importance of mounting a significant and concerted effort to nurture, create, and attract so-called "sun-rise" high technology industries that can create high paying jobs for our skilled workers who have been out of work due to the down sizing of our aerospace industry.

To kick off our Wake-Up Connecticut Initiative, the Academy has chosen, as a start, one of the promising emerging sun-rise high technology industry, namely biotechnology. The Academy has formed a task force of concerned Connecticut citizens interested in biotechnology from academia, from pharmaceutical and biotechnology companies, from venture capital and from government. In reality, the task force is a cluster of interested organizations brought together to address the urgent issue of how to promote the

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acceleration of a significant biotechnology enterprise within Connecticut.

In my position as Chairman, CEO, and Co-founder of a new photonic start-up company in Bloomfield, CT and as a Research Professor in UConn's Photonic Research Center, I have also been active in forming a cluster of the photonics companies within Connecticut. Many experts believe, as I do, that photonics will be the new enabling technology for economic growth in the next century just as microelectronics and computers have been in the last half of this century. Connecticut presently has 136 small photonics companies providing 17,000 high technology jobs.

I am testifying in favor of the establishment of the Economic Security Assembly and the Economic Security Commission because they would provide an excellent communicating channel between state government and these two emerging technology clusters. I believe such communication will greatly enhance the probability of developing a dynamic photonics and biotechnology industrial base, thereby, improving the economic well being of Connecticut.

Thank you for your attention.

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EXECUTIVE & LEGISLATIVE NOMINATIONS

Testimony of Representative Denise Merrill
Commerce Committee, February 27, 1996

RE: HB 5430 AAC CLUSTER-BASED ECONOMIC DEVELOPMENT

Senator Guglielmo, Representative Betkoski and Members of the Commerce Committee:

My name is Denise Merrill and I represent the 54th District in Mansfield. I come before you today to extend my support for HB 5430 AAC Cluster-Based Economic Development. I believe that this bill is integral to the growth of Connecticut's economy. This bill signals a long overdue shift in state government's role in economic development, one that focuses on the enhancement of its skilled workforce and economic base.

The opportunity presented by the cluster approach lies in its absolute reliance on the economic and education actors who are performing daily in our economy. State government is not qualified to anticipate the needs of business because it is not a business, instead, state government must become a catalyst and facilitator. Identifying existing clusters and nurturing emerging ones will allow the state to become more responsive, more proactive and less reactionary.

Collaborative efforts fostered by cluster organization will benefit all of Connecticut. Building on the work of the Connecticut Economic Conference Board in 1994, the state's leading economic

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actors will be organized into 6 clusters: Aerospace and Advanced Manufacturing; Business Services; Financial Services; Communication, Information and Education; Health and Biomedical; and Tourism and Entertainment. With the establishment of the Economic Security Commission and its satellite cluster councils, clusters will be the authors of their own destinies, charged with the responsibility of articulating their needs to state government.

Government, in turn, will be positioned to be a more effective supporter of business. Clusters will be empowered to identify barriers to their operations, including regulatory barriers, and workforce training needs. The inclusion of a representative of higher education on cluster councils is integral to the enhancement of Connecticut's skilled workforce base. Building on the work of the Education Committee's Task Force on Community-Technical Colleges, an aggressive and innovative partnership must be forged to meet the needs of business.

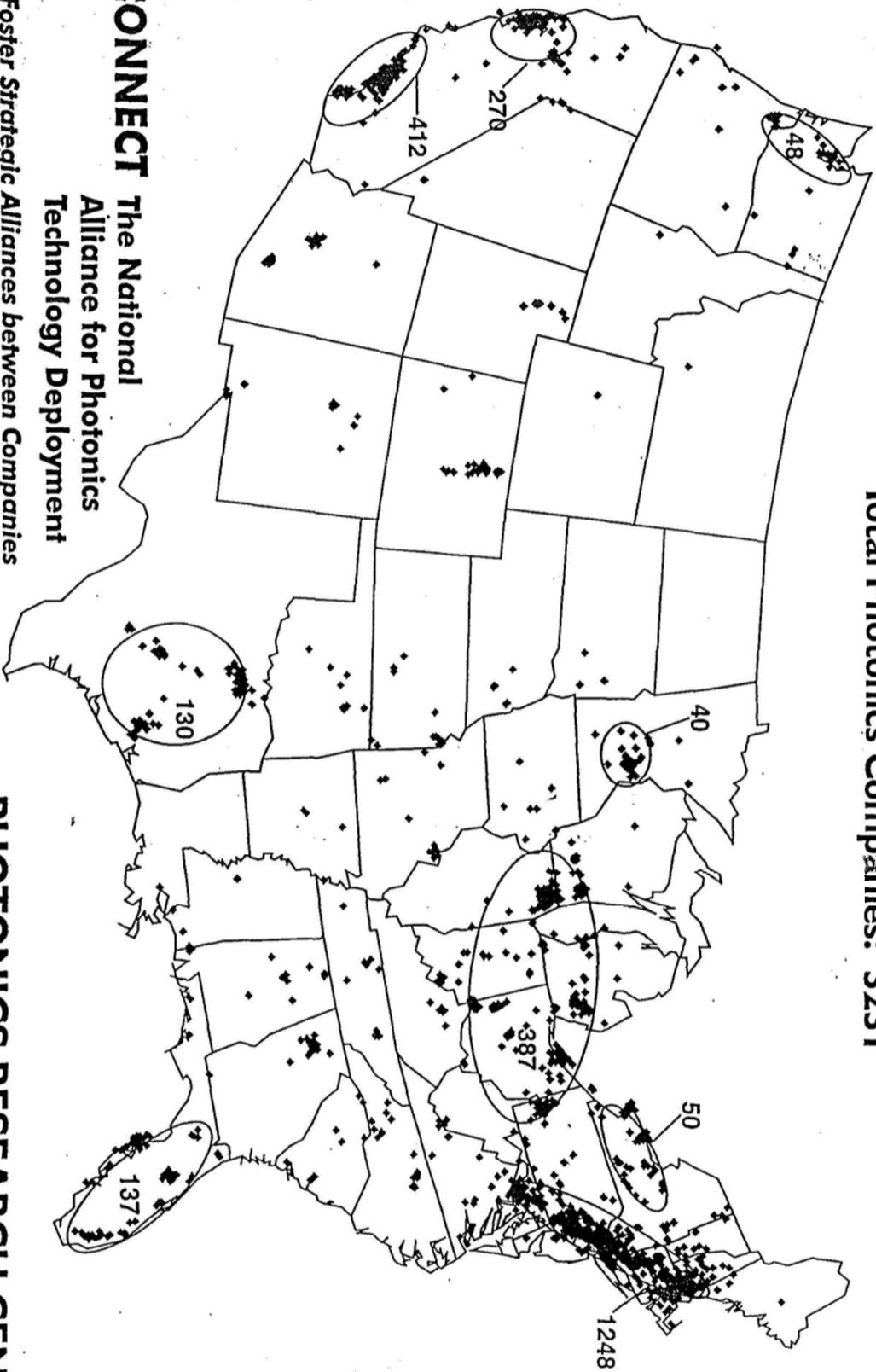
Many businesses have proactively organized as a cluster to share technology, support research and development and to actively market themselves as an industry - case in point, the Photonics Cluster. Connecticut is home to 116 photonics companies doing photonics design and manufacture, who have maximized the benefits of networking as a cluster. Photonics is a newly emerging field that encompasses optics and opto-electronics, and is widely predicted to have great worldwide growth potential. Instead of retraining our highly-skilled defense industry technicians with word processing skills for jobs that don't exist, we should link community-technical colleges and R&D efforts to a photonics cluster so that specific courses will be offered to fill actual industry needs. Other states such as Arizona and Florida are currently experimenting successfully with this approach, and the North Carolina Research Triangle is a well-known success story.

I have been heartened recently by the Department of Economic and Community Development's Reorganization Plan (February 1996, p. 17) which provides for a division dedicated to cluster promotion, as well as Governor's Rowland's inclusion of "industry clusters" as targets of "the state's economic strategy" in his 1995-1997 Economic Report (p.72). It is my hope that the DECD will lend its support to this legislation, as well as business leaders in the state.

Connecticut's economic development policy is long overdue for a change. State government can no longer afford to be held hostage to the economic insecurity fostered by corporate downsizing and threatened relocation. We must build on the strengths of our skilled workforce and entrepreneurial spirit. I strongly urge you to support HB 5430 which is the cornerstone of state economic development reform.

Northeast Coast: The US Photonics Corridor

Total Photonics Companies: 3231



CONNECT The National Alliance for Photonics Technology Deployment

- > Foster Strategic Alliances between Companies
- > Make the Connection Between Photonics and Non-Photonics Companies
- > Promote Defense Conversion

PHOTONICS RESEARCH CENTER

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