

Legislative History for Connecticut Act

HB 6361	PA 219	1997
Senate - 3479 - 3493		(15)
HOUSE: 4122 - 4133		(12)
GAF: 1011-1014, 1029-1034, 1096-1098		(13)
		40p.

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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate  
and House of Representatives Proceedings

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S-412

CONNECTICUT  
GEN. ASSEMBLY  
SENATE

PROCEEDINGS  
1997

VOL. 40  
PART 10  
3192-3550

Question is on passage of the bill. Will you remark? Will you remark?

SEN. DAILY:

Without objection, I would move it to the Consent Calendar.

THE CHAIR:

Motion is to refer this item to the Consent Calendar. Without objection, so ordered.

THE CLERK:

Calendar 539, File 708, Substitute for HB6796. AN ACT CONCERNING MUNICIPAL PAPERWORK AND FINANCIAL REPORTING AND APPOINTMENT OF TAX COLLECTORS. Favorable Report of the Committee on Planning and Development, Finance Revenue and Bonding, and Appropriations. Clerk is in possession of two Amendments.

THE CHAIR:

Senator Jepsen.

SEN. JEPSEN:

Madam President, I ask that this item, and the next item, Calendar 544, be passed temporarily.

THE CHAIR:

Without objection.

THE CLERK:

Calendar Page 7, Calendar 564, Files 428, 764, and 846, Substitute for HB6361. AN ACT CONCERNING

REPORTING OF CERTAIN INFORMATION CONCERNING  
APPLICATIONS FOR CONNECTICUT DEVELOPMENT AUTHORITY  
FINANCIAL ASSISTANCE AND DISCLOSURE OF RESIDENTIAL  
ADDRESSES OF FIREFIGHTERS. As amended by House  
Amendment Schedule A, LCO-8879, and B, LCO-7570.  
Favorable Report of the Committee on Government  
Administration and Elections, Commerce and Export.  
Clerk is in possession of two Amendments.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Good afternoon, Madam President.

THE CHAIR:

Good afternoon. I move acceptance of the Joint  
Committee's Favorable Report and passage of the bill

THE CHAIR:

Question is on passage.

SEN. LEBEAU:

In concurrence with the House.

THE CHAIR:

In concurrence with the House. Will you remark?

SEN. LEBEAU:

Yes, Madam President. This bill essentially adds  
to the data that must be included in reports currently  
filed by the Connecticut Development Authority. It

adds the date, final approved applications that are received and approved, the date that final applications are withdrawn, or disapproved. Also the standard industrial manual code, and the date final applications which receive no action, and which no report has been submitted and received.

It also makes a small change in FOIC laws by, adds firefighters to the list of federal, state, and local hazardous duty employees whose addresses may not be disclosed under Freedom of Information.

THE CHAIR:

Question is on passage of the bill in concurrence with the House. Will you remark? Senator Smith.

SEN. SMITH:

Thank you Madam President, through you to the proponent of the bill.

THE CHAIR:

Please proceed.

SEN. SMITH:

I can understand, I think the House Amendments for sure, but with respect to the reporting requirements by the quasi-public agency here. I mean our whole effort has been to try to streamline processes, and here we seem to be adding burdens.

What is the underlying, the policy reason for

requiring them to take note of these additional informational facts and then collating them, and sending them on?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you Madam President, through you. The basic policy objective is to provide better data for us and for CDA to compile this data to see where and what, or where the applications are coming from. Where they are approved. And, to see also what kinds of industries to the standard industrial code are being approved and where those are being approved from. Or, in a sense, we're getting better information, more information for decision making. Through you Madam President.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you Madam President. This information would then be used for what, I mean what purpose, collecting the information for what thing are we looking to do here?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. I think it helps make better decisions in the future.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you Madam President. Decisions as to what?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. Decisions as to loans and grant applications.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you Madam President. Well the CDA has that information already. So they're the ones making, are you suggesting that the legislature is going to begin making the, becoming involved in some fashion in the loan policy making, or the loan making underwriting process of CDA?

If they have the information, they can make decisions now. Now we're asking them to report that information to us, and that's for the information, that's the purpose of us being able to better, better what? Madam President.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. No, I don't foresee that, although it is part of our, I think, our responsibility to oversee where loans and grants are made. I think that the purpose here, very clearly, is to compile this information, which is not currently being compiled by CDA.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you Madam President. It's my understanding that the CDA does in fact compile some of this information now. I think where the loans are granted, that information is compiled and reported. This is just where, now they have to begin doing that at the front end of the process, if I understand it correctly, Madam President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Could the questioner, the Senator repeat his question please?

THE CHAIR:

Senator Smith, would you repeat the question.

SEN. SMITH:

Thank you Madam President. Right now as I understand it, the CDA has to compile and report on applications that are granted. So we already know where the granted applications are going to. Now it's at the front end of the process where the applications are made, whether or not they're granted, that this information must be compiled and reported. Is that, is that understanding correct, Madam President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Yes, in general. Through you Madam President.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you Madam President. So if all we're doing is collecting information at the front end, where the applications are being made, I guess actually the only new information we're getting is on whose being denied. How is that denial information, which is really just an underwriting analysis, can better assist us as to making whatever better decisions you were indicating we might make in the future on that information, Madam

President.

SEN. LEBEAU:

Through you Madam President.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. We're going to see which needs are unmet, the location of the industries, and the type, how effectively we're meeting our own economic development goals as expressed in such plans as the strategic action plan, by DECD.

And the Conservation and Development Plan, our policies plan, where there are emerging clusters of need we should nurture in order to remain competitive, and geographical patterns of funding, versus patterns of need.

THE CHAIR:

Senator Smith.

SEN. SMITH:

Thank you Madam President. Well, I have, I just have concerns about constantly going back and adding reporting requirements, and other bookkeeping needs, and you know, I'm going to support this bill, but I just, there comes a time when we compile so much information that it becomes dysfunctional to the agency

doing the collecting, and the reporting, and any decision maker who is trying to figure out what the best policy is. My sense is that we have about reached that point with some of our quasi-public agencies. And I'll support this initiative.

But my hope is that in the future, no matter what committee it is that we're on, the next time we think about adding another layer of bureaucratic requirements, which will require more questions on applications, indeed perhaps even more forms in the application process that is already cumbersome at best.

That we would try to be sure that what we really need these, these types of things. Not just in the hope that we would make better decisions in the future, but to address some, some driving present concern or need. And, Madam President, with that clarification I'm going to support the bill.

THE CHAIR:

Thank you sir. Will you remark further? Senator Cook.

SEN. COOK:

Thank you very much. Through you, a question to the proponent of the bill.

THE CHAIR:

Please proceed.

SEN. COOK:

Senator LeBeau, is it your intent that this information would be available through the Freedom of Information Act?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. That it would be available, generally.

THE CHAIR:

Senator Cook.

SEN. COOK:

Through you to the maker of this proposal. Is it your intent then to put Connecticut companies at a disadvantage with their competitors since the information available through the Freedom of Information Act, as Senator Smith has put forward, is really only new information to the law as exists, only for companies that will be denied applications.

Therefore, competitors, whether they're in state or out of the state, or out of the country even, would have access to proprietary information about Connecticut's companies who are being denied for any number of reasons that could put them at bidding disadvantage, for instance. Is that your purpose in

this proposal?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. It's neither my purpose, nor what the bill does. What we have is a bill that, there's no proprietary information. It basically identifies the companies only by location, and by SIC code. So we have an idea of the kinds of companies that are being funded, and where they're from, and the kinds of companies that are not being funded and where they're from.

THE CHAIR:

Senator Cook.

SEN. COOK:

Is it not true, through you to the proponent of the bill, that we have in law already, a set of criteria by which we would fund the company?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. I believe that we do have a process available. I'm not sure about the criteria for CDA.

THE CHAIR:

Senator Cook.

SEN. COOK:

Through you, is there not a set of points awarded for the grant applications setting out the criteria under which a company that has a proposal would receive points, giving them favored status towards the grants or loans? Is that not in law already?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President, I'm not sure.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. I believe it is, already set in our statute, the kinds of criteria and policies that CDA follows, or CII. I view this as a great detriment to Connecticut's business that we are now going to be announcing those companies for reasons that they do not stack up in this list of criteria, as being unsuccessful in their petitions to receive some sort of state assistance.

This will be, in my view, a detriment to Connecticut's business climate. It will put our companies at risk of losing bids in competitive

process, as they are looking to solidify their financial status through the grants and loans they may wish to do for expansion for instance. And I think this kind of information is not helpful at all to Connecticut's businesses.

We have recording requirements already for the successful grants and loans that have been put forward, and I would remind the Chamber that the Rowland administration has been rather strict in the fact that we are not providing grants, we are providing loans and loan guarantees to credit worthy companies.

I think that this is not a helpful piece of legislation for Connecticut's business, and I will be voting no.

THE CHAIR:

Will you remark further? Will you remark further?  
Senator Bozek.

SEN. BOZEK:

Thank you Madam President, to the proponent of the bill. I have this question with regard to having this particular area, if it was re-amended to require that through regulations, this process be served, and therefore the protection that's a concern with Senator Cook, that has raised, might therefore fairly be guarded by the Commissioner.

But the requirement for the concern of having other reports be public be available. Could you remark on that please?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you Madam President. Two points I'd like to make. Number one, that no company will be identified by name, only by SIC code and location. Of the ninety thousand companies we have in the state, it will be virtually impossible, in most cases, to identify any company that's been denied.

Number two, that President Dietrick of the CDA has been a part of the negotiations, and has agreed to the version that we pass, or that was passed in the House of Representatives by a vote of 126 to 20. So CDA is, if not supportive of the bill, has been part of the negotiations, and has agreed to this version of the bill. Thank you Madam President.

THE CHAIR:

Thank you sir. Will you remark further? Will you remark further on the bill? If not, would the Clerk please announce a roll call vote, the machine will be open.

THE CLERK:

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:

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

THE CLERK:

Total number voting on passage of HB6361.

Total Number Voting 35

Those Voting Yea 19

Those Voting Nay 16

Those absent and not voting 1

THE CHAIR:

The bill is passed. Senator Jepsen.

SEN. JEPSEN:

Thank you Madam President. I ask that the Chamber  
stand in recess for approximately forty-five minutes.

THE CHAIR:

Without objection, the Senate will stand in  
recess.

Chamber will come to order. At this time the  
Chair will entertain points of personal privilege or

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HOUSE

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PART 11

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House of Representatives

Tuesday, May 27, 1997

Those voting Nay 0

Those absent and not voting 6

DEPUTY SPEAKER HYSLOP:

Bill as amended passes. Clerk please call  
Calendar 343.

CLERK:

On page thirty-four, Calendar 343, substitute for  
HB6361. AN ACT CONCERNING REPORTING OF CERTAIN  
INFORMATION CONCERNING APPLICATIONS FOR CONNECTICUT  
DEVELOPMENT AUTHORITY FINANCIAL ASSISTANCE. Favorable  
report of the Committee on Commerce.

DEPUTY SPEAKER HYSLOP:

Representative Kerensky.

REP. KERENSKY: (14th)

Thank you Mr. Speaker. I move acceptance of the  
Joint Committee's favorable report and passage of the  
bill.

DEPUTY SPEAKER HYSLOP:

Questions on acceptance and passage, will you  
remark further?

REP. KERENSKY: (14th)

Yes, Mr. Speaker. By law the Connecticut  
Development Authority must submit bi-annual reports to  
the Commerce, Appropriations, and Finance Revenue and  
Bonding Committees, State auditors, and Economic and

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Community Development Commissioner regarding each business or other identity that it assisted financially.

This bill adds to the data that must be included in these reports. Mr. Speaker the Clerk LCO 8879, I request that he call and I be allowed to summarize.

DEPUTY SPEAKER HYSLOP:

Clerk please call LCO 8879 designated House "A" and the Representative has asked leave to summarize.

CLERK:

LCO 8879, House "A" offered by Representative Kerensky, et al.

DEPUTY SPEAKER HYSLOP:

Representative Kerensky.

REP. KERENSKY: (14th)

Thank you Mr. Speaker. The amendment restores the bill to its original purpose as it came out of GAE, the committee of cognizance. It uses the existing reporting format that the CDA now is required to use and in addition to the existing information would provide information on the type of business, the geographical location by municipality, submittal and action dates, names of companies and financial data will be excluded from the report except as requested currently for approved applications.

What this will do is to allow us to more fully view the entire process of the Connecticut Development Authority. In addition to the existing information which tells us how the Connecticut Development a) is being used, we will now have a picture of the expressed need, by company description and geography and time frame that they have for acting on an application.

It will in turn help to know whether our state economic development goals are being implemented. The Connecticut Development Authority although a quasi public agency uses general obligation bonds to lend millions of dollars. These bonds are paid as state debt and the repayment on loans does not go toward paying down the debt. The debt remains with the state and the loan repayments remain with Connecticut Development Authority. I therefore functions as a bank using public funds. I think it's important that the legislature have the right and the obligation to assess the effectiveness of our investment.

This bill will include the tool that we now have existing in statute in order to determine whether our state policy and economic goal are being implemented. And in addition, this will provide valuable information for future new growth and direction. President Diedrick of the Connecticut Development Authority has

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indicated that he is willing to go along with this measure and did not propose any changes. Mr. Speaker, I move for its adoption.

DEPUTY SPEAKER HYSLOP:

Questions on adoption, will you remark on House "A"? Will you remark on House "A"? If not we'll try your minds, all those in favor signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER HYSLOP:

Those opposed. Ayes have it, House "A" is adopted. Will you remark further on the bill as amended? Will you remark further on the bill as amended? If not, Representative Malone.

REP. MALONE: (47th)

Thank you Mr. Speaker. Mr. Speaker, the Clerk has an amendment, LCO 7570 would he please call the amendment and I be allowed to summarize?

DEPUTY SPEAKER HYSLOP:

Clerk please call LCO 7570 designated House "B."

CLERK:

LCO 7570, House "B" offered by Representatives Nystrom and Malone.

DEPUTY SPEAKER HYSLOP:

Representative Malone.

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REP. MALONE: (47th)

Thank you Mr. Speaker. Mr. Speaker, this amendment simply allows conservation officers employed by the Department of Environmental Protection and fire fighters to list their business address for the purpose of disclosure by the freedom of information commission. It puts them in a category that already exists for federal judges, federal court magistrates, judge of the superior court, appellate court, supreme court, family support magistrates, municipal police, and sworn members of the division of the state police within the Department of Public Safety.

And it allows them in certain situations where in the course of their duty they feel that disclosure of their home address might be hazardous or might jeopardize their public safety. Mr. Speaker, I move its adoption. Questions on adoption, will you remark further? Questions on the adoption of House "B"? Will you remark on House "B"? If not, I'll try your minds, all those in favor signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER HYSLOP:

Those opposed? Ayes have it House "B" is adopted.  
Will you remark further on the bill as amended?

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Representative San Angelo.

REP. SAN ANGELO: (131st)

Thank you. A question through you to the proponent of the bill please.

DEPUTY SPEAKER HYSLOP:

Representative Kerensky prepare yourself for a question. Proceed.

REP. SAN ANGELO: (131st)

Through you Mr. Speaker, I have a particular concern about one part of this bill. And that goes to the part if a business is rejected for a loan. Could you tell me what the process would be, how the information would be released? Through you Mr. Speaker.

REP. KERENSKY: (14th)

I'm sorry Mr. Speaker, I didn't hear the last part.

DEPUTY SPEAKER HYSLOP:

Would you restate your question please?

REP. SAN ANGELO: (131st)

Through you Mr. Speaker, the question goes to, if a company goes and applies for a loan through CDA and that company is rejected, exactly what information would be released to the public?

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Representative Kerensky.

REP. KERENSKY: (14th)

Thank you Mr. Speaker. The information that would be released would be the type of company using the SIC code consistent with the existing SIC codes used for approved applications and the location by municipality as well as the date submitted and the date of the action. Through you Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative San Angelo.

REP. SAN ANGELO: (131st)

And through you Mr. Speaker. Representative Kerensky can you tell me why we have decided not to allow the name of the company to be disclosed?

DEPUTY SPEAKER HYSLOP:

Representative Kerensky.

REP. KERENSKY: (14th)

The, as you know when the bill came out of GAE that was included. In later negotiations there were people who had a discomfort level with that specific information being released. And since the purpose was really to get a snapshot of the process with the emphasis being on how our economic investment through the money that the CDA loans facilities our economic goals, it was not as germane as the other pieces of

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information and therefore was dropped.

DEPUTY SPEAKER HYSLOP:

Representative San Angelo.

REP. SAN ANGELO: (131st)

Thank you Mr. Speaker. I'm through with the questions but I do have a concern about this particular bill and I think that legislators should take a serious look at this. I understand that the Commissioner has worked with Representative Kerensky on this particular bill. But we must look at what we're trying to do here. I understand the desire to know how the taxpayers money is being spent with regard to loans through CDA. But there is another concern. If a company goes to CDA there many times that company is in a very difficult financial situation. Indeed one of the main purposes of CDA, Mr. Speaker, is to insure that businesses that may be troubled have an opportunity to borrow money from the state of Connecticut and in fact keep those jobs in Connecticut and keep those businesses viable. The reason for not having the name of the company in the bill is to protect that company because often creditors will look at that company, look at what CDA is going to do with regard to loaning that company money.

If indeed a number of creditors to a particular

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company finds that a company is in trouble it may have a serious impact on that particular business. Now I recognize that with the disapproval of a loan application the name of the company is not given. However, the SIC code identifies the type of company that this would be and if you give the town and the SIC code and the company is a particular type of industry where there is only one paper mill in a particular town, or there's only one bio-medical firm in a particular town, it's not going to be that difficult for creditors to understand which business has been rejected by CDA.

If in fact those creditors do understand that a particular company is now in trouble, has been rejected by CDA then it could send all kinds of problems to that company. Perhaps that company will no longer be able to deal effectively with its creditors. Perhaps employees will now understand that the company is in serious trouble. We must be careful to protect those companies that are troubled when they're dealing with CDA. In fact banks don't regularly make that information public for that very reason. Perhaps a recognition of this company is troubled might have an effect on the stock of that particular company.

So I think what we're dealing with this issue, we

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should look at it very closely. Indeed the public has a right to know where Connecticut's money is going to these companies. But in fact we don't want to go against the main purpose of CDA, that main purpose is to help troubled companies, not indeed perhaps set up a process where it can actually put that company in deeper trouble. So I, while I understand the hard work that Representative Kerensky has done on this legislation, I do think there's a serious concern here and I think that we have to balance the needs of the public having the information versus the company that's there applying on a confidential nature to do business for the state of Connecticut. So I urge rejection of this particular bill. Thank you Mr. Speaker.

DEPUTY SPEAKER HYSLOP:

Representative Powers.

REP. POWERS: (151st)

Thank you Mr. Speaker. I rise in opposition to the amendment. I voted no in Committee on this particular bill and I don't see that it has gotten any better in the time that it went through Committee, quite frankly. I see it as having a chilling effect on those companies who are in serious need and turn to CDA. I don't see any improvement in terms of deleting one thing or the other. I don't think this is the

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direction we have been moving in the state in the last three and would strongly urge my colleagues in voting no.

DEPUTY SPEAKER HYSLOP:

Representative Bysiewicz.

REP. BYSIEWICZ: (100th)

Thank you Mr. Speaker. Mr. Speaker I rise in support of this bill. I think this bill goes a long way toward increasing public accountability of the CDA and I would commend the work of Representative Kerensky who has had lengthy conversations with Commissioner Diedrick and he is in support of the bill before us.

And Mr. Speaker, I just want to reiterate the public interest in knowing where millions of our tax dollars are going and I urge my colleagues to adopt this bill. Thank you.

DEPUTY SPEAKER HYSLOP:

Will you remark further on the bill as amended?  
Will you remark further on the bill as amended? If not staff and guests to the well of the House, the machine will be 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..

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DEPUTY SPEAKER HYSLOP:

Have all members voted? If all members have voted please check the machine to make sure your vote is properly recorded. The machine will be locked. The Clerk will take the tally. The Clerk will announce the tally.

CLERK:

House Bill 6361 as amended by House "A" and "B."

Total Number Voting	146
Necessary for Passage	74
Those voting Yea	126
Those voting Nay	20
Those absent and not voting	5

DEPUTY SPEAKER HYSLOP:

Bill as amended passes. Clerk please call Calendar 627.

CLERK:

On page twenty-two, Calendar 627, substitute for SB1082. AN ACT CONCERNING VACATED ARBITRATION AWARDS.

It's amended by Senate amendment schedule "A."

Favorable report of the Committee on Judiciary.

DEPUTY SPEAKER HYSLOP:

Representative Donovan.

REP. DONOVAN: (84th)

Hello Mr. Speaker.

JOINT  
STANDING  
COMMITTEE  
HEARINGS

GOVERNMENT  
ADMINISTRATION  
AND

ELECTIONS

PART 3

687-1051

1997

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GAE COMMITTEE

March 3, 1997

First we propose changing Section 4a from "preserve the State Archives" to "preserve the State Archives and related historical records."

Second we propose a change in Section 4b to make grants to municipalities for preservation and records management projects so that we can encourage municipalities to utilize record management technologies and techniques to preserve records.

The history of Connecticut is documented not only in the State Archives, but in all 169 towns. This office is charged with preserving that history. The funds generated by this fee will enable us to fulfill our mission.

Thank you very much.

REP. BYSIEWICZ: Thank you. Questions from Committee members?

Seeing none, thank you very much.

Representative Kerensky, to be followed by Senator Fonfara, if he's here, otherwise then we'll have Don Downes.

REP. KERENSKY: Good afternoon. You can tell what I was thinking when I wrote this testimony.

At any rate, good afternoon, Senator LeBeau, Representative Bysiewicz and members of the Government Administration and Elections Committee. My name is Nancy Kerensky and I'm the Representative from the 14th District from the Town of South Windsor.

I'm here to testify in favor of HB6361, An Act Concerning Reporting of Certain Information Concerning Applications for the Connecticut Development Authority Assistance. Thank you for holding a public hearing on this bill.

Economic development, as we all know, is critical to the economic health of this state. The CDA has played a part in providing the capital to companies

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GAE COMMITTEE

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to insure growth and resulting jobs in the state.

The funding for the bonds was tax dollars. As a quasi-public agency, the CDA is exempt from certain reporting and oversight of the legislature, thereby providing a degree of autonomy and discretion using public funds.

Over the years some problems have resulted. My community, South Windsor, was the home of the infamous Hi-G Company, a company that made electronic switching devices for military contractors.

Briefly, Hi-G was given a \$3.5 million grant that was supposed to support 350 new jobs in addition to the existing 300 jobs by funding a building proposed on land that was leased for only five years.

This was an unusually large and high-risk deal, given to a company with a poor financial history. No one even confirmed the existence of actual government contracts; significant environmental violations were unreported.

A few months after receiving the grant, Hi-G suddenly left the state. Most of the equipment and some of the officials ended up in North Carolina. The state, town and many contractors have lost millions of dollars.

At the same time in the early 1990's, smaller companies filing applications with the agency were treated badly by having their applications linger for many months, even a year. And by the CDA's refusal to communicate with them and then, in some cases, unilaterally altering the terms.

These examples and others like them illustrated a critical need for accountability. The legislature responded by requiring reports by the agency to demonstrate a more defensible process, a more consistent time line in dealing with pending applications.

The CDA has made adjustments to address changing

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needs and I applaud them for their responsiveness. However, monitoring the process remains important.

The information that I've requested in this bill, builds upon the existing reporting format and seeks to further enhance the accountability of the process.

The information is requested after the fact so that the CDA will be unencumbered by outside influences. It will provide the legislature with specifics regarding the disposition of state money in the enhancement of businesses and jobs.

The information requested, namely the name of the applicant, the date the application was received and the nature of the action, that information is all available, I understand in other documents, such as the minutes of the meetings.

The legislature should be made aware of the specific use of funds by this and other entities that spend public dollars. This reporting mechanism will provide the information I seek.

Thank you for your consideration.

REP. BYSIEWICZ: Thank you, Representative Kerensky. Any questions from Committee members?  
Representative Fleischmann.

REP. FLEISCHMANN: Thank you, Madam Chair. And thank you for coming to testify today, Representative Kerensky.

I was just wondering in terms of the situation you cited with Hi-G, could you elaborate for us how this legislation would have affected a circumstance like that one?

REP. KERENSKY: I think, Representative Fleischmann, it may have affected it in two important ways. And before that, let me just say that I understand that this was an unusual and extreme situation and does not necessarily represent the work of the agency. And I need to be on record as saying that and to know that they do do good work.

For one thing, this took many, many months to negotiate. And in the process had the information been a little more available, the company's long and very unsatisfactory track record in financial as well as environmental areas, may have come to the surface and prevented the state, the town and many private contractors for million dollars worth of loss.

And, secondly, I think accountability is important as a preventive measure. I think knowing we're going to be responsible for something makes us think twice about what and how we do things. And I think when we have public dollars that's important.

The quasi-public, quasi-private situation, I think presents some potential problems of its own. The CDA is empowered to act as a bank, however, it's a bank with the public's money. And I think that calls for a different kind of consideration.

REP. FLEISCHMANN: Thank you.

REP. BYSIEWICZ: Further questions? Seeing none, thank you very much, Representative Kerensky.

REP. KERENSKY: Thank you.

REP. BYSIEWICZ: We'll go to Senator Fonfara, if he's here. If not, Don Downes, to be followed by Bud Cohn, to be followed by Roy Breward.

DON DOWNES: Good afternoon, Chairman Bysiewicz, Chairman LeBeau, distinguished members of the GAE Committee. And I'll strike the microphone here.

My name is Don Downes. I'm the Deputy Secretary of the Office of Policy and Management.

As you know, one of OPM's current efforts is to organize and move along the process of turning surplus state real property into cash.

SB1151, An Act Exempting Agency Real Estate Transactions From Disclosure Under the FOI Act was raised by the Committee at the request of OPM.

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It has become apparent that the existing Office of Finance statute does not accurately reflect what needs to be done or what OPM's -- what the OPM secretary and the state government are calling upon the office to do.

The bill would change the emphasis of the statute towards the roles that the office plays as coordinator, catalyst for procedural simplification and advisor on matters financial and would change the emphasis away from a lot of bureaucratic paperwork.

The legislation would permit this two-person operation to continue to have an impact far out of proportion to its size.

You should note that one of the new functions added to the Office of Finance in the bill is a responsibility to quote, "Promote efforts to streamline the financial and administrative operation of state agencies," unquote.

The most appropriate place to start is to eliminate those functions of the Office of Finance that duplicate the operation of other parts of OPM or other agencies as this bill will do.

I urge the Committee to give RB6830 a favorable report. Thank you.

REP. BYSIEWICZ: Thank you. Questions from Committee members?

Seeing none, thank you very much.

Roy Breward, to be followed by Representative Malone.

ROY BREWARD: Good afternoon, Senator LeBeau, Representative Bysiewicz, members of the Committee. I am here to speak in opposition to HB6361, An Act Reporting of Certain Information Concerning Applications for Connecticut Development Authority Financial Assistance.

The Connecticut Development Authority is opposed to

HB6361 for the following reasons. Publicizing all applications submitted and pending will breach the current confidential relationship applicants expect and often require when discussing possible financial assistance with the CDA.

Such disclosure will violate the current exemption afforded applicants under Freedom of Information Act.

Publicizing disapprovals will potentially jeopardize the company's future prospects and relationships with its customers and vendors and fuel negative use of that fact by competitors.

The public often views the Authority as offering a last resort financing and will infer that a disapproval is indicative of the company experiencing serious financial and operating difficulties.

Approval and disapproval information is already available to the public upon request through the minutes of the CDA's board meetings.

The CDA, as a point of information, informs legislators of approvals for businesses within their districts and also provides periodic reports as required by our (inaudible) legislation detailing a multitude of information about applicants that have been approved for financing.

I'd also like to make a correction, if I may, to in testimony I heard earlier having to do with Hi-G. Hi-G was not a Connecticut Development Authority project, nor did we ever provide any financing for Hi-G. That was done by the Department of Economic Development at that time.

I'd also like to advise the members, too, that the time frame that was referencing in terms of processing applications within the Authority has never been up to a year. And I think that has to do more with the administrative procedures within Economic Development.

In conclusion, I'd like to respectfully suggest

that the Authority be allowed, as in the past, to request approval of the applicant before disclosing information about their pending application. And as always, the CDA and its staff are happy to meet with legislators and their constituents to iron out any differences or problems they may have.

Thank you.

REP. BYSIEWICZ: Thank you. Questions from the Committee members?

SEN. LeBEAU: Yes.

REP. BYSIEWICZ: Senator LeBeau.

SEN. LeBEAU: Could you please clarify for me why it would be so detrimental to a company to -- just the simple knowledge that they had been refused a loan or a grant?

ROY BREWARD: Uh --

SEN. LeBEAU: Why is that so detrimental in terms of their -- I mean, many -- aren't many companies refused loans and grants? Don't we have hundreds and hundreds of applicants? I mean, wouldn't that be a way to kind of like, look at, we just -- we applied for something it wasn't appropriate?

ROY BREWARD: When they get to our board level, it's not a question of their eligibility for assistance. It really is a question of the collateral and their ability to pay back the loan. Maybe both of those, maybe one or the other.

To have that disapproval general knowledge to the public could be used by competitors in a very negative way by pointing it out to maybe calling customers.

It would be potentially a negative if they were to try, either at that point in time or later on, to go get financing elsewhere and that knowledge was available to other parties who they were applying to financing for.

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It would potentially hurt them in getting credit from their vendors if, in fact, their vendors read that they were turned down for state financial assistance. Many, as you know, many, many businesses rely upon vendors to give them sufficient and reasonable repayment terms on trade debt.

I think for all of those reasons it could be potentially harmful.

SEN. LeBEAU: Let me ask you this. How does the public know that -- if there's not -- I mean, if you don't publish a list of who you refuse, yet you published -- we know who you give grants and loans to, how is the public to be reassured that there's not undue influence brought to bear at any point along the process? And I'm not casting any aspersions. Without having a little light shed, I mean, how do we -- potentially geographically there could be -- I'm just pulling this out of the air, 'cause I don't want to cast any aspersions whatsoever, but potentially geographically there could be whole areas of the state that never receive a loan. One could then come to the conclusion that there might be some other reasons other than collateral or financial status of the company that led to that. But there's no -- if we don't know who did not receive the loans in addition to who did receive the loans, there's no way the public could judge whether this is a fair process.

ROY BREWARD: I think, Senator, in response to that, I would suggest that -- and this has happened many, many times in the past, where an applicant has been turned down for a loan formally by the board or has, during the process, been discouraged by staff because really staff would rather they not have that as a matter of public record and would like to advise them so if, in fact, staff thinks they're going to be turned down or staff's not going to recommend it.

That really appropriate way to resolve that, on the assumption that the applicant has a problem with all of that to begin with, is that the applicant should contact his or her Representative or State

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Senator and ask for a meeting to try and iron out whatever problems may exist in that process or as a result of that denial.

We've done that many, many times in the past and like I indicated earlier, we'd be more than happy to do that in the future with various representatives all over the state. So --

SEN. LeBEAU: So, in essence, we are the key link, legislators are the key link in terms of working with the companies that might be aggrieved or feel that they have -- they want further information?

ROY BREWARD: That's correct.

SEN. LeBEAU: Yeah. But the public is still out of the process. The public doesn't have a purview here at all.

ROY BREWARD: The public does not in terms of the turn-down for the disapprovals, that's correct. I don't know as I sit here what value it would be for the public in general to know whether two or three loans were turned down in the northwest part of the state or the northeast part of the state.

Certainly the communities are aware of it, because businessmen are more than willing to tell their local elected officials, as well as state representatives of any problems they may have with anything they see, including ourselves.

So I would suggest that they're not getting their fair -- I would suggest they are getting their day in court and our attention through that process.

SEN. LeBEAU: Okay. Thank you.

REP. BYSIEWICZ: Thank you. Further questions?  
Representative Wallace.

REP. WALLACE: Good afternoon. I want to make sure I'm clear because in the bill it requests, the report shall state pending or approved or disapproved applicants.

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And in your testimony -- in the testimony it says approval and disapproval information is already available. So --

ROY BREWARD: The minutes of our board meetings where we take formal action on requests for financial assistance is a matter of public record. So anybody who wants to know who we approve or who we didn't approve in any particular meeting, can have access to that just upon request.

What they can't have access to and what we hold confidential are applications that have been presented to us and our in process or pending and have not been formally acted on by our board.

REP. WALLACE: Okay. So it's not the approval or disapproval that concerns the agency, it's the pending.

ROY BREWARD: That's correct.

REP. WALLACE: Okay. Thank you.

REP. BYSIEWICZ: Thank you. Further questions?

Seeing none, thank you very much.

We'll go to Representative Malone, if he's here. If not, to our first public member and I believe Senator LeBeau has a few comments.

SEN. LeBEAU: Homer Scott, to be followed by Sid Garvais.

What we're going to try to do is stay on the topic, the topic areas. And the first set of bills deal with on-line access. We'll go right through those bills and then there are some other bills that deal with access to government information. So we'll talk about those bills first, then we'll move on to others.

Homer Scott?

HOMER SCOTT: Good afternoon, Senator LeBeau, Homer Scott from the Chair of the Connecticut Sierra Club

JOINT  
STANDING  
COMMITTEE  
HEARINGS

GOVERNMENT  
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AND

ELECTIONS

PART 4

1052-1336

1997



CONNECTICUT DEVELOPMENT AUTHORITY

845 BROOK STREET STE 2

ROCKY HILL, CONNECTICUT 06067-3405

WRITERS DIRECT NUMBER

**PUBLIC HEARING TESTIMONY**

**TO:** Senator LeBeau, Co-Chair  
Representative Bysiewicz, Co-Chair  
Members of the Committee on Gov't. Administration & Elections

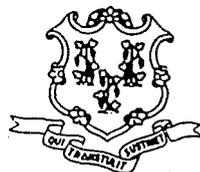
**FROM:** Roy W. Breward, Deputy Director

**RE:** HB6361: *AAC Reporting of Certain Information Concerning Applications for Connecticut Development Authority Financial Assistance*

The Connecticut Development Authority is strongly opposed to the above bill for the following reasons:

1. Publicizing all applications submitted and pending will breach the confidential relationship applicants expect and often require when discussing possible financial assistance from CDA. Such disclosure will violate the current exemption afforded applicants under the Freedom of Information Act.
2. Publicizing disapprovals will potentially jeopardize the company's future prospects and relationships with its customers and vendors. The public often views the Authority as offering "last resort" financing and will infer that a disapproval is indicative of the company experiencing serious financial and operating difficulties.
3. Approval and disapproval information is already available to the public upon request through the minutes of CDA's Board meetings. Furthermore, applications that qualify as a *Threshold Project* are recorded in a public log that is available for public review, unless the applicant has specifically requested confidentiality.

In conclusion, we respectfully suggest that the Authority be allowed as in the past to request approval of the applicant before disclosing information about their pending application.



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VICE-CHAIR  
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TESTIMONY ON H.B. 6361 AN ACT CONCERNING REPORTING OF CERTAIN  
 INFORMATION CONCERNING APPLICATIONS FOR CONNECTICUT  
 DEVELOPMENT AUTHORITY ASSISTANCE

March 3, 1997

Good morning Senator LeBeau, Representative Bysiewicz, and members of the Government Administration and Elections Committee. My name is Nancy Kerensky. I am the representative from the 14<sup>th</sup> district, the town of South Windsor. I am here to testify in favor of H.B. 6361, An Act Concerning Reporting of Certain Information Concerning Applications for Connecticut Development Authority Assistance. Thank you for holding a public hearing on this bill.

Economic development, as we all know, is critical to the economic health of the state. The CDA has played a part in providing the capital to companies to ensure growth and resulting jobs in the state. The funding for the bonds was tax dollars. As a quasi-public agency, the CDA is exempt from certain reporting and oversight of the legislature, thereby providing a degree of autonomy and discretion using public funds. Over the years, some problems have resulted. My community, South Windsor, was the home of the infamous Hi-G, a company that made electronic switching devices for military contractors. Hi-G was given a \$3.5 million grant that was supposed to support 350 new jobs in addition to the existing 300 jobs by funding a building proposed on land that was leased

for only five years. This was an unusually large and high risk deal to a company with a poor financial history. No one confirmed the existence of actual government contracts. Significant environmental violations were unreported. A few months after receiving the grant, Hi-G suddenly left the state. Most of the equipment and some of the officials ended up in North Carolina. The state, the town, and many contractors have lost millions of dollars.

At the same time in the early 1990's smaller companies filing applications with the agency were treated badly by having their applications linger for many months, even a year, and by the CDA's refusal to communicate with them and then, in some cases, unilaterally altering the terms. These examples and others like them illustrated a critical need for accountability. The legislature responded by requiring reports by the agency to demonstrate a more defensible process and more consistent timeline in dealing with pending applications. The CDA has made adjustments to address changing needs. I applaud them for their responsiveness. However, monitoring the process remains important.

The information requested in this bill builds upon the existing reporting format and seeks to further enhance the accountability of the process. The information is requested after the fact so that the CDA will be unencumbered by outside influences. It will provide the legislature with specifics regarding the disposition of state money in the enhancement of businesses and jobs. The information requested; the name of the applicant, date the application was received, and the nature of the action, is available, I understand, in other documents (such as the minutes of the meeting). The legislature should be made aware of the specific use of funds by this and other entities that spend public dollars. This reporting mechanism will provide the information I seek.

Thank you for your consideration.