
Legislative History for Connecticut Act

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Senate Pages: Senate: 1658-1782, 1901-1936 61
House Pages: House: 3296-3405 10
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Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
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PUBLIC HEALTH COMMITTEE

**SUBST. SB NO. 505 AN ACT CONCERNING THE
ESTABLISHMENT OF AN ELECTRONIC PRESCRIPTION DRUG
MONITORING PROGRAM AND WORK GROUP.**

Senate referred Public Safety and Security to
Public Health 4/19

No New File

End of Senate Agenda #4

THE CHAIR:

Mr. Majority Leader.

SEN. LOONEY:

Yes, Mr. President. As our first item of
business today, as order of the day, would ask the
Clerk to please call an item which is on Senate Agenda
No. 2, Emergency Certified, Senate Bill 702, An Act
Concerning Jobs for the Twenty-First Century.

THE CHAIR:

Mr. Clerk.

THE CLERK:

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Calling from Senate Agenda No. 2, Emergency Certified Bill 702, An Act Concerning Jobs for the Twenty-First Century. The bill is accompanied by Emergency Certification, signed James A Amann, Speaker of the House of Representatives, Donald E. Williams, Jr., President Pro Tempore of the Senate.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Good afternoon, Mr. President. I move acceptance and passage of Emergency Certified Bill 702.

THE CHAIR:

On acceptance and passage, will you remark?

Senator LeBeau.

SEN. LEBEAU:

Yes, I will. Thank you, Mr. President. This is probably one of the more significant bills that we'll be doing this session. I'm very proud to bring it out today.

It's a bill that looks at the problems of the state, problems that we've been experiencing, lack of job growth, or very moderate job growth, that we've had over the last 12 to 15 years.

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It's a bill that looks at today and tries to do something about the problems that we have today, but it also looks over the horizon. It looks toward tomorrow.

It is strategically targeted for job growth in key areas, such as manufacturing, machining, and equipment, our manufacturers in the state, such as Research Commercialization. But I'll get more into that in awhile.

But I want to point out that this is not the only jobs bill that we're going to be doing. There are other bills, nanotechnology, the Hydrogen Highway, and, certainly, the Transportation Bill that we need to do to help our transportation infrastructure, and to repair our transportation throughout the state, and to make our state more accessible for commerce.

But this is the cornerstone of our economic development package this year. I'd like to point out three major areas in the bill, three major themes in the bill, if you will.

The first is microbusiness. Microbusinesses are the fledgling, small businesses of Connecticut. They're tiny in size, but they represent tremendous

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future opportunity. If you think about it, Microsoft, Starbucks, Cisco, at one point, they were all microbusinesses.

Many microbusinesses are inherently risky, but they represent great possibility for Connecticut's economic future. While holding great promise, microbusinesses are a vulnerable group of Connecticut entrepreneurs that need our help.

It is in these early stages when commercial lenders are least interested in getting involved in the small business. Senate Bill 702 provides the following assistance, specifically for microbusinesses.

First of all, an incubator program that gives start-ups affordable, quality business facilities, as well as important business consulting and management services.

Secondly, a grant program that targets specific microbusinesses that have acquired federal research and development funds.

Thirdly, a Connecticut Innovations, Incorporated Venture Capital Program that mandates certain

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percentages of investment and speculative pre-seed and seed operations.

The second theme of this bill is high paying jobs. We want all job growth in Connecticut, but it is essential that we attract good, quality, high paying jobs.

Therefore, Senate Bill 702 focuses on increasing the mathematical and science proficiency of our children, attracting more workers with engineering and scientific backgrounds and desirable degrees, and increasing the caliber of research and development produced in this state.

To accomplish this, Senate Bill 702 does the following. It creates an eminent faculty research program and research and recruitment program.

It creates a student loan repayment program for engineers and those with economically productive doctorate degrees. It creates a pilot program to help our high schoolers excel at math and science.

A third aspect of our program is tax credits and changes in our tax credits. Reforming our tax policy is one of our most direct and tangible methods to improve the Connecticut business climate.

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Senate Bill 702 takes aggressive action to put powerful tax incentives into place that will spur the location and creation of high quality jobs and business ventures.

First of all, and one of the two showpieces of this entire bill, is the elimination of the manufacturing property, the tax on manufacturing machinery and equipment.

This phase-out of the tax over the next five years will provide an incredibly powerful incentive for manufacturers to locate in Connecticut. By phasing out this property tax, we reward the siting of manufacturing jobs here in Connecticut.

This, in turn, will offset revenue lost, leading to increased economic activity in the state. Meanwhile, the state commits to provide an offset to municipalities for the first five years.

And the last major piece of this bill is what we're calling Real Relief. But it's really trying to start something new in a whole new area.

By providing a tax credit for the production of movies, we will create a powerful incentive to attract

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economically beneficial movie and digital production within our state's borders.

These wages and production credits will not only generate millions of dollars of economic activity, but will also provide free advertising for the State of Connecticut every time a movie or television program that is filmed here is aired.

I know one of the questions that is going to arise is about funding for the bill. Every section of the bill, although not specifically cited in the bill, has been funded either through the Appropriations package or through the bond package, that have come out of the Appropriations Committee and the Bond Committees.

Let me get a little bit more specific on some of the sections of the bill. First of all, we call them in faculty our faculty recruitment. This is a UConn program to recruit faculty and staff. It targets faculty and research projects that have the intention to yield commercially viable results.

This session we have worked with the education community to create a stronger connection between promising businesses and the University expertise that

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can help bring about innovative products and more jobs for the market.

These are the kind of jobs that we're going to grow here. We're going to grow them in Connecticut. They're going to put down roots in Connecticut by people from Connecticut, by people going to our universities, by UConn students.

And they're going to expand, and they're going to tend to stay here because they were grown here. A second piece is the Center for Entrepreneurship at UConn.

It has three parts, to train faculty and students in commercialization and business issues, it expands an accelerator of the business school, and it establishes an intellectual property clinic at the law school.

This will assist in promoting technology, including fuel cells, and turn imagination into jobs for our state.

The Center will represent a collaboration between UConn and the Center for Advanced Technologies and be a focal point for job creation and redevelopment efforts being pursued at Rentschler Airfield.

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It will also be working with Congressman Larson on this to help create the kind of university-inspired collaboration and synergy that so many other states are using to attract jobs away from Connecticut.

A third piece is Connecticut Innovations Early Stage Investments, or venture capital. Connecticut Innovations Venture Capital Program consists of five different business operational stages, running from pre-seed to seed to start up in early stage to expansion financing.

Essentially what we've done here, in the past we've had problems with CI and, at various times, some of our institutions that we've set up to make investments in the economy and to help spur growth in the economy have been too shy, have not made risky investments.

It's the risky investments that will have the long-term payoff. And what we're doing with this legislation is assuring there's a certain percentage of those investments that will take place in these riskier investments, not all, but percentages as defined in the bill.

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And to give them the assurance that the Legislature backs that, that we know that there are going to be some losers, that when they make risk capital and investments, they're going to lose on some.

But they also know that we back them in doing that because we know that some of those high-risk ventures, like, for instance, I mentioned some companies earlier, E-Bay, Microsoft, Cisco, and some other companies that, you know, grew from garages, that grew to be multi-national, multi-billion dollar corporations, employing thousands and thousands. We want to make sure that we're part of that game.

Another piece of the bill is small business incubators. This creates a grant program to help business incubators and incubator-related business services.

Basically, an incubator, and we already have incubators in the state, I believe there are six or seven currently, we had testimony in front of our Committee. Basically, small businesses tend to fail. They create the economy, but they also have a large number of failures. Fifteen to 20% succeed.

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But when you put them in an incubator, close to 80% succeed. So we're helping by helping create these incubators, a place where, in a sense, they're kept warm, they're given support, and they're given laboratory equipment if they need it.

They get, perhaps, some outside support, than when they're with other struggling companies, that exchange ideas. They have a much better chance of success.

Another piece is what we're calling dream grants. Essentially, this is an expansion of the SBIR Program. This program will help innovations spark the economy by supplementing grants that certain small businesses win from the Federal Department of Defense for cutting-edge research to the Small Business Innovation Research Program, SBIR.

We're already there in this program. We're going to try to expand it, and the basic reason behind this piece is that we know that the federal government will be more apt to fund future SBIR grants in the State of Connecticut if the State of Connecticut is giving them matching grant.

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Another piece of this bill is the establishment of an Office of Business Advocate. It appoints a business advocate with the General Assembly's approval, and the Governor would make that appointment for a four-year term.

This business advocate would be housed at the Office of Policy and Management. The advocate may appoint and pay staff, who must annually report to the General Assembly.

The purpose of the business advocate is two-fold. First of all, to serve as a clearinghouse for all businesses about available public and private programs available to assist business.

And, secondly, to proactively reach out to microbusinesses, those businesses with less than 50 employees, with understanding that small companies fighting for their existence don't have the luxury of expending time and money looking for help.

A major piece, as I mentioned earlier, of this bill is the elimination of the tax on manufacturing machinery and equipment. This proposal phases out the tax over five years by increasing the share of MM&E revenue to towns by 20% per each year.

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So while it's being phased out, the commensurate repayment is also being made by the state to the town so there's no loss to the towns.

After that, the state grant will remain flat. But towns will benefit from the potential property tax wealth growth for manufacturers moving in and growing their shops.

Now, this represents, probably, as I said, one of the more significant pieces of this bill, probably the most significant piece of the bill.

We have lost, over the last 14 or 15 years, close to 100,000 manufacturing jobs in Connecticut. Other states in recent years have stopped that slide. Connecticut has not. We are one of the three states that has a tax like this on manufacturing machinery and equipment.

It puts us as a specific disadvantage versus other states. If I've got a division of my business in Massachusetts, and I've got a division of my business in Connecticut, and I'm going to put new machinery into my factory, I'm going to be taxed in Connecticut, currently, on that machinery, and I'm going to have a long-term tax payment on that.

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If I go to Massachusetts, I'm not going to have that. This makes us competitive with Massachusetts. It makes us competitive with all the New England region. Frankly, it makes us much more competitive with the rest of the country.

Another portion is a series of bills that help in education, the Engineering Connecticut Forgivable Loan Program to encourage more engineering graduates to stay and work in Connecticut through a Scholar to Work system, targeting strategic engineering fields.

This program would be administered by the higher ed. student, and student loan reimbursements will be made to people who have been awarded an undergraduate or graduate degree in engineering from anywhere, but employed in Connecticut after January 1, this year, as engineers.

The You Belong in Connecticut Reimbursement Grants who provide student load forgiveness to Connecticut Doctoral Program graduates who accept employment at a Connecticut-based institution of higher education and conduct university research in qualifying economically strategic fields.

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We're going to keep our brightest and our best here in Connecticut to work here, and we're going to help them stay here.

The Future Scholars Program, which is a pilot. Department of Ed, who provide matching grant programs that provide funds to eighth through tenth graders scoring below proficiency levels on math and science tests. This will go to school systems.

It addresses the concerns of the business community and higher educational institutions in the state that more and more students are arriving at their doors without the math and science skills necessary to achieve.

This program establishes a pilot program for five to ten schools that will use business partnerships to target students scoring below state goals on the CMT. It will provide them extra resources, mentoring, and time addressing deficiencies in math and science labs.

Business associations like CBIA already operate a couple of these in Danbury and New Haven, using federal funds, but, as true with many federal dollars, these funds are drying up.

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As part of this bill, there is a math and science challenge pilot grant. The Department of Education, in this grant, will establish a mathematics and science pilot program for 11th graders based on 10th grade statewide testing, which is currently done.

Again, it provides grants to local board of educations, and, again, it addresses the concerns of businesses that we are not doing enough in science and math education, and kids don't have necessary skills to go out in the world.

It establishes a pilot program for five to ten schools that will use business partnerships that targets students scoring below state goals on CMT's. It will provide them extra resources, mentoring, and time addressing deficiencies in math and science labs.

The Generation Next Program, the Department of Education pilot program to provide industry-based shadowing and externship programs, again, grants awarded to local and regional boards of education.

Part of helping our secondary students make the best choice for a promising career in growing industry is helping teachers understand what's available in the world.

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This program expands a currently existing small program operated by the business community to place subject matter teachers in externships, being in job experiences, seeing what the real world is like.

And I'm going to tell you, as a teacher, I know that high school teachers, especially if you've been there 15, and 20, 25 years, they've lost a lot of touch with the reality that surrounds them.

It's not that they've lost touch with reality, but they're not aware of the economic realities that surround them and the real needs of students going out into the world.

These externship opportunities will help teachers to shape curricula to meet the demands of the job market and increasing the potential for their students to use such skills in the job market.

And, finally, not quite finally, but the Real Relief Program, a little pun there on real, but it's much more important than a pun. There is a gigantic industry out there of entertainment, of digital production, the media production, the film production that we haven't tapped.

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This bill will give us that opportunity. The film business is unlike other businesses. It's done through companies that come together and then evaporate. They produce a product, and they're gone. It's not like a manufacturing company, except in the sense of them creating a product.

But these temporary companies offer flashpoints of economic activity that are highly mobile in choosing where they locate, so they're a little different from other companies in that manner. Consequently, incentives can get them here.

They can work, to the degree that we can attract more productions. This could create more economic activity across a number of industries, from carpentry to carvery, from electricians to beauticians, and digital imaging to dog grooming.

We must not be starstruck, and I know we tend to be, and inadvertently give away the shop. But we can provide reasonable incentives that bring new activity to Connecticut as well as new revenues to the state.

And, finally, the last section of the bill, the Incumbent Worker Training Program. We are working to

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provide more funding for incumbent workers, training through our workforce regional development boards.

This program provides resources to help workers in partnerships with their employer to learn new skills and valuable skills that enable them to increase their marketability and value to their employer.

Mr. President, before I go on, there are some people that, at this point, I want to thank for being involved in this bill. This, as you can see, is a lengthy bill, many separate pieces, many separate ideas.

The first person I want to thank for his leadership, and he's been a strong voice for economic development in the State of Connecticut, is the President of the Senate, Don Williams.

Having shepherded this bill through trials and tribulations, the ups and downs, I always look at legislation as sort of being a roller coaster ride.

One day you're up, and next day you're down, and it's an emotional roller coaster ride because once you're connected with a bill, and once you've bought

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into it, and once you think you've got a good idea, you want it to pass, and you want it to move.

And this bill has changed many times, but I'm glad to say that this is one of those rare instances that, as our Senate President pointed out to me earlier today, that about 80% of what we proposed at the beginning of the year is actually in the bill. So we're glad that we made it this far.

Couldn't have done it without our great Majority Leader, Senator Looney. Senator Looney is always a beacon of light, a beacon of gentlemanliness, and just strong, strong guidance.

I want to particularly thank Senators Hartley, Senator Daily, Senator Gaffey for their help in the specific sections of the bill.

I also want to thank the Minority Senator, Senator Cook, and Senator Nickerson. Some of the ideas in here reflect ideas that we've talked about, and especially, Senator Cook is looking at me right now, I know we've talked about a lot of these ideas in our Committee, in Commerce Committee.

I'm very proud to say that many of these ideas that are in the bill came from the Commerce Committee,

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not all of them, but many of them did. And the Commerce Committee this year passed 24 bills, and all of those bills passed unanimously.

I'm really pleased to say that it was a tremendous bipartisan working effort. I also want to thank the staff. First staff member I want to thank is my own aide, Nick Salemy. I don't see Nick, but I want to thank him for putting up with me, which is always a big problem.

Another staff member who has been instrumental in moving this bill is Kevin Graff. Kevin works with Don and has kept monitoring this bill throughout the entire session.

And standing in back and to my left, Ray Rasamondo, Andrew Heissel, Clark Hanson, Ed Maley, and, of course, we couldn't do anything without Zellman. So, Mr. President, I do have an amendment I'd like to call.

THE CHAIR:

Please proceed.

SEN. LEBEAU:

LCO 4451.

THE CHAIR:

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Mr. Clerk.

THE CLERK:

Mr. President, Clerk is in possession of Senate
Amendment Schedule "A", LCO 4451, to be designated as
Senate Amendment Schedule "A". It's offered by
Senator Williams of the 29th District.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. If I may be allowed to
summarize.

THE CHAIR:

You may be allowed first to move it and then to
summarize it.

SEN. LEBEAU:

Thank you. I move the amendment.

THE CHAIR:

Thank you, Senator. Please proceed.

SEN. LEBEAU:

Mr. President, this is a technical amendment, but
it is an important amendment. It ensures that if
someone uses the production in the film portion of the
bill, if the production tax credit is used, that no

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one can double dip and also claim the wage tax credit in the part of the bill. So they cannot double dip in terms of both the production tax credit and the wage tax credit.

THE CHAIR:

On the amendment, will you remark further, on the amendment? If not, we'll try your minds. All those in favor please say "aye".

SENATE ASSEMBLY:

Aye.

THE CHAIR:

Any opposed, "nay". The ayes have it. The amendment is adopted. Will you remark further on the bill as amended? Senator Cook.

SEN. COOK:

Thank you, Mr. President. Good afternoon to you. I thank Senator LeBeau for bringing this bill out. In many parts of this bill, we have been discussing it and pieces of it in the Commerce Committee for, actually, quite a few years.

It is a compilation of a lot of different concepts that we have reviewed, particularly with CDA, CI, and DECD, of ways that we can encourage

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Connecticut's movement into the technologies and industries of the future, in particular, to encourage a younger workforce, hopefully, one that will support all of us in our retirement by earning high wages and paying high Social Security taxes so that the fund will be all right for the rest of us.

But you know me as a stickler for details, and so I'd like to pose a few questions to Senator LeBeau regarding the differences between the e-certified language we have before us and the Senate Bill 1 that left the Commerce Committee.

And there are specifically questions regarding the amount of money that would be attributed. So through you, Mr. President, I would like to pose this series of questions to Senator LeBeau.

THE CHAIR:

Please proceed, Senator Cook.

SEN. COOK:

Thank you very much. Senator LeBeau, the fiscal note for Senate Bill 1, which left the Commerce Committee with many of these concepts that are in the e-certified bill before us, had a very large fiscal note, and, actually, was really reviewed in the Committee as

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the amount of money necessary for these various programs.

And the e-certified bill that's before us has considerable less money for the various parts of the programs.

And I wondered if you could provide details for me, and for the Chamber, as to the rationale as to how we will accomplish the goals in the e-certified language for various sections with considerably less. I'm talking ten times less the amount of money as what we were looking at in Senate Bill 1.

For instance, the eminent faculty portion, Senate Bill 1 expected to create \$2 million a year for encouraging eminent faculty. The fiscal note for the e-cert Senate Bill 702 before me notes that we have \$10 million for everything.

How much of this \$10 million are you expecting will be used for the support of what we believed was a \$2 million per year program for eminent faculty?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

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Thank you, Mr. President. Thank you, Senator Cook, for raising these questions. I would like to answer that question directly, Senator Cook, and I'd like to go on and tell you what the anticipated revenue source and the amount of dollars for each section of the bill, if you'd like me to do that.

THE CHAIR:

Senator Cook--

SEN. LEBEAU:

Starting off with eminent faculty, we do anticipate, of that \$10 million, \$2 million will be used off the eminent faculty section, so there's no reduction in that piece.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you, Mr. President. So of the \$10 million, the fiscal analysis, as said, as set aside, \$2 million now is spent for eminent faculty. Sections 1 and 2 describe the Center for Entrepreneurship, and Senate Bill 1, in the Commerce Committee, defined that would be \$10 million.

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How much of this funding from the fiscal note for the e-certified Senate Bill 702, of \$10 million, of which we've already spent \$2 million, will be left for the Center for Entrepreneurship?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you. Through you, Mr. President, that would also be \$2 million. I believe in the original bill that was \$10 million over a period of ten years, \$2 million dollars a year, so we've covered the first year.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. So now we have \$4 million spent and \$6 million left. The Early Stage Venture Capital Program was a very important program to Connecticut Innovations. We had venture capitalists coming into us from all over the state.

We had a special conference about venture capital. We listened to what they felt was an

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important partnership the state needed to develop to support Early Stage Venture Capital.

They really identified, and we identified in the Commerce Committee, a significant amount of money for Early Stage Venture Capital support. And I wondered if Senator LeBeau could enlighten me as to how much of the \$6 million that's left would be used for Early Stage Venture Capital funds.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you. Through you, Mr. President, we would not use any of the dollars from the Appropriations Bill. There's a \$25 million piece of the Bond Bill which would be used for that. It is referred to in the Bond Bill as \$25 million for the Center for Finance, something about the Finance Authority.

The intent of those dollars is to be used for CI and to replace the dollars that were taken away by the Legislature in previous years.

THE CHAIR:

Senator Cook.

SEN. COOK:

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Thank you very much. So then the fiscal note that we have for the e-certified bill is inaccurate, where it says, to the extent the \$10 million carried forward is available, that money will be used for the Early Stage Venture Capital Program?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

You were asking, yes--

SEN. COOK:

That's inaccurate?

SEN. LEBEAU:

--it is inaccurate. I anticipate these dollars will come from the dollars in the bond package.

SEN. COOK:

From bonding dollars. And how many dollars--

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. How much in the bonding package is dedicated to the Early Stage Venture Capital Program?

THE CHAIR:

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Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, that would be on Page 3 of the bill. Not less than 5% for precedent financing, not less than 10% for seed financing, not less than 10% for start-up financing, not less than 15% for early- or first-stage financing, and not less than 40%, no more than 60% on expansion financing. So if you add that up, you've basically committed a minimum of 80%.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. Eighty percent of what amount of money?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, the total is \$25 million in the Bond Bill.

THE CHAIR:

Thank you, Senator. Senator Cook.

SEN. COOK:

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Thank you very much. And then, I just want to be accurate, \$25 million of new bonding, not money that's already set aside for programs that CI and CDA already have committed. This is a brand new borrowing of the funds from the taxpayers of \$25 million, and you've enumerated about 80% commitments to that.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, that is correct,
Senator Cook.

THE CHAIR:

, Senator Cook.

SEN. COOK:

Thank you very much. The Small Business Incubator Competitive Grant Program, of the \$6 million that's left of the \$10 million noted in the fiscal note that's been dedicated to this, is considerably less than what we had hoped would be in Senate Bill 1.

What is the amount of money that's going to be appropriated to the Small Business Incubator Competitive Grant Program?

THE CHAIR:

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Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, I anticipate \$1 million.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much, Mr. President, and thank you, Senator LeBeau. Section 6 and 7 require a CII Matching Grant Program for microbusinesses if they have received aid under the SBIR federal program and the Small Business Technology Transfer Program.

, And this \$10 million, of which we have spent now \$5 million, needs to provide some funds to match that. How much is dedicated to that matching program?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, \$250,000. I'd like to note that SBIR grants can be anywhere from \$10,000 to \$50,000, so that can go quite a long ways. Also, I'd like to note that because we have not been active

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in this area, there are two kinds of SBIR grants,
Phase 1 and Phase 2.

We understand that right now there are no Phase 1
in the pipeline to match, so there will be a little
bit of a delay before we actually get some other Phase
1 programs up and running.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much, Mr. President. I thank you,
Senator LeBeau, for your responses. Section 8 of the
bill creates, for administrative purposes only, an
Office of Business Advocate in the Office of Policy
and Management.

That is quite a significant difference than what
the Commerce Committee approved, and for which we
received a great deal of positive testimony, that we
create a secretary of business in the Governor's
office.

And this is now something that is several rungs
below such a secretary position, and I wondered what
the rationale would be to dedicate only \$125,000 to
such a commitment, and to reduce it from someone with

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the authority of the Governor's office to be able to work with businesses down to an Office of Business Advocate that would be working with small businesses.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, I would take exception to the numbers that you used, Senator Cook, and to your characterization of the importance of that office.

First of all, I would say that the intent here is to [inaudible] \$35,000 into the Office of Business Advocate, so there would be staff.

There would be a business advocate, and some staff that could work with the business advocate, to serve as a clearinghouse for businesses, making inquiries into the state, along with the current programs that we have.

Secondly, to proactively reach out, again, the emphasis in this bill was small businesses, microbusinesses. Those businesses that do not have the wherewithal to actually have the time, the effort,

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and the money to spend time pursuing potential grants
and potential aid that the state might offer.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you, Mr. President. So this one person who
is the Office of Business Advocate, and we have a
health care advocate, and we have a DMR advocate, and
now we're going to have a business advocate.

This advocate will not be located in the
Department of Economic and Community Development,
where the programs lie, but will instead be in the
Office of Policy and Management, for administrative
purposes only, and would have a small staff,
committing another \$500,000-plus of the less than \$5
million that's left of the pot of \$10 million that was
dedicated to this entire bill.

And they would be working, as you admit, a lot of
the time with microbusinesses, small businesses, like
hairdressers, and dry cleaners, and those kind of
folks.

And we have rejected completely the concept of
having a secretary of commerce in the Governor's

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office, with the full clout of the Governor's office, to be able to negotiate with businesses, particularly, larger ones, to be able to come and provide that one central place with the authority and cachet of a Governor to import business.

So it's therefore correct that you have rejected the secretary of commerce concept that was in Senate Bill 1 but is not in Senate Bill 702 that's before us?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, yes, Senator Cook, I would say we have rejected that concept at this time. I would also, again, question your assumption about what a microbusiness is.

First of all, it doesn't say microbusiness in the bill, and to me that's the intent, is to work with smaller businesses and to reach out to smaller businesses.

A microbusiness, otherwise defined, is one that employs 50 or less employees. That certainly is not all hairdressers. It could be small machine shops,

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and this is really more my vision, small machine shops and other small businesses that may need help.

And there are programs that, in a sense, that are all over the spectrum for economic development. Some are in this bill, like you mentioned, SBIR. There are federal programs that are available that small businesses may not know of, particularly, SBA programs.

There's aid through DECD. There's aid through CDA. There's aid through CI. So I think it's appropriate that a business advocate would be out there to work with the entire spectrum of both federal and state to help those businesses and to work with them, and I think that's what this bill does.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you, and I thank Senator LeBeau for his answer. Could you, then, now we have about \$4.5 million left, can you go through with me how that additional amount of the \$10 million funding, which is a whole lot less than we had hoped to have, and than

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the amount anticipated in Senate Bill 1, how is that last \$4.5 million expected to be spent?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, let me expand that just a bit, and we might as well talk about the other pieces. The manufacturing property tax phase-out is included in the tax package.

The Connecticut Engineering Forgivable Loan Program is a specific appropriation, coming out of the Appropriations Committee. The You Belong Graduate Reimbursement Grants is another specific appropriation from the Appropriations Committee.

The Future Scholars Pilot Program, that would be in the DECD portion of that \$10 million. That would be \$125,000. Again, that's a pilot. The Math and Science Challenge Pilot, again, that's a pilot, \$350,000.

The Generation Next Industry-Based Job Shadowing and Externship Experience Program is \$125,000. The Digital and Media Bill is, again, in the tax package.

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And the Incumbent Worker Training would be the bulk of the remainder of the bill, \$1.5 million for Incumbent Worker Training, out of the DECD appropriation in the Appropriations Bill.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. Is there any, of course, this doesn't add up to quite the \$4.5 million. I did study some math. What are you going to do with the rest of the money?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, do you have any ideas? I'm sure you do.

SEN. COOK:

No slush funds, please.

SEN. LEBEAU:

No, the--

THE CHAIR:

Senator Cook.

SEN. LEBEAU:

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Can I continue, Mr. President?

SEN. COOK:

Senator LeBeau, what are you going to do with the rest of the money?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. There are some bills out there that potentially would tap into these funds, nanotechnology, possibly a piece going to that, possibly a piece to the Hydrogen Road Map, possibly some administrative costs for some other programs, a tax credit program that we've talked about, and it came through the Commerce Committee, the Tax Credit Rebate Program, to cover the administrative costs for that.

Those are not committed at this point, so I don't want to say that they are. They're not. But there are some dollars left in that \$10 million, and we hope to put them towards economic development programs.

THE CHAIR:

Senator Cook.

SEN. COOK:

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Thank you very much for your responses. Is there any funding in this unspent surplus of the \$10 million that's available for the Procurement and Technical Assistance Program that is an ongoing program of matching funds from the federal government to assist businesses statewide in matching their skills, and products, and services with defense contracts offered by the Department of Defense?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, I would think there's potential for that, just as there's potential for those other programs that I mentioned.

THE CHAIR:

Senator Cook.

SEN. COOK:

But it's not listed as one of the priorities for Jobs of the 21st Century, for us to be able to support, and enhance, and increase the gross revenues of our defense industry by committing some of the, roughly, \$3.5 million that's unspent in that \$10 million fund,

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in the Jobs for the 21st Century Emergency Certified
Legislation. Is that correct?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, no.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. No, it's not, or yes, I'm
correct?

THE CHAIR:

, Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, take your pick. No,
it's not, and yes, you're correct.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. And you had responded,
Senator LeBeau, through you, Mr. President, that a
good deal of this is the Manufacturing Machinery and
Equipment Property Tax phase-out, but, of course, that

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wouldn't be in the Appropriations budget, or any of the Appropriations budgets that are around here this year.

It would not be part of any kind of finance package for the current budget year adjustment because it does not influence Fiscal Year '07. Would that be correct, through you, Mr. President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, that would be correct, Senator Cook. But the interesting thing about that is that as manufacturers decide to start making decisions about buying new equipment, they'll know after July 1 of this year that they can make those purchases, and they're not going to be taxed ever on their property.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. But it would be inaccurate to assume that we are doing something right now to repeal the Manufacturing and Equipment Property Tax in

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the current biennial budget. There's nothing in this budget that will be relieving manufacturers of their burden of property tax. Is that correct?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, in the budget, there's \$52 million for the payment in lieu of taxes, but there's no additional monies because they're not called for because, the way you pointed it out, Senator Cook, that is true.

But, again, manufacturers can make those purchases knowing that they will not have that tax. There's a 20% phase-out per year for five years, with an increase of 20% per year, and a reimbursement to the communities as a payment in lieu of taxes.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much. But in the biennial budget that's existing today, or one that we might adjust in this short session, the most the communities are going to get in relief of Manufacturing Machinery and

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Property Taxes is 80% of what they would have collected. And the manufacturers still pay the property tax. Is that correct?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I just want to check that.

SEN. COOK:

Thank you.

SEN. LEBEAU:

Yes, Senator Cook, that's correct. I just wanted to check. This is a complex section of the law, and, yes, manufacturers will be continuing to pay the property tax. However, it will be a decreasing amount as we go forward.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you. Well, we're dealing with a fiscal note and a bill before us, Emergency Certified bill, that will go into effect on July 1, '06.

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I want to make sure that I'm accurate, there is no manufacturers' property tax relief, nor is there anything above an 80% reimbursement to the communities in the Emergency Certified Bill before us, for Fiscal Year '07, the second year of the biennium, the biennial budget, upon which we are here to adjust in the short session of the General Assembly. Is that correct?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, that is correct. There are no dollars because we're one taxable year behind, but, again, there is a reduction on any taxable property that is purchased as of this year. So the effect is very positive, just have to pay for it until next year.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much, Mr. President. Well, if I bought a piece of machinery today, on April, whatever the date is today, 21st, 2006, what would be the effect

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of the e-certed language before me on the property taxes for that piece of machinery that I have purchased for my company?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, the effect would be that if you bought it right now, this would not take effect until the grand list and the assessment of this fall. So I would hold off on purchasing that for a little bit of time.

But that will be depreciated. That would be 20% reduction as of next year, next year's budget, 20% the following year after that, and 20% the year after that, and so forth, until 100% that is paid back by the state.

THE CHAIR:

Senator Cook.

SEN. COOK:

Thank you very much, Mr. President, and we're wading into an area where I'm not as fluent as other Members of the Circle, but I think you just described

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an accelerated depreciation plan of 20% a year, over five years. Is that correct?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, if you want to call it that, Senator Cook.

THE CHAIR:

Senator Cook.

SEN. COOK:

Okay, thank you. Let me move on to the film portion because I am a bit more fluent in film than I am in machinery taxes.

I will agree with the proponents of the Emergency Certified Bill, and I'm very grateful that ideas that have come from important industries in southeastern Connecticut, who wish to increase the amount of work that they do in film production, is included.

As we know, the State of Rhode Island, the State of Massachusetts, the State of New York, surrounding us have all in recent years or in recent months put into effect significant tax credits to encourage film production and post production in their states.

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And we, lacking these kinds of incentives, have been passed by from the film industry. I live in Mystic, and we still have tourists that come to take pictures and eat pizza at Mystic Pizza, a film that was made over 20 years ago.

Very exciting and kind of fun to think about all that, but the truth is because Connecticut has not been participating in film tax credit programs as the industry as developed them across the country, we have not had recent productions of film and, certainly, not recent investments of large dollars for film production in our state.

The bill that's before us mimics House Bill 5797, which was the film incentive bill that we had such an exciting hearing about. We don't necessarily need to be starstruck because the stars are really just, they're just actors, and they're just parts of the film production.

The decision makers are behind the camera and not in front of it, and this bill was designed to entice the producers of film to come and do a good part of their work here.

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I know there is concern among some Members who are struggling to understand the economics of the film industry to say, well, maybe this isn't going to be really that great a deal.

But what I see is even if we lose a little money in the beginning, we're going to build that industry over time, and the kinds of investments that will be made through the increasing of the gross receipts of various businesses, particularly, the small businesses, when a film production comes to a community, is one of the few things that we can insight and incentivize in our state.

We will be seeing, as a film invests \$1 million in a production or tens of thousands of dollars a day in film days, our small businesses are going to have added sales.

We do very little in this state as a policy to help small businesses increase their gross sales for the year.

But this film tax credit program will help our small businesses, the lumberyard that will sell the 2 X 4's and the plywood for the sets, the catering businesses that will increase the amount of work that

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they do to serve the film production and the crew, the hotels that will increase in the number of bookings that they will have, maybe even in the off-season, so that will be an assistance, particularly, to the hotels.

Rental car businesses, paint stores, all kinds of small businesses in the state are going to benefit from the idea that a company will decide to do film production days here in our state.

But I think the most significant part of the Tax Credit Program in the film portion of this Emergency Certified Bill has more to do with post-production.

You know, that time when a film gets edited, where the music gets added, where the voiceovers for animation are done, where all of that massaging of the film product is put together.

Now, a lot of that right now is done in Los Angeles. A lot of it's done in Toronto. We have wonderful facilities at ESPN in Bristol and at Sonalyst in Waterford, but not a whole lot of the new productions are using those great skills and talents that we have right here.

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These tax credits will help those businesses grow and entice more post-production. The benefit for Connecticut there is not that they'll come in and do a post-production for a month or so.

The benefit for Connecticut is we will now have new full-time job opportunities for our young people in the high tech fields of animation, digital music, editing, and all kinds of wonderful fields that are beyond the capacity for me to even dream about.

But that's what will be an exciting part of this particular Tax Credit Program, and we need to do more, frankly, to make sure that the post-production of films is accomplished in our state.

This is a good start and one that I think we can build upon over time. Mr. President, I would like to yield to Senator Cappiello.

THE CHAIR:

Senator Cappiello, would you accept the yield?

SEN. CAPPIELLO:

Yes, Mr. President, thank you.

THE CHAIR:

Please proceed, Senator.

SEN. CAPPIELLO:

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Mr. President, I have a question, through you to
Senator LeBeau, if I may.

THE CHAIR:

Please proceed, Senator.

SEN. CAPPIELLO:

Thank you. Through you, Mr. President, Senator
LeBeau, where's the emergency?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

I think the emergency, Senator Capiello, is that
with about 11 or 12 days left in the session, on the
various components of this bill, there was some fear
that if you tried to put this bill together as a
package, it wasn't going to make it around the entire
circuit and get back in time for us to do this.

THE CHAIR:

Senator Capiello.

SEN. CAPPIELLO:

Thank you, Mr. President. I'm not sure I
understand that response, Senator LeBeau. I mean,
this bill, for anyone who doesn't know, says,

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emergency certification, implying that we are in a state of emergency.

We've got to get this done now. I don't know what will happen if it doesn't get done, but we've got to get it done right now. Through you, Mr. President, another question to Senator LeBeau.

THE CHAIR:

Please proceed.

SEN. CAPPIELLO:

Senator LeBeau, I'm looking online here, and there was a bill that came before us, I think it was mentioned earlier, on the Appropriations Committee, Senate Bill 1. No, you know what, it hasn't made it through the Appropriations Committee. I stand corrected.

May I ask, I'm seeing on the computer a bill that started in Commerce at a public hearing there, with the Finance, Revenue and Bonding, made it through that Committee.

But it's never been to Appropriations, and it's very similar to this bill. May I ask, through you, Mr. President, why we are not taking up that bill, and

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why that bill hasn't gone through the rest of the process, through you, Mr. President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. There are about seven or eight, maybe nine sections of this bill that were not in Senate Bill 1. If we had added those, we're talking new files, we're talking ten days, and we're talking the end of the session.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. And may I ask, through you to Senator LeBeau, who is responsible for that?

THE CHAIR:

Could you state what that is, so we know what you're asking.

SEN. CAPPIELLO:

Yes, Mr. President. Who was responsible, Senator LeBeau, for, supposedly, the most important Jobs Bill in the State of Connecticut, the most important Job Creation Bill, who was responsible for it not making

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it through the appropriate Committees, through you,
Mr. President?

THE CHAIR:

Senator LeBeau, if you know.

SEN. LEBEAU:

I don't think there's anybody in particular who's
responsible. I would say that, more than anything
else, it's the Calendar.

We have a very short session, and when we have a
bill that probably would have had to have gone through
seven, eight Committees, it's virtually impossible in
such a short session for that to happen. And I think
that's why we're here now, and that's why we're doing
the bill now.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. I'm a little dismayed.
Obviously, we've got this bill that's supposedly so
important, so we had to emergency certify it, had to
go through the process right away. We're not going
to, actually, we're going to evade the process.

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Of course, on another issue, and this is not your call, Senator LeBeau, we have no time to take up a Chief Justice, that's something else all together. That's not an emergency, I guess. That's not so important than this bill.

Of course, the major component of this bill doesn't take effect until 2008, but I guess it's still an emergency. That's important to let everyone know that. The big, big tax credit takes effect in 2008. Through you, Mr. President, another question to Senator LeBeau, if I may.

THE CHAIR:

Please proceed, Senator.

SEN. CAPPIELLO:

Senator LeBeau, you were not on the Appropriations Committee, but are you aware whether we have passed a new, updated budget in the State of Connecticut this year, through you, Mr. President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I'd like to go back a little bit to your last question, since I do have the

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floor at this point. On the concept of the emergency and bills not going through the process, let me cite to you a couple of the bills that were combined to put this bill together.

Senate Bill 147, Senate Bill 232, Senate Bill 321, Senate Bill 409, Senate Bill 452, Senate Bill 453, Senate Bill 454, Senate Bill 583, Senate Bill 584, Senate Bill 587, Senate Bill 635, Senate Bill 659, Senate Bill 660, Senate Bill 663, and House Bill 5235, which all went to the appropriate Committees, and were all heard by the appropriate people, and they all were moved along to some point.

This was the way to go in terms of getting this bill to the floor and to be able to pass it. Now, in terms of the budget, you're right. I'm not on the Appropriations Committee.

I've been privileged to serve with Senator Daily on the Finance Committee, but I don't believe we have a budget at this point.

But we do have a finance package that was passed out of the Finance Committee, and we do have an Appropriations Bill that was passed out of the Appropriations Committee.

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THE CHAIR:

Senator Capiello.

SEN. CAPPIELLO:

Thank you, Mr. President. Just to take your prior statement first, Senator LeBeau, if you have 21 sections to a bill, and Section 1 made it to one Committee, Section 2 made it to another Committee, Section 3 to another Committee, etc., it doesn't mean that each section has made it through the appropriate Committees.

Now, frankly, the proponents of this bill have a two to one majority in the House and the Senate. For you to tell me that this was an emergency, that it could not make it through all the appropriate Committees, to me seems to be a little bit ridiculous because it should have just made it through.

Other bills have made it through the entire process. This bill has not. We had to emergency certify it.

Getting to the issue of having a state budget, why even pass this today on the Senate floor when all of those other issues that you spoke of, those other

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bills, passed out of Committee? Through you, Mr.

President, doesn't that just make them law?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, could you repeat the question?

SEN. CAPPIELLO:

Yes, Senator. Through you, Mr. President.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Your answer to my question about the state budget was that the Appropriations Committee passed a budget out of Committee, the Finance Committee passed a finance package, so I guess we're assuming that they're just law.

They're the law of the land right now. So why do we need to pass this bill when all of these components already passed through the various Committees?

Doesn't that just make them law?

THE CHAIR:

Senator LeBeau.

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SEN. LEBEAU:

I'm not an expert on parliamentary procedure, but I would assume no, it doesn't make them law, and I would assume that.

But, however, we want this to be part of the law, and we want to ensure that these pieces that are in this bill take place because they are important for the future of the State of Connecticut.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President, and thank you, Senator LeBeau. We are going on the assumption by passing this, are we not, that there is a budget in place that contains this bill. Is that true, through you, Mr. President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, we're going on the assumption that there are pieces of a budget that are out there and that, eventually, this will all come

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together in one grand piece of legislation, called our budget.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. I appreciate your response, Senator LeBeau, but that's a pretty big assumption, since right now we are nowhere near cutting a deal on passing a budget, as far as I know. As far as I can recall, we are about \$600 million apart, the last I checked.

So what we're doing by passing this bill, by passing the bill that was passed yesterday on school nutrition with a \$4.7 million fiscal note, and I'm sure with some future bills, is we're passing bills that are containing a budget that doesn't exist.

Now, as long as I can remember, and maybe correct me if I'm wrong, I've been up here now, this is my 12th year, I never remember, until last year and this year, passing budget bills or tax bills without having an actual budget or tax package in place.

Imagine, if you will, at home, you've got your family budget. You decide you're going to work out

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the budget for a year. You want to buy a new car. You don't know if you're going to buy a Cadillac, a Mercedes, a Buick, a Chevy, you don't know.

But, you know, so you think about it. You haven't figured out what your grocery list is yet. You don't know what your college tuition is going to be yet. You don't even know what your mortgage is going to be yet. You're going to buy a new house.

But you go out and buy a car anyway, and you buy the more expensive package, even though you haven't figured out how you're going to pay the rest of your bills. You may get a bonus, or you may not. Your spouse may get a raise, or they may not.

But who cares? I'm going to go buy that car anyway, even though I have no idea how much money I'm going to have to spend next year and how much money I'm going to make next year.

That's what we're doing here. We have no idea what the budget is going to look like. We have no idea what our revenue streams are going to be, none whatsoever.

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But we're going to do, every day, I guess, we're going to pass another budget bill, and another budget bill, and another, without having one in place.

Through you, Mr. President, I have a couple of questions to Senator LeBeau regarding the film industry.

THE CHAIR:

Senator Cappiello, please proceed.

SEN. CAPPIELLO:

Thank you, Mr. President. Senator LeBeau, if I may, through you, Mr. President, to Senator LeBeau, what is the purpose of the tax credit for the film industry?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I think the answer to that has just been explained by Senator Cook, that we have a potential to develop an industry in this state, that we already have some pieces of that industry, Sonalyst, ESPN, that we have a potential for tremendous growth of that industry, tremendous growth of jobs, a tremendous growth of wealth in the state,

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and that the tax credits for this program can stimulate that, as it has in other states.

So as we move forward, these tax credits will provide for stimulation of that industry within our state. And this is everything from pod casting to digital to DVDs, CDs, any products that can come out of the digital, and movie, and film industry.

There's a tremendous amount of wealth being created throughout the world in this industry. There's a tremendous amount of wealth being created next door to us in Rhode Island, and we're in direct competition with Rhode Island.

We're losing business to Rhode Island. Our sound stages are losing business to Rhode Island. And this is an opportunity for us to capture some of that wealth and some of those jobs, as Senator Cook said.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. And through you to Senator LeBeau, Senator LeBeau, it appears in the bill in the fiscal analysis that the tax credits seem to be

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greater than the revenue that's coming into the state.

Can you explain why that is?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. That would be true. It seems to be very close, actually, in terms of the tax credits and the dollars coming in directly. But we're not looking here just at the direct impact of the tax credits, but the indirect and the long-term tax credit, what could be called the multiplier.

The multiplier for this industry has been estimated conservatively, at the most conservative figure, 1.8. More generously, it's 7.0. That means for every dollar spent, you generate \$1.8, or you generate \$7.00. The number that we're using in this bill is 3.1.

There's an expectation of \$3.1 for every dollar in tax credit that is expended. This would create more dollars down the line.

The second part that we're looking at here is, in a sense, the long term. If we have more and more businesses come, we have more and more productions.

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As Senator Cook mentioned, Mystic Pizza, people still show up in Mystic Pizza. People still go to Mystic to go to Mystic Pizza.

Even in my District, South Windsor, a movie was made some 30 years ago, 40 years ago by Paul Newman and Joanne Woodward. People still go down to South Windsor, looking for the locations where that was filmed.

Same as, I grew up in western Massachusetts, people still look and go to the place where Richard Burton and Elizabeth Taylor did their thing on the swing in *Who's Afraid of Virginia Wolf*.

There's a long-term, they were just swinging on the swing, there's a long-term financial impact here. There's a long-term building up of an industry.

If we give those jobs, if those jobs are created, not only is there going to be a multiplier effect, but we're going to tend to get those sound stages, more sound stages, more business, more creative people coming to the state, and a synergy will be created where we get long-term effects. Thank you, Mr. President.

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Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. So through you, Mr. President, to Senator LeBeau, are you saying, Senator LeBeau, that giving tax incentives to an industry would actually create jobs in the State of Connecticut?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, yes.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. So conversely, Senator LeBeau, do you believe that raising taxes on businesses would drive business out of Connecticut?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Through you, Mr. President, not necessarily. It depends on what the tax is. I think there's certain taxes that would have an effect, more or less, to some

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degree, yeah, there's a tamping down of economic activity with every tax.

But I think this is a targeted tax break. It's targeted at one industry. We know it's an industry that can have, as it has in Louisiana, as it has in Ontario, as it has in other states in the country, that it works.

So I'm pretty confident that this will create wealth in the State of Connecticut and bring in wealth. I think that tax increases really depend upon what those increases are, how much they are, and, again, whether they're, in a sense, effective in driving out business.

I'm not sure all tax increases in every single tax increase, no matter what the percentage, is going to drive out business. I think there's a tipping point where we do. But that's a question of policy, and it's a question of variability and balance.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. And through you to Senator LeBeau, I'm a little confused that you're

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telling me that a tax credit for an industry, a tax incentive, would draw them in. And we're under the assumption that they're going to be coming in in droves.

They're going to be making movies here all over the State of Connecticut. This is going to be a great thing for the State of Connecticut.

But if you raise taxes on corporations, sometimes targeted taxes, that it won't push them out, or it won't be a disincentive for them to come in. Am I clear on that, through you, Mr. President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Depends on the tax, depends on the industry, depends how much.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Through you, Mr. President. Let me try it a different way, Senator LeBeau. If Connecticut has a higher tax structure in a particular industry, a higher tax in a particular industry, or across the

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board, than other states, and a company was deciding where they wanted to move, do you think they'd move to Connecticut or a place where there were lower taxes on them, through you, Mr. President?

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Again, through you, Mr. President, it depends on the tax. It depends on the industry. It depends on how much the tax.

And, obviously, I agree with you on one piece because in this bill, over a period of five years, we're reducing the tax on manufacturing machinery and equipment to make ourselves competitive with other states.

And we know, from all the testimony that we've heard over the years, that that is a tax that is driving business out of the state. So in that limited instance, I agree with you.

THE CHAIR:

If I can just observe that while the rules of debate are fairly broad, we are moving rapidly away from the specifics of the legislation that is before

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the Senate and rapidly toward a fascinating, but nonetheless philosophical, conversation.

If we could bring it back a bit more to the bill before us, it would be appreciated. Senator Capiello.

SEN. CAPIELLO:

Thank you, Mr. President. Just so you know, and the Chamber knows, I'm just trying to understand the benefit that this bill will have on the film industry and how Connecticut will be best served, and I'm trying to understand how this is different than other industries within Connecticut.

But I do appreciate that we don't want to move too far off, so I'll ask a specific question about this industry, through you, Mr. President, to Senator LeBeau.

THE CHAIR:

Please proceed, Senator.

SEN. CAPIELLO:

With this industry, Senator LeBeau, is there a structure in place? Is it a mobile industry? Are we talking about bricks and mortar here? I need to know

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exactly what effect this will have, what kind of industry this is.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I would say it's both, and I would say that the tax credits, particularly, are effective in terms of gaining that mobile industry.

Many of the businesses that create films, that create particular productions, for instance, are limited liability corporations that come together for the production of, say, one film, and then are gone.

To help them come here, a tax credit would be very helpful. I also think that, again, there's a long-term piece that if we have many productions that take place in the state, that there's the potential, such as we've seen at ESPN, of long-term investments in the state that can lead to bricks and mortar, permanent jobs, long-term stability for that industry.

And I think that, you know, if you look at what's happening in California, a lot of the jobs have left because of tax credits. They've gone to Louisiana and

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Ontario because of tax credits being offered by those states.

So I think that this industry is particularly sensitive to the ability to be lured by tax credits. I hope that this will bring a lot of business. I hope it will bring many films, many digital companies, to come here to create films and other forms of entertainment, advertising, pod cast, etc.

There are no guarantees, as you and I both know, Senator Cappiello. But this seems to be a step in the right direction, and I think it's a good step in that direction. Thank you.

THE CHAIR:

Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. Thank you, Senator LeBeau. I have further questions. However, at this time, I will yield to Senator Nickerson, if I may.

THE CHAIR:

Without objection, do you accept the yield, Senator?

SEN. NICKERSON:

Yes, I do. Thank you, Mr. President.

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THE CHAIR:

Please proceed.

SEN. NICKERSON:

Let me first say that I have no questions at this time for Senator LeBeau. You're entirely welcome.

You've answered--

THE CHAIR:

Please proceed, Senator Nickerson.

SEN. NICKERSON:

I will. You've been asked a lot of questions, and you've given a lot of answers, some of which I agree with, and others of which I don't. We'll return to that later.

But I do want to set the stage for some conversations we will be having a little bit subsequently in the debate. I don't want to cover old ground, but I do want to assimilate some material and try to draw a theme from it that will, I think, be useful.

The question was asked, what is the emergency, and I think, in all due respect, it would not be reasonable for the answer to be, we need to stimulate corporate presence in Connecticut. Of course, we do.

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We need to do it last week, last month, next week, next month. That is an ongoing challenge.

So I think, in fairness, when this Legislature thinks of an emergency, it's not this bill. That's directly related to a second point that's been adverted to, but I'm not sure the connection has been completely made, and that is, why not do this as part of a budget? This is a significant budget impact.

I recognize it's not a legal requirement under our procedures, but, certainly, it's a financial planning best practice.

I have never been a part of this Legislature in a year in which spending bills, tax credit bills, or new tax bills were offered seriatim. They're offered in a package. And the reason that's done is you can then assess the total effect of those bills and consider the spending, the tax package.

And this bill doesn't allow us to do that, Mr. President. This bill has a very significant revenue effect, albeit, I grant you, in the year fiscal '08, but we should consider that, and that is the problem.

By characterizing this as an emergency when it really isn't, and by proposing this bill while budget

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processes are pending, or maybe aren't pending, in other rooms, we tangle ourselves up.

There is a fundamental useful feature in this tax, and I want to emphasize this. Obviously, this tax incentive is being done in order to influence corporate behavior so that corporations that are considering moving to Connecticut will do so, and corporations that are here will expand.

It's being done to provide incentives for corporate development, and, in turn, jobs, and the Connecticut economy.

What that means is that this is a recognition, not a tacit or an implicit recognition, but a very direct recognition, that taxes do matter, that they are a key part of the corporate calculation in making corporate decisions.

The reason I'm mentioning that is I've heard it asserted, not this afternoon, but in other rooms in other places, taxes don't matter. Taxes aren't part of the important calculation, either for corporations or, for that matter, individuals.

So it's important to recognize that the fundamental element of the corporate machinery and

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equipment provision of this bill, which is, in turn, the core of the bill, rests on a simple proposition, which I don't challenge, and I think none of us do, taxes are a key incentive to create corporate decision-making that moves in the direction we want it to.

Thus, I hope when we get to the day, and I hope it may well be soon, that certain people in this Chamber will offer an amendment, which deals with other elements of corporate taxation, that we are not met with the suggestion that we don't need to, for example, eliminate the corporate surcharge.

We don't need to do that, it might be said, because that's not important for the Connecticut economy. How could that not be important and today's bill be important?

Today's bill can only be important if we agree that taxes are a key ingredient of that kind of a process.

Now, having done that, I want to turn to some specific elements of the fiscal note, which are troubling. And, again, I may advert to these later,

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but let me first turn to the fiscal note, which, as a matter of fact, I have.

Okay, more seriously, the fiscal note indicates that the cost to the state in the first year in which this bill is implemented, the first Fiscal Year, being 2008, is \$26 million.

Now, among friends, you and I, \$26 million is a good deal of money. In the Connecticut economy, with its billions and billions of dollars moving back and forth, and in the realm of Connecticut corporate decision-making, I suggest to you that \$26 million is not a great deal of money.

Not that it's not a step in the right direction, but it's only the very most modest step. So it's curious to me that on the one hand, it said that this is an emergency bill, and that the emergency is such that compels us to take on this bill this afternoon, but it's not so much of an emergency that we can dedicate significant amounts to this, and so that we can rely on a mere, I say, mere, mere in the context of state budgeting, a mere \$26 million.

And that problem inheres in the numbers that follow that, \$53 million in the following year, \$86

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million thereafter, \$118. Yes, in some contexts,
these are large numbers.

In the Connecticut corporate economy, these are
not large numbers. So I suggest to you that we need
to take a hard look at whether these numbers really
justify the emergencies that this is said to be.

Mr. President, with your permission, I'm just
going to pause there and ask that we stand at ease
just for a moment, if I may.

THE CHAIR:

Senate will stand at ease.

SEN. NICKERSON:

Thank you, Mr. President.

[SENATE AT EASE]

I just want to finish on this financial point,
and then I'll yield the floor. To finish the point,
the cost to the state for the five years, not the
first five years, but the five years, is \$165 million.

This is not enough to significantly affect
corporate decision-making. This is certainly not an
emergency, but beyond that, it's not enough to affect
corporate decision-making. And while it could be

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said, it's a step in the right direction, it's way too small a step.

We need to act more expeditiously. We need to act more affirmatively. We need to act more boldly. And we will have a document which will, shortly, address that, but I wanted to lay the groundwork for preparing for that moment by providing you with that information.

So to summarize, this is not an emergency. It is a crucial need, and to address that crucial need, we need to put in place additional dollars beyond those that we have here.

The ground that is covered is something that I hope we will remember when we get to another budget day.

A budget day when we will propose more significant corporate challenges, and we will propose to provide real incentives for real corporate decision-making. So with that, Mr. President, I would like to yield to Senator Kissel.

THE CHAIR:

Mr. Majority Leader.

SEN. LOONEY:

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Thank you, Mr. President. Mr. President, I object to the yield at this point, not in any way objecting to Senator Kissel, certainly, having opportunity to comment on the bill, but there has been a chain of yields going on for some time, and I believe there may be other Members independently seeking the floor.

THE CHAIR:

For the sake of clarification, the Chair will indicate that while our rules are silent, Mason's guides us in this. The yield is not a right.

It is a privilege extended by the Circle and subject to individual objection. The objection is well taken. Does anyone else wish to be recognized?
Senator Finch.

SEN. FINCH:

Thank you, Mr. President. Some people call this Senate Bill 1, and some people call this Emergency Certified Bill 702. Call it what you want. I call it The World is Flat Bill.

I call it The World is Flat Bill because Senator Williams, our Caucus leader, went to China, and he brought back a world vision. He brought back

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tremendous ideas for change and for improvement to our economy in Connecticut.

And working with Senator LeBeau, and Senator Gaffey, and Senator Looney, and other people in the Circle who have been critically involved in this, we've brought back, I believe, a terrific bill that Senator LeBeau receives a great deal of credit for.

When I was first elected, I remember talking to him about eliminating the property tax on manufacturing equipment, and it was a dream of both of ours at that time that we could get at this point because we both have a lot of industry in our District that's struggling in the world economy.

For those of us who read Tom Friedman's book and who've read the Connecticut newspapers recently, we would know that in this shortest history in our session, in our history, that this, of course, is an emergency. Nothing could be more of an emergency than to try to fix our alienated economy.

The emergency is the jobs that we just lost at the Franklin Egg Farm, the jobs that are being outsourced from Sikorsky Aircraft, the jobs that are being outsourced from Electric Boat, the jobs that are

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being outsourced on every corner of every block of every one of our districts because of the flat world, because of the world economy that this bill is reacting to.

So I really would like the Circle to take the high road on this, to take the road that says that the majority party is taking on its shoulders the responsibility of crafting a bill that will serve a lot of masters, that will solve a lot of problems, that will move us in the right direction in the business climate in Connecticut.

This is one of the most important bills I have ever had the chance to speak on or to vote for. I work at the Regional Business Council in Bridgeport. I talk to businesses, we have over 1,000 members, and I talk to many of them all the time.

There are a few people that talk about other taxes that are a problem, and from time to time, the Circle has seen fit to address those issues. The Worker's Comp Bill was reformed, many other bills reformed, that tried to help businesses and have had some success. The gas tax was lowered many times.

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But working with the Regional Business Council, the tax that we hear talked about all the time is not the corporate surcharge. It's not the personal income tax. It is the property tax.

The property tax is what we hear about day in and day out, working with businesses, especially those businesses who are in very high value added segments of our economy, like manufacturing.

They have high concentrations of valuable capital that are overtaxed in no other state but Connecticut. Businesses will support reasonable plans.

And they will support the costs that are associated if those funds are going to be targeted toward critical needs of our economy, worker training, transportation, better schools, and technology.

Those are things that this bill gives a shot in the arm to the Connecticut economy with. Those are all things that businesses are not only willing to pay for, they are excited to pay for, because it would provide a direct benefit to the economy.

It will raise all boats, and that's exactly why this bill is important and should be embraced by both sides of the aisle. How do you create jobs? You

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create jobs by stimulating investment, and you create jobs by continuing to educate and retrain the workforce. That's what this bill does.

I want to talk about the politics of this bill too because I think we should get it out on the table. This politics is a win-win for every elected official at the state level, regardless of their political ideology or political party.

It is good and decent bipartisan politics. In our history, in our lifetime, we saw President Nixon had to be the President that went to China. President Clinton had to be the President that opened up World Trade. Those were stark realities of our political climate.

And I submit to you today that a consensus bill supported by the majority Caucus is the people that should be taking the leadership on this bill. And I'm very proud of the Democratic Caucus and their leadership on this bill.

And I'm also proud of those Members of the Republican Caucus who support these efforts because this is an essential, essential step for us to take, and it is an emergency.

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I know that not all the changes to our economy are going to be simple, and they're not going to be easy, and they're not going to be easy for our families to take.

You know, one of the things that Senator Gomes and I have in common is that we both come from families with strong labor union histories. My dad was a steelworker, and his supervisor, he was a steward at Ed Gomes' union, where he was a Regional Representative. That's how I first met Ed Gomes.

And when I first met Ed Gomes, it was at Bollard Machine Tool, which is no longer here. We can go down State Street in Bridgeport, and we can go down Fairfield Avenue, we can go up the West Side of Bridgeport, and we can go through all the used-to-be's that used to be here because we did not respond to the changes in the world economy.

Now the world economy is changing. It changed dramatically since we began this debate. That's how quickly it's changing.

So I know, from my personal background and from Senator Gomes's background that we've shared, that this is not going to be easy, but it is going to be

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much more difficult if we do nothing, if we politicize Senate Bill 1, if we don't wrap this around us like we wrap our flag, and go to the vote here in a bipartisan way.

I think we need to rise to the challenges that the flat world puts before us. To not pass these critical reforms, to not pass this job training, to not pass the business advocate at the state level, to not pass the elimination of the property tax on manufacturing equipment, to not stimulate our economy would be like sticking our head in the sand and hoping that the world changes, that are so rapidly whirling around us, will just simply go away.

I'm sad to see that the bill has lost two very exciting components, that being nanotechnology and the wireless component of the bill. It's a shame that they're not in the bill, but, as the President of the Senate, when he was in a previous life, used to tell us, don't let the perfect be the enemy of the good.

I've often used that in our Circle, in our Caucus, and many of you have too. This is a good bill. This is better than a good bill. This is a

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great bill. It isn't perfect, but it is a critical piece of how we could regenerate our economy.

I want to just say a quick word about the business advocate and how critical this is because it's setting a trend, which I hope will grow. We have various state agencies that have turf.

And when a municipality or a town comes to the state and has an economic development project, you want to see a project go south, watch what our bureaucracies do to some of these projects. Developers' heads are spinning by conflicting interests, by conflicting state bureaucracies.

All, I may add, may have a very well-meaning intention to their chore, but nobody circles the wagon, puts it in perspective, and shows us how we can create the jobs and the property taxes in the state by still protecting all of the charges of all of the various state agencies.

This is an enlightened part of the bill. I commend Senator LeBeau for pushing for this. This part of the bill may end up having more long-term effect than any other, except for the property tax forgiveness, because it sets in motion a championing

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of economic development projects, and initiatives, and having there be a cheerleader who does not belong to any of the vested interest in our state bureaucracy, other than to increase the jobs and the property taxes.

Recently, we had a project in Bridgeport, the City Trust Bank. And in that case, there was a small portion of state money and a very large portion of public money.

And don't you know, it was the small portion of public money, not the large portion of private money, that continued to confound the deal, that continued to place the deal in jeopardy, \$40 million of money that comes from Wall Street and big banks to invest in jobs in Bridgeport and a small leverage from the state.

And I submit that that needs to change, and we need to streamline and have an advocate that's going to look at the project as a whole, in a holistic manner.

Recently, Senator Williams came to Bridgeport, and he came to Bodine Corporation on Mountain Grove Street, where they make mass-production equipment of the most amazing kinds.

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These pieces of equipment, Senator Gomes was there with us, and he saw the most amazing things that are produced right in our home state and then shipped all over the world, high value added machinery.

He rarely ships any of those machines to Connecticut. Do you know why? Because the owners of those machineries don't want them in Connecticut because they have to pay a surcharge, which is called the property tax, and they don't have to pay it nearly everywhere else in the world they ship it.

So you can see how Flip Bodine could hold a conference full of 200 people in his factory and have no hesitation of looking at each one of us in the eye and telling you, this is exactly what business and manufacturing needs.

We heard from PMT, the former Producto/Moore Tool. They create machinery and equipment within tolerances, Doc, help me out here, one-hundredth of one-thousandth of an inch, I believe.

They create some of the most incredibly high-tolerance manufacturing equipment in the world. The whole world comes to Bridgeport when they need high-

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tolerance manufacturing and milling machinery, and they go to PMT on Union Avenue.

And do you know why they go there? Because they make them there. But you know where they ship the equipment when they need to expand their production?

They have a factory in New York State, and they sat there at Bodine, and they said to us that, we won't create those new jobs in Bridgeport because there's going to be this significant property tax that they don't have anywhere else.

So, all things being equal, PMT creates the jobs in New York State. The owners of the company live in Connecticut. They live in Easton and Fairfield, and they work on Union Avenue in Bridgeport. They want the jobs here. They want the growth here.

But they can't do something that's not in the best interest of their company. The property tax on manufacturing equipment pits each of our towns and each of our districts against each other to undersell the other, in whatever way they possibly can, in order to get those taxables into their town because there is a differential in where you locate in Connecticut.

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And we don't want that. We don't want our towns, and our districts, and our regions pitted against each other. Worse than that, it pits Connecticut against all the other states that surround it, practically all the other states in the country, and it pits us against the world.

In this flat world, in this world economy, we cannot afford to allow that to happen. Connecticut should not pit itself against itself, and it should not pit itself against the world, and create this huge disadvantage.

This bill will reinvigorate our economy. It's going to give government a constructive role to play, and then I hope, especially through the ombudsman position, it's going to get government out of the way and let the private economy work.

After the government plays its role, please get out of the way, and let the private economy work and create the jobs that it knows how to do.

Manufacturing equipment in this state is the goose that lays the golden egg. Without passage of this bill, we're going to continue to shoot the goose

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that lays the golden egg every day, day in and day out.

Mr. President, I urge the Circle, in the strongest fashion, to get behind this bill in a bipartisan manner, and I compliment Senator Williams for his leadership, and thank him for going to China, and getting us the book, *The World is Flat*. Thank you.

THE CHAIR:

Will you remark further? Senator DeFronzo.

SEN. DEFRONZO:

Thank you, Mr. President. Mr. President, I rise to speak to the need for this bill and for the emergency status of this bill.

I have heard, surprisingly, in the Circle today that there are some that can't understand why this bill is an emergency, that they're confused by the nature of this bill and why it's before us.

Mr. President, Connecticut ranks 50th in the nation in job growth, 50th in the nation, and they want to know why there is a job emergency, why there is a crisis, why this bill is needed? Fiftieth in the nation.

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Mr. President, this state leads the nation in outward migration of our young people. Our people leave this state in droves because there is the lack of economic opportunity, and they want to know why there is an emergency, why is there a crisis.

We need this bill to address that problem. And, Mr. President, we have a dysfunctional, an uncoordinated economic development program in this state. This bill addresses that and tries to correct it.

And that's why this bill is an emergency, and that's why it's before us today. This bill also addresses the need for business tax relief, which we hear about over, and over, and over again. And then we're told today, why do we need to act on it? Why is this important?

It's important because this will rectify some of the competitive disadvantages we are experiencing in our state, and our businesspeople want this relief, and they should get this relief.

We would be abdicating our responsibility if we didn't treat this as an emergency and move it forward quickly and expeditiously.

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There may be some in this Circle who would choose to ignore these economic realities in the State of Connecticut, and there may be others who would like to camouflage them in some way, but the reality is that there is an economic emergency.

Our economy is in meltdown in the State of Connecticut, and it is our responsibility to do something about it. And I think Senator LeBeau, in the Commerce Committee, Senator Williams, in the leadership of the General Assembly, have taken bold action to put this measure before us.

Mr. President, we should make no mistake about this. There is a crisis. There is an emergency. There is a need. This bill addresses all of those. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Hartley.

SEN. HARTLEY:

Thank you, Mr. President, and good afternoon to you. I rise to support Senate Bill 1, and I would like to say that there is much common ground here because from the start of this year, this legislative session, I think everyone, all sides, parties, and

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even the Chief Executive of this State of Connecticut,
agreed that jobs was number one.

So, clearly, there is common ground, and,
clearly, there is agreement. And with respect to the
actual bill, I think everyone has agreed that the
property tax exemption for manufacturers is something
that must be done, and it must be done immediately,
and we cannot put that proposal in jeopardy.

So there is great common ground, and all have
agreed to advance these proposals by the end of this
session. And it is true that Connecticut's niche
nationally, internationally, and regionally has always
been about brains.

It's never been about brawn, and it's never been
more important now that we continue to recruit a
knowledge economy, that we continue to grow the talent
in our state, but that we also continue to bring other
talent in.

And if there is any question about that, I've
just been able to retrieve what's going on in other
states right now, as we speak.

If we do not advance this very rapidly, we will
not be able to keep the edge that Connecticut has been

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able to be recognized for because that clearly is the competitive edge that this state enjoys.

In the State of Arizona, right now they are proposing \$100 million tax credits for nanotechnology biotech. Delaware, right now, on the table, \$20 million. Georgia, \$80 million, nanotech energy broadband. Hawaii, hydro energy. Florida, \$630 million, aerospace, defense industries, biomedical.

Iowa, \$50 million, chemistry, biotech, insurance, and financial. Kentucky, \$40 million invested in energy biotech, tax relief for small businesses. Maryland, \$20 million regenerative biology, nanotech. Michigan, \$2 billion, advancement on defense life sciences, stem cell, alternative energies.

Missouri, \$450 million, biotech, plant science. New York, \$125 million in all of the technologies. The list is quite long. Oklahoma, \$180 million, biomedical. Pennsylvania, \$500 million, biotech. Rhode Island, \$10 million, chemistry, pharmacy, nursing, \$140 million, eminent faculty.

Vermont, \$3 million, tech transfer. The list goes on. The State of Connecticut needs to rise to the top of that list, and by virtue of the proposal

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that we have in front of us, they will, indeed, do that.

I would also just like to speak to two specific parts of this bill, and that is the eminent faculty program. This state has a Flagship University, and it has great potential. We need, at this point, to give them the resources in order to continue to become a nationally recognized public university.

The eminent faculty program will help to do this. The proposal in front of us will allow us to bring in world-class scientists, who bring with them researchers, small businesses, and laboratories, all of which have great residual value and economic growth.

I'd also like to mention that the piece of the bill which speaks to the SBIR Grants, Small Business Innovative Research Grants, is something that two years ago was virtually on life support in this state. It has been brought through the Office of Workforce Competitiveness and through CCAT, and it is now beginning to assist manufacturing companies so that we can garner our fair and appropriate share of federal dollars on research.

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We now have begun to receive some of those federal grants. Without this additional resource, by which we can grow the small business research piece, then we will fall far behind many other states, who are taking, quite frankly, Connecticut's share of research dollars.

It is very important, and we cannot afford to miss this opportunity. I will, though, make one last comment, and that is on the issue of nanotechnology. While this does not appear in the bill at this point, there is legislation that is existing, and this conversation, as we all know, has just begun.

It is not finished, and, hopefully, the nanotechnology will get some proper piece in this entire conversation with regard to 21st Century knowledge economy and jobs. Thank you, Mr. President, and I urge support.

THE CHAIR:

Will you remark further? Senator Stillman.

SEN. STILLMAN:

Thank you, Mr. President. I also rise in support of this bill, and I want to thank Senator Williams,

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and Senator LeBeau, and the other Members of this Circle who've worked so hard on this bill.

And I, too, also believe that this is an emergency. We have businesses out there that need relief. And, certainly, the MM&E tax issue would send great relief to help grow some skilled jobs in this state.

I know in southeastern Connecticut, especially, what we're seeing in terms of job growth is not skilled labor. We're seeing service jobs, and this state can do better than that.

What this bill does is it creates an opportunity to grow better jobs, and it also can create an opportunity to lift up people who are not skilled workers, who are working in service jobs, and give them a chance to a better job and a better quality of life.

I'm very pleased about the fact that we're addressing the shortage that we're seeing in terms of students going into engineering and the fact that we do need more engineers.

I know 20 years ago or so, it was that we had too many engineers. Well, everything goes full circle,

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and now we don't have enough of them to meet the needs of these times.

I serve on my Workforce Investment Board in eastern Connecticut, and we're going through some massive layoffs at Electric Boat. They've had some job changes at Pfizer. There are other companies that, I'm sorry to say, whose workers might be facing some layoffs over the next few months. I hope not.

I hope that this bill will help to alleviate some of that. The fact that we have, in this bill, monies for incumbent worker training, which is crucial to our area of the state, I feel very good about that.

I feel as though this bill is reaching out in so many areas for the people of Connecticut, who want to have a better quality of life, who want to see our economy grow in Connecticut, who want to grow jobs here, that this bill will create that opportunity, and I urge my colleagues to support it. Thank you.

THE CHAIR:

Will you remark further? Senator Prague.

SEN. PRAGUE:

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Thank you, Mr. President. Mr. President, I just want to rise to lend my support to this bill. The time is now. It is an emergency. It is a crisis.

We absolutely have to get a handle on what's happening in our state. There are no jobs available for people, jobs that are substantial that can give people a good standard of living. I'm proud that we have this bill before us, and I'm proud of my colleagues that brought this bill to our attention.

I hope the Circle will support it because Connecticut has to move forward. I really fear for the future of my grandchildren and everybody else's grandchildren if we don't begin to do something about the jobs leaving this state. So I want to thank my colleagues for doing all the work that they did on this bill. Thank you.

THE CHAIR:

Will you remark further? Senator McKinney.

SEN. MCKINNEY:

Thank you, Mr. President. Mr. President, perhaps I have a different outlook than others that have spoken. I am extremely excited by this debate. I

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have really loved hearing my colleagues talk about this bill.

Please don't mistake, I think some of us on our side to think that the procedural course that this bill has taken is somewhat odd, as an emergency certification, but Senator DeFronzo is right. This is an emergency, and we should eliminate this manufacturing tax.

We shouldn't do it five years from now. We should do it now. My friend, Senator Finch, said join the majority on this road. Well, I do take issue with that because it's been a long, winding road the majority has taken.

I've been here eight years. Every eight years, the Senate Republicans have said, let's eliminate this tax, and you're with us. Thank you. Finally, the majority party is standing up and talking eloquently about how tax cuts spur economic growth. We love that as Republicans.

Thank you for joining our team. Thank you for understanding the arguments we have made time after time after time in this Circle. It's great. Senator

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LeBeau, you're right on point. This is going to bring in jobs if we eliminate this tax.

Cutting taxes does grow the economy if you do it the right way, and we welcome you joining us. Thank you. That's great. This is a great day. We could do it quicker. We could do more. But this is a great debate. We are going the right thing in the State of Connecticut by eliminating this tax.

And I would say that it is a far cry for some in this Circle. You know, one of my favorite debates we had here was on Senate Bill 598, in 2004. That was a bill that had the name of all the majority party Senators at the time, and all the majority party Senators voted for it.

That was an enormous tax increase on commercial property. That allowed up to a 40% shift from the residential property tax burden to the commercial property tax burden in certain communities, and a 15% shift in others.

And manufacturing company after manufacturing company from every corner of this state, I sat there and read, with the indulgence of the Chair, with the President, e-mail after e-mail from manufacturing

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companies all over the state that said that the amendment that the majority all voted for and passed would destroy manufacturing in the State of Connecticut because it would explode their property taxes.

How far we have come since Senate Bill 598 and the amendment that was offered to this point, where now we are seeing before us a tax cut, a help to business to grow the economy, to grow jobs, so we don't see jobs like the 150 that left New Haven recently, and nobody did anything about, I guess, in the city.

This is very good. There is more we can do. It is an emergency. We don't need to do it five years from now. We should be doing it now, and I hope, as our amendments come, we'll have an opportunity to stand up and say, we do understand it's an emergency.

We do understand that in this bill, you shouldn't raise taxes on certain manufacturing before you actually cut them, and we should fix that mistake.

We should actually probably do this now, but I'm not upset. I don't have a lot of questions because this is a great day.

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We are speaking with one voice that cutting taxes will help grow the economy and provide good, high-paying, manufacturing, high-tech, biotech jobs in the State of Connecticut, and that's a great thing. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Duff.

SEN. DUFF:

Thank you, Mr. President. Mr. President, I rise to support this bill, and I'd like to align myself with the comments of Senator DeFronzo. This is a great bill, something that this Chamber needs to act on immediately today.

It has many parts of the bill that are really wonderful and will do a lot for our state. Just a few things I'd like to highlight in the bill that I believe are very important.

The first thing, obviously, is the property tax credit for manufacturers. I believe that is something that is long overdue, and that will go a long ways toward providing jobs to our state.

We've talked since day one in this Chamber, and in this Legislature, about this session being about

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jobs and the economy, growing jobs, growing the economy, looking at the long-term health and impact of our state, and I believe this bill will go a long ways toward providing that end.

Secondly, I believe that one of the most important parts of this bill is the creation of the Office of Business Advocate. It's about time that we finally put together people who will help small- and medium-size businesses get through the bureaucracy of our state government.

I've had business form after business form, some have been joined with me by Senate President Don Williams, down in Norwalk, where businesses have said, we need your help.

We need to understand the alphabet soup of the different agencies. We need to understand how we can get aid. We need to understand how we can grow our businesses. We need to understand how we can retain jobs in this state and grow jobs in this state.

That's what this is all about. That's what this legislation is all about, growing jobs, retaining our jobs in this state, and this bill is going to go and really go a long ways into doing that.

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The last part about this bill that I think is very important, though all parts of this legislation are extremely important, is the You Belong. Last year, we did a bill on the Housing Trust Fund because we know that we're losing twice the amount of young people in this state than the national average.

A big part of that is because of the fact that our housing is so expensive, so I was very proud to support the Housing Trust Fund Bill. The other part of that is that we have a brain drain, where we have people who are going outside the state because they can find jobs elsewhere.

We want to make sure that if we're educating our students in this state, that we keep them in this state.

We want to make sure that we can give them long-term incentives to stay in Connecticut, so they can rise up the economic ladder, they can pay their taxes, they can grow their families, and they can be valuable and productive members of this state.

And that, again, is another important component of this bill. Again, we have talked about since day

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one in this Legislature, and in this Circle, about jobs and the economy.

This bill, which I'm so proud that Senator LeBeau has worked so hard on, and Senator Williams, and Senator Looney, and all Members of this Circle have really had their fingerprints on, will go a long way to making sure that Connecticut doesn't have the distinction of being number 50th in job growth.

We want to make sure that people come to this state, saying that this is a good place to do business, that we are going to grow our jobs, we are going to retain the jobs that we have in this state, and we're going to make sure that Connecticut is the place that people want to come and do business.

So I support this bill whole-heartedly. I ask all the Members of this Chamber to support the bill, and let's send the message to the business community that we're serious, and we want to make sure that we're sending the proper messages out there. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Kissel.

SEN. KISSEL:

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Thank you very much, Mr. President.

THE CHAIR:

At last.

SEN. KISSEL:

At last. I lost my yield, but now I've got it back. I stand in support of this bill for a variety of reasons, and I have a few questions. But first, I'd like to speak on some of the underlying issues.

I've had the great honor and privilege of serving in this Circle for the last 14 years, and it's pretty clear to me that our business climate, unfortunately, for all the great things we've done as a Legislature over those years, and the administration has tried as well, that, unfortunately, our job growth has been somewhat anemic.

As people have indicated, we're 50th. And there are some things that I would be very happy if Connecticut was 50th. If we were 50th in things like child poverty, or illness, or things like that, but jobs, and job growth, and our economy, that's nowhere to be.

The economy has changed substantially in that period of time. I remember just 14 years ago when I

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was first sworn in, we didn't have computers on our desks and things like that. Now it's just commonplace to hop on the World Wide Web to find out what's going on in China, Russia, India.

You know, when I used to serve on the Public Health Committee, we were confronted with these issues. For example, if you have a radiograph taken by someone, who's going to read that radiograph? We would call it an X-ray.

And, you know, the concern was you might have a physician here in Connecticut that takes the X-ray, but what about a physician in India that reads the X-ray because that X-ray could be beamed right across the World Wide Web, be there in a matter of seconds?

The world has changed dramatically in the last 15 years, and so, unfortunately, it appears that the land of steady habits, something that's generally a good thing, has undermined our ability to grow and change in a period of time to keep up with the rest of the world.

This is a great step forward. This will help jumpstart us in that right direction. Specifically, the part regarding business and equipment, I talked to

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some business leaders not too long ago, and they pointed out, and they said, you know, you in Connecticut are really sort of missing how this really dramatically impacts you, and it's more than just the cost associated with this burdensome tax.

And I said, can you explain that in more detail, because, again, my perspective was, simply, that if the cost of doing business for that snapshot period of time was too high, then that was the problem.

But he said, you know, the problem actually stretches out into the future. For example, if we are running a corporation, and we have an office in a factory in Pennsylvania, we have a factory in New Jersey, and we have a factory in Connecticut, and we want to invest to stay competitive globally, and we need to make an investment in new equipment to make sure that our manufacturing is up to speed, most businesses are not going to dramatically change all their equipment at the same time.

We may have to pick and choose amongst those three locations, as to who we are going to upgrade, and, generally, we like doing business in Connecticut. You have really good people up there, really

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industrious, very intelligent, but it comes down to a bottom-line decision.

If you're going to tax us on this new equipment, we have to factor that in, and after we factor that in, that new equipment is going to land in Pennsylvania or New Jersey. That's problem number one.

But that doesn't mean that we shut down the business at that time in Connecticut. You all still have equipment to run the business.

He goes, the part that you're missing is that then five or ten years down the line, if we have to consolidate, if we have to economize, whether it's by dint of our Board of Directors urging us to pull from three factory bases to two or one, or whether it's simply to keep our head above water and remain competitive globally or nationally, we will then do an assessment.

And he goes, what you don't understand is that we are far more likely to close the factory site in the area where we did not improve the equipment or the machines.

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So again, it's a two-prong process. We lose the initial investment, but the factory doesn't go away immediately. We still have jobs.

So the cancer, so to say, the problem, the seed of the economic undermining is planted because those new machines, that new equipment landed in Pennsylvania, landed in New Jersey.

That day comes and goes, and we, in Connecticut, really don't realize what took place. We've lost that investment, maybe whatever taxes we associated with that, but we don't really understand, we don't really appreciate the fact that down the road, that's going to be the real, I guess I would term it, poison pill because, ultimately, to remain competitive, many of these corporations, many of these businesses find themselves either through dint of making right grades on Wall Street, or maybe they want to go out to the market and borrow funds, and they have to demonstrate a certain level of efficiency to get certain grades so that they can get their debt done.

Or maybe it's simply just to keep their heads above water because competition is so fierce. They

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look at Pennsylvania, they look at New Jersey, and they look at Connecticut.

And they say, well, you know, five years ago, all that new equipment and machinery was put in Pennsylvania, so we're going to consolidate our base of operations into Pennsylvania.

And, unfortunately, Connecticut, you're going to have to lay off the workers and shut down, and we'll make an offer to many of those employees to go to Pennsylvania. And that's how that works.

The seed of that problem was planted when the new equipment landed. That's why this provision, and getting this provision moved forward as soon as possible, is so important because every year that comes and goes, where these factories and these corporations don't make that investment, that capital investment of equipment and machinery, is a year that we'll never get back because they're continuing to push their businesses forward.

They have to do that. They have to make a profit. They have to prove to Wall Street, to investors, that they're a viable entity. They have to

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have good commercial grades so that they can go out into the marketplace and borrow funds.

They have to be able to prove these things to their shareholders and investors. So if we let this continue out into the future, that equipment, every year, with the advance of technology, it changes so fast that as long as that equipment lands in other states, that poison pill is planted.

And, again, that's going to come back and haunt us because to the extent our factories don't have that, then they are the right targets for consolidation, and we are going to continue to lose jobs.

You know, a couple of weeks ago, my wife and I, very rarely, once every spring, we're able to go for a little weekend trip just to get away.

My in-laws are terrific, Ben and Sarah, they watch Nathaniel and Tristan, and the last three years we've stayed one evening, a Friday evening, at the Deerfield Inn, in Deerfield, Massachusetts.

And what we like to do is sort of like go through eastern Connecticut, and meander up through central Massachusetts, and go up North by the Massachusetts,

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New Hampshire, Vermont border, and then sort of trail
back down.

And it is remarkable to go through that part of
New England. Every time you take a turn on roads that
you may never have been on before, you will see an old
mill, an old factory. Boy, I just can't imagine, it's
hard to believe what New England looked like 100 years
ago.

There's a little place in town called Peterson,
where the Harvard Forestry Museum is. It will walk
you through. We have more trees in New England now
than we have had in 200 years. It's hard to believe.

One hundred years ago, it was all fields. There
were no trees. It was all factories. It was all
mills. Industrialization in western New England.
They all fall to rack and ruin, why? Other things
came up behind them, took over, were more competitive.

There was a great thing on the History Channel
not too long ago about Shay's Rebellion. How did
Shay's Rebellion happen?

Well, it happened because the farmers in western
Massachusetts basically farmed what they could prior
to the Revolution, and then when the Revolution hit,

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markets and the ability to grow crops in other parts of the original 13 colonies vanished because there were skirmishes.

There were wars, and there was no transportation, and so the farmers saw the Revolution as an opportunity.

They borrowed a lot of money from the Boston bankers so that they could farm a lot more land than they usually do, and then the Revolution gloriously ended in our favor, but when it ended, they found themselves saddled with huge amounts of debt, facing debtors' prison, which was still in existence at that time in the Commonwealth of Massachusetts, and so they rose up in rebellion.

That was put down, but, according to this really nice series on the History Channel, that was one of the precipitating factors as to why our founding fathers decided, let's form a Constitution.

At the same time, the very suspicious Yankees, especially from Massachusetts, said, well, before you consolidate power with the federal government, we'd also sort of like a list of what the rights are for individuals because we're not going to go along with

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having all this power devolved to a federal government unless you show us something in return. Thus, we ended up with the Bill of Rights.

So all you have to do is drive around New England to see that there were great healthier times, where there was a lot of business, a lot of manufacturing, but, boy, it doesn't last forever, and it can really come down to rack and ruin.

Now all you have to do is juxtapose those old mills, those old factories closed in western Massachusetts because they were essentially technologically chained to the rivers and streams, which gave them power, and if you drive up into the Greater Boston area, it's just company after company after company.

If you take the Mass Pike, and you go up there, it's just huge, huge boom town. And I would say the same thing for Fairfield County. Things are going well, but it is such a fast-moving economy now that you just can't stay in one place.

I mean, I sort of feel sad that when I watch TV, and I see these commercials where these high-tech corporate CEO's say, you have to always be innovative,

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and you always have to be moving just to keep your head above water.

Unfortunately, that is the business climate in the United States and globally today. I was watching something the other day on one of the Public Television stations, and it was talking about, boy, we have things, we have challenges.

If you think we have challenges with \$65, \$70 a barrel oil now, they were talking about what's happening globally. I mean, I know we're going to turn around, and my constituents and myself, I don't want to be paying \$3, \$4 a gallon for gasoline, but I am really concerned about that. Why?

Well, why did China make an agreement with Iran for its oil production? That sort of puts us in a bind where you have Iran, who wants to develop nuclear weapons capability, and yet, one of the big giants on the block, China, who just recently, I guess, a couple of days ago, visited Washington and President Bush.

They made an agreement because they like that nice, comforting, solid link to the oil deposits in the Middle East. So they made an agreement with Iran.

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So, you know, China is funneling all that money to Iran, and that makes them feel a little brave out there. They want to develop nuclear weapons. We have to figure that out from the long range.

But the reason I talk about that is this. The assessment on this particular program was that if you look at countries like China and India, in particular, they want to, in the next 10 to 15 years, move so quickly into industrialization it will be similar to the move the United States made from 1900 to 1950.

What took us 50 years to do, they want to do in 10 to 15. And if they have their way, it will be ten years. They are realizing what it's like to move into the industrial era. It hasn't always been like that for them.

All you have to do is look at books and pictures. What was it like in China in 1950? What was it like in India in 1950? Essentially, agrarian societies with very little capitalism, great distrust of capitalism. Chairman Mao's Great People's Revolution, that was only in 1970, folks.

They were beating up on capitalism, but now they've sort of got it in their head that they'd like

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to have the economic benefits of capitalism. They just don't want the political fall-out.

My guess is that they're one in the same, and eventually, they're going to have to recognize that with capitalism comes the price of civil rights. I think that's inevitable. It's just a matter of time.

The other reason they are running roughshod economically, I mean, you can't go into a K-Mart, a Wal-Mart, a CVS, a Walgreens, you can't buy anything nowadays that doesn't seem like it's made in China.

Why is that? Is that because they're so much better than us? No. Is it because they don't pay decent wages? In part. But one of the greatest reasons is they don't have the governmental overlay. Right now, they don't have the environmental regulations.

We, as a nation, are so advanced and, I believe, sensitive to our own selves, we would never throw out our environmental regulations. My guess is that it will be a short period of time when they determine that they can't poison themselves to save money, but you know what?

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They don't have that appreciation for human rights, so that will probably take longer than shorter. So we have tough competitors out there. They want to move quickly, and they're going to gobble up the resources that are out there. We see it.

India is going to want to play the same game China is. You put those two countries together, that they want to move up the industrial ladder, what is that, two-thirds of the entire world's population?

You think they're just going to let us get the oil and the resources that we have over the last 100 years? I don't think so. Now, will it all come down to military power? In part, but that's the world that we live in.

That's why this whole equipment and machinery thing is so important. We have to use our smarts. We have to use our skills. We can't just like move along oblivious to all this, continue to think that we're going to tax equipment.

These people, they don't care. It is so unfortunate, but they don't care. There are things in our society that I find outrageous.

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I mentioned to one of my colleagues the other day, I said, I just learned that, I'm sorry. If I could just stand at ease for one second.

[SENATE AT EASE]

I heard that I may have to yield to someone? Mr. President, I'd like to yield now to Senator Looney.

THE CHAIR:

Senator Looney, do you accept the yield?

SEN. LOONEY:

Yes, thank you, Mr. President. Mr. President, I would ask that this bill be passed temporarily. I believe an amendment is in transit. I appreciate--

THE CHAIR:

--passed temporarily. Is there objection?

Seeing none, so ordered.

THE CHAIR:

Senator Looney.

SEN. LOONEY:

Yes, thank you, Mr. President. If the Clerk might move to the Emergency Certified Bill on Senate Agenda No. 3, House Bill 5843.

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SEN. LOONEY:

Yes, Mr. President, thank you. If we might now return to Senate Bill 702, An Act Concerning Jobs for the Twenty-First Century that was passed temporarily earlier.

THE CHAIR:

Thank you, Mr. Majority Leader. Mr. Clerk.

THE CLERK:

Returning to Senate Agenda No. 2, Emergency Certified Bill 702, An Act Concerning Jobs for the Twenty-First Century. The bill is accompanied by Emergency Certification. The bill was last before us, Senate Amendment Schedule "A" was adopted.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. The Clerk has an amendment, LCO 4506--

THE CHAIR:

You need to re-move the bill as amended. Move it again to bring it back before us.

SEN. LEBEAU:

Okay. I'd like to move the bill, recommend--

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THE CHAIR:

As amended previously.

SEN. LEBEAU:

As amended on our previous, three hours ago.

THE CHAIR:

Will you remark on the bill that is before us as amended? Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I would like to call LCO 4506.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 4506, which will be designated as Senate Amendment Schedule "B". It is offered by Senator LeBeau of the 3rd District et al.

THE CHAIR:

Senator LeBeau.

SEN. LEBEAU:

Mr. President, I'd like to move the amendment.

THE CHAIR:

On adoption of the amendment, will you remark?
Senator LeBeau.

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SEN. LEBEAU:

Thank you, Mr. President. Just one second, Mr.
President.

THE CHAIR:

Do you wish us to stand at ease?

SEN. LEBEAU:

Just for one second, please.

THE CHAIR:

Senate will stand at ease.

[SENATE AT EASE]

Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I apologize to the
Chamber.

THE CHAIR:

No apology necessary, Senator LeBeau. Please
proceed.

SEN. LEBEAU:

Thank you. There is a concern that for a small
number of manufacturers who have high-tech
manufacturing equipment, which has completed the tax
exemption program, or will have completed it by the
end of the current year, they would be forced into a

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less generous depreciation schedule than is currently used by their town, thereby forcing them to pay higher taxes under this bill than they might otherwise have paid in the next two or three years.

We're not certain that this is the case, or, if so, how much of an effect it might have. However, in any case, to ensure that no manufacturer will have to pay more in taxes than is being paid in the current law, we will be amending this bill to allow manufacturers to use the lower of, one, the depreciation schedule mandated by this bill, or, number two, any depreciation schedule that they currently use, which results in a lower assessment in tax. Mr. President, thank you.

THE CHAIR:

One the amendment, will you remark further?
Senator Nickerson.

SEN. NICKERSON:

Yes, Mr. President. Good evening. I will be mercifully brief on this amendment. First, let me say, I support it.

Secondly, Senator LeBeau is correct as to its need. Namely, it repairs a glitch in the bill, which

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would, if not addressed, have, in certain instances, provided a tax increase rather than a tax decreased, as is, of course, the intention of the bill.

Final thought, this is an object lesson in process terms about how not to legislate. An Emergency Certified Bill was put on our desks about noon. Most of us, certainly I, I think Members of both Caucuses, had not really read it because it hadn't been printed.

This error arose in mid-afternoon. It took a great deal of time for LCO to do the amendment, so we are where we are. However, I will just conclude on the note that emergency certifications for bills of this magnitude are not the appropriate way to legislate. We should work off our Agenda.

Where there are amendments that need to be cured, that's fine. Emergency measures should be reserved for emergency measures. I'll have one other comment later, but, in the meantime, I support Senator LeBeau's motion to adopt this amendment.

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Thank you, Senator Nickerson. On the amendment, will you remark further, on the amendment? Senator Williams.

SEN. WILLIAMS:

Thank you, Mr. President. I rise to support the amendment and only to note, following Senator Nickerson's comment, that the language that was in the Emergency Certified Bill was similar or the same as Senate Bill 1 and other similar legislation to repeal the manufacturing and machinery tax that's gone through the Commerce Committee, that's been before the Legislature for the entire session.

And we were happy to have the recommendations from the Office of Policy and Management to correct those today, and if we had received them earlier, at any point in the session, we could have corrected them then. Thank you, Mr. President.

THE CHAIR:

On the amendment, will you remark further?
Senator Cappiello.

SEN. CAPPIELLO:

Thank you, Mr. President. I rise in support of the amendment. With all the respect to the majority

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party, if there were serious negotiations taking place during the budget for the budget, if we had a budget in place, this issue would have been worked out.

But that's what we get when we try and emergency certify a bill without going through the entire process, without sitting down with both sides of the aisle and the Governor's office, and all I can say is, thank God for Secretary Genuario for finding this flaw in this bill. Thank you, Mr. President.

THE CHAIR:

Will you remark further on the amendment? No further add homonyms? If not, all those in favor will indicate by saying "aye".

SENATE ASSEMBLY:

Aye.

THE CHAIR:

Any opposed, "nay". The ayes have it. The amendment is adopted. Will you remark further?

Senator Nickerson.

SEN. NICKERSON:

Thank you, Mr. President. I guess I just have one final word on the process. I'm sure it was known

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to the drafters where this bill came from. It certainly was not known to me.

You know there's been an ocean of words on this bill today, and I won't get us any wetter than we already are, so I will, indeed, be brief. The Clerk has an amendment, LCO 5400. I ask that he call that amendment and I be allowed to summarize.

THE CHAIR:

Mr. Clerk. Senator Nickerson, could you restate.

SEN. NICKERSON:

I'm sorry, I did misspeak. Thank you, Mr. Clerk. 4500. Thank you for drawing that to my attention.

THE CHAIR:

Thank you, Senator. Thank you, Mr. Clerk.

THE CLERK:

LCO 4500, which will be designated as Senate Amendment Schedule "C". It is offered by Senator Nickerson of the 36th District et al.

THE CHAIR:

Senator Nickerson.

SEN. NICKERSON:

I move the amendment and ask leave to remark.

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On acceptance and adoption of the amendment, will you remark? Senator Nickerson.

SEN. NICKERSON:

Thank you very much. Well, this has been a fun day, and I'm most grateful for those who have allowed us to get this point, sort of.

But it is serious matter, and I do want to make a serious comment. The heart of this bill is the exemption of the manufacturing machinery and equipment from the local property tax, through a five-year phase-in. That is the heart of this bill.

And this amendment speaks directly to that in the following fashion. If we are dead serious about the importance of this exemption and its proposed affect on corporate decision-making, we have to be a bit bolder, not just a bit bolder, but significantly bolder.

Why do I say that? The fiscal note indicates that the first year's cost to the state, that is, the degree to which the state is making a financial contribution to this five-year phase-out, and thus inducing corporate decision-makers to move our way, if you know what I mean, that number is \$26 million.

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As I briefly alluded to earlier, that's a very, very small number in light of the size of the Connecticut economy, the size of the property tax payments paid throughout the state by our many corporations.

We need to do better. This amendment does better. This amendment says, very simply, that instead of a five-year phase-out of this exemption, we will move directly to a full phase-out in the first year so that the first year fiscal note, instead of being \$26 million, will be \$136 million, not too far off from the full cost of this bill, as would have been the case under the five-year phase-out.

Why do we do that? Because if we're going to be bold, and we're going to say to corporations, we do care about manufacturing in Connecticut, we do care about expansion, and we particularly care about those high-tech firms that are going to buy the computers, the medical testing machines, the high-tech equipment that we think provide the future for this state, we want you to buy them now, in the confidence that there will be a full phase-out in the first year.

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Why is that important? Because it has not passed my attention, may not have passed your attention, that when we have phase-outs, it's entirely within the power of future Legislatures to alter, or even terminate, them.

I don't mean to bring up other instances. Well, I guess I do mean to bring out other instances where that has exactly happened. Last, over the series of years, we had an estate tax, and other taxes, which were on a phase-out. The phase-out was abruptly terminated, and last year, we reenacted it.

I'm not saying that would happen here, but it does not give corporations the same confidence to rely on an exemption, knowing that the law says, we're going to slow walk this in one-fifth elements over five years.

Who knows what our economy will be like in five years? Who knows who will be sitting at this table and whether we will have adequately provided the incentive to move corporate decision-making in our direction?

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I said I will be brief. I'll keep that promise. That is my amendment, that is my pitch, and I urge adoption.

THE CHAIR:

On the amendment, will you remark further?
Senator LeBeau or Senator Meyer. Senator LeBeau.

SEN. LEBEAU:

Thank you, Mr. President. I would have to rise in opposition to this amendment, no surprise on that, Senator. First of all, this would leave us next year with 110 million additional dollars that we would have to pay for.

That is going to put incredible pressure on next year's budget when we really don't need to do that, in that people who, if we're incenting new investment in the State of Connecticut, those who invest this fall, after October 1, will never have to pay property taxes on their new investment.

So we have created a significant incentive to invest property, to invest machinery and equipment, as of October 1.

Secondly, this would create a very difficult situation for us, in terms of having us, being the

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entire state, in terms of our budget, in terms of attempting to fulfill our obligations to municipalities to ensure that these dollars are provided to them at 100%.

We definitely want to do that, and I know we're all committed to doing that. And as the good Senator kept his remarks brief, so will I. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Nickerson, for the second time.

SEN. NICKERSON:

The second, and I, I was going to swear, but you can't do that in the Senate. I promise you the last time. Seriously, my good friend, the Senator, I think misspoke, so let me just correct the record.

He indicated that this bill would cost additional dollars in the coming fiscal year. With all due respect, Senator, neither the underlying bill nor this amendment, amending the underlying bill, have anything to do with the coming fiscal year.

Neither of them have anything to do with the coming fiscal year. Both of them relate to a state

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expenditure that will occur in Fiscal Year 2008, the year farther out than the coming fiscal year.

So I recognize the reality of my good friend's opposition, though I disagree with his reason for doing so, and I urge adoption. Thank you, Mr. President.

THE CHAIR:

Thank you. Will you remark further? Senator Roraback.

SEN. RORABACK:

Thank you, Mr. President. I rise to speak in support of the amendment. Senator LeBeau is correct that for every new investment made next year in manufacturing machinery and equipment, the purchasers of that equipment will never have to pay a property tax on it.

But, Mr. President, we need to focus our efforts not just on attracting new investment, but in maintaining the investment that's here in Connecticut today.

Mr. President, we have seen far too many examples in recent months of manufacturers and others in this state making a determination that it is no longer

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feasible for them to do business in the State of Connecticut, rolling up their carpets, and heading for the hills.

Mr. President, passage of this amendment will say to those people currently in Connecticut, we're serious about keeping you. We're serious about changing the climate now.

Earlier, Senator DeFronzo aptly described why it's an emergency for us to reach out to businesses to retain jobs, and if we are sincere about our desire to do all that we can to make the business climate here more friendly, passage of this amendment is appropriate. I would ask that when the vote is taken, Mr. President, it be taken by roll.

THE CHAIR:

Roll call will be taken when the vote is taken. Will you remark further on the amendment? Senator Cook.

SEN. COOK:

Thank you very much, Mr. President. I rise in support of this amendment, and I will tell you that we saw a proposal like this, it was bipartisan, last February 12, 2005, when the group of folks from,

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including the Senate Leader, and the Speaker of the House, and the Chairman of the Commerce Committee, and we Ranking Members on the Commerce Committee, rose and said, we must repeal the manufacturers' machinery and equipment tax now.

We didn't talk about a phase-out. We talked about repealing it now. And why did we do that? Why? Because it was a major piece of save the sub base.

We did it because we needed to send a message that Connecticut's defense industries were important, that we had a competitive disadvantage in this state because the states around us did not have a property tax on manufacturing machinery and equipment.

And we stood together and strong on a bipartisan basis with the President of the Senate, with the Speaker of the House, and colleagues from both sides of the aisle to say, repeal the manufacturers' machinery and equipment property tax now.

That's what this amendment does, and I will tell my colleagues, we have saved the sub base this time, but this is the third time we've had to do it. It will come again. We are preparing in our areas to be

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sure that Connecticut does not get on a BRAC list again.

We are trying to do things. The Governor's created a Diversification Committee in southeastern Connecticut to take a look at the kinds of things we need to do. This is one of the things we need to do. I urge adoption.

THE CHAIR:

Will you remark further on the amendment?

Senator Cappelletto.

SEN. CAPPIELLO:

Thank you, Mr. President. I rise in support of this amendment. I'm trying to figure out why, for some people in this Chamber, it is so hard to simply cut taxes.

Why cannot we just say to the business community and to our constituents, we are willing to cut taxes now? The business community knows from our track record that when we talk about phasing out a tax, it means absolutely nothing to them.

What have we done to make them feel confident that we will keep our word in the state? I look at a few examples, that one of them was already mentioned

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earlier, we were phasing out the estate tax, couldn't go there.

Last year, brought it back, estate tax, put on a one-year corporate surcharge. State passed a year, it's been a few years now, we're going to have a conveyance tax, just a one-time conveyance tax. Don't worry about that. It's going to go away next year.

It's going to sunset, well, sunset the following year, maybe next year. It will sunset. The property tax credit on your income tax goes up, down, up, down.

Why should anyone in this state think that we're serious about cutting taxes if we're talking about phasing it out, starting a year and a half from now, and then five years down the road, in 2013, it will be completely gone?

You and I both know we'll never touch that again. It will never happen. Trust us, we're going to phase it out. It was said that this underlying bill was an emergency because we need to fix the problem in Connecticut now, not six years from now, not seven years from now, but right now.

Earlier on, when I asked if this was an emergency, I didn't mean the issue of the jobs in

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Connecticut. We all know it's an emergency. We all know we are dead last in job growth out of the 50 states in this country.

But people on my side of the aisle are willing to actually do something about it. We're not just talking about it. We're not talking about years into the future, we might fix your problem.

This is an emergency, and we should deal with the emergency by eliminating the manufacturing machinery and equipment property tax immediately. Let's send a clear message to the business community, those that are here right now, and those that are thinking that they might want to come here.

And while we're at it, let's look at the surcharge and some other tax cuts, like the energy tax cut, since we're here, not just to help the business community, but to help our constituents.

So let's stop talking about seven years down the road, and talking out of both sides of our mouths, and let's do it now. I support this amendment, Mr. President.

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On the amendment, will you remark further?

Senator DeLuca.

SEN. DELUCA:

Thank you, Mr. President. I stand in support of this amendment. As the others were speaking, I was sitting here, trying to think of, what's a definition of an emergency?

I didn't look it up in the dictionary, but I thought that an emergency meant that it is a problem that needs to be attended to now. And we've heard before that there is an emergency, because that's why this bill is emergency certified, because we have a problem that must be corrected now.

This amendment will do that. This amendment will say, we recognize that, and we will put into process the elimination of this tax. That is the number one request from the business community, the number one request.

And those that say, yes, we have an emergency, we have to do something to create jobs, say, but we're not going to do it right away. I also heard that if you do this, it will be pressure on the 2008 budget.

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Yeah, that's correct. It would be pressure, and I've got a novel way to solve that pressure. Cut spending. I know it's unique to control spending to allow for something that will help business, but it's possible, and it could be done.

We would not be in this emergency situation had, for the past 10 or 12 years, at least, we hadn't been talking about what we should be doing to create an environment for business to prosper in the State of Connecticut.

Yet, all through those years, it was, well, yes, we'll get to that, we'll get to that. Oh, we need some money, so let's put on the corporate surcharge. Oh, we need some money, so let's shift the real estate tax burden to commercial. That sends a message to business that they can't plan.

Business looks beyond tomorrow. They have to plan for years ahead. If their planning is that Connecticut is not going to be very steady, it's ironic we're called the Land of Steady Habits, but it keeps changing, then they have to make their plans elsewhere.

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Now, I heard that, as of October 1, any new machinery bought after that will not have to be faced with a tax, so there is no need to do this now. What about those that have been loyal and stayed in the State of Connecticut, and continue to do business here, and continue to provide jobs?

Every time we talk about a tax cut, we talk about attracting new business to the state. What about those that are here that are providing the jobs, that are trying to grow? I think they deserve recognition too.

And they deserve support from us because they have stayed here through this erratic Legislature that puts a tax up this year, down next, and maybe, maybe we'll phase it out, and it will be sunsetted, but we need the money, so forget it.

Those people have stuck with us, and those people should have recognition also. And that's why this amendment recognizes those that have been faithful, those that have been loyal, those that have provided jobs, as well as doing something to attract business to the State of Connecticut.

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It takes care of both areas, and that's why it's a good amendment and should be supported. Thank you, Mr. President.

THE CHAIR:

On the amendment, will you remark further? If not, the Clerk will announce that a roll call vote will be taken. The machine is open. Please vote.

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:

Have all Members voted? Senator Hartley, Senator Daily. Senator Hartley, Senator Daily. If all Members have voted, machine is closed. The Clerk will announce the result.

THE CLERK:

Motion is on adoption of Senate Amendment Schedule "C".

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Total number voting, 32; necessary for adoption,
17. Those voting "yea", 11; those voting "nay", 21.
Those absent and not voting, 4.

THE CHAIR:

The amendment fails. On the bill as amended,
will you remark further? Mr. Majority Leader.

SEN. LOONEY:

Yes, thank you, Mr. President. Briefly, on the
bill as amended, it has been a long day on this item
with some delays, and fits, and starts.

But it is certainly, Mr. President, a very
substantial bill because what this bill recognizes is
that Connecticut is a state that has had,
historically, a very important niche in our nation's
economy, based upon high-quality education, high-
quality research capacity, high-quality technical
skills.

This bill will help renew and reestablish that
preeminence as we go forward, and, in some areas, to
recapture it, where we may have lost the competitive
edge that we once had, because it is a combination of
enlightened policy and some tax incentives, as Senator
LeBeau pointed out in his initial presentation.

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There are significant sections of this bill that promote education and research. I want to commend Senator LeBeau for his extraordinary efforts on working on this bill throughout this session, along with Senator Hartley and others, and especially, Senator Williams, our President Pro Tempore, who really has been visionary in recognizing the essential nature of a fundamental need to be pursued in this session.

As was said, a number of sections of the bill facilitate recruitment of eminent faculty and research staffs to the University of Connecticut, establishes a Small Business Incubator Competitive Grant Program, a matching grant program for microbusinesses that have received aid, as we know that small business creates many of the new jobs that are being created in our state, throughout the country, and really are the source of vitality and energy in so many of the business sectors in our state, establishment of an Office of Business Advocate.

And in the sections dealing with the Department of Higher Education, the Engineering Connecticut Loan Reimbursement Program, the Department of Higher

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Education You Belong Loan Reimbursement Program within available appropriations, trying to stimulate graduate work and to attract people with graduate degrees and doctoral degrees in so many fields.

In order to live, and do business, and prosper in our state, and help our state to prosper, the Future Scholars Program, the Generation Next Program.

All of these are related to the fact that Connecticut has always prided itself upon being a state of a highly skilled and highly successful workforce so that, even though, in many cases, the fixed cost of doing business in Connecticut may be high, we are a state that has high energy costs, high land costs, and we're proud of the fact that we have high wages, generally, in the state.

We are not looking to compete on a race to the bottom. We want to convince businesses that our state is the state where they will find the best-educated, most productive workers to succeed and compete in a very, very competitive economy at the highest level, without compromising our standards.

That has been our niche. When Connecticut, 50 or 75 years ago, had the most skilled machinists, the

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most skilled tool and die makers, now we need the most skilled people in so many other fields.

And this bill reestablishes that commitment toward that level of excellence. And then, of course, the break for the manufacturing machinery and equipment.

Clearly, if we had only one concern to worry about and could focus narrowly on one thing, perhaps the amendment that was just offered to wipe that tax out all at once might have been considered.

But we have the responsibility to balance so many concerns, and moving incrementally over the five-year period to the abolition of that tax is, I think, substantial.

It does tell business that we recognize that as an essential problem, one that has entered Connecticut's competitiveness in terms of other states, including neighboring states.

So because the five-year phase-out is currently in effect, the five-year exemption, we know that, and with the five years in this bill, that new equipment bought after October 1 of this year will, in fact, be exempt.

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So that will allow businesses to plan and to understand that commitment going forward. As has been said, businesses need to be able to look into the future with some assurance, and this does provide a stable commitment.

So for all of those reasons, Mr. President, I think this bill is something of which we can all be proud and have great hopes about what it will achieve for us in the years to come. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Nickerson.

SEN. NICKERSON:

Thank you, Mr. President. By the way, you'll be glad to know I don't plan to yield to anyone. Mr. President, this isn't the bill I would have drafted, but that wasn't my choice. And it isn't the process which I would have had us come here. That wasn't my choice.

But it is true that the bill moves in a useful direction. It recognizes a need to be a competitive state in a competitive nation. It recognizes the need the state must play a role in education, and in

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bringing corporations here, and inducing those who are here to stay and expand.

So while on the manufacturing equipment issue, I'll say one-fifth of a loaf is better than none. I will support the bill and urge adoption. Thank you.

THE CHAIR:

Will you remark further? Senator DeLuca.

SEN. DELUCA:

Thank you, Mr. President. I would agree with Senator Nickerson that something in that direction of helping businesses more than nothing. We should be doing something to create that environment for business every year, not just every once in a while.

Yes, they have to plan, but they would plan much better and feel more comfortable if the atmosphere in the State of Connecticut and this Legislature was not changing all the time.

This is a good step forward to do something for business, but we should have been doing things for the past two, or three, or ten years.

I am very happy to see that the arguments or the discussions over the past ten years, of which we, in the minority party, have said, we've got to do

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something for business, have finally reached the point that something is being done.

It took a long time, but it's a step in the right direction. And the way to convince businesses that this is the place to grow, and this is the place to locate, is to create that environment that is continuous, and that is the way to do it.

This bill is a step in the right direction, but I still think we have a long way to go to make business feel comfortable in the State of Connecticut. We can't do it every once in a while, but it has to be a continual thing. Thank you, Mr. President.

THE CHAIR:

Will you remark further? Senator Williams.

SEN. WILLIAMS:

Thank you, Mr. President. I rise to support the bill, also to thank all of those who worked so hard on this. First of all, Senator Gary LeBeau, the Chairman of the Commerce Committee, and virtually everyone in this Circle who, in some way, has contributed to our discussion of economic development in years past.

Earlier today, Senator Finch mentioned that I had the chance to go to China last fall. But, you know,

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you don't have to go to China to understand that the global economy has changed dramatically in just the past few years, let alone the last decade.

And when we're talking about competition, we're not only talking about competing against surrounding states in the United States, but we're talking about competing with countries in every corner of the world.

And in Connecticut, we have to do more in terms of maintaining our competitive edge in innovation and creativity. We have been the state of ingenuity and creation in the past, we are that today, and if we do the hard work that's necessary, we can be that in the future.

This bill is a beginning. It's not an end, but it is a beginning of a new chapter in Connecticut's economy. A lot has changed, even since the last four or five years ago, and this bill takes important steps forward, in terms of investment and education.

When I say education, I am talking about students on the one hand, students who need more incentives to pursue the cutting-edge majors that are necessary today and in the future, in mathematics, in the sciences, in engineering, but not just students, to

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link, in a better way, our institutions of higher learning with research and development in the private sector, and to be able to use the fruits from that research spun off into our Connecticut economy to grow jobs.

This bill also is about investment, investment in our future and our future companies, the cutting-edge sectors of the economy. We need to do that with venture capital. We cannot do that standing on the sidelines.

Too often it has been said in the past that we can do the most for economic development by just simply getting out of the way and leaving it alone. That may have been true in the go years of the 1980s and part of the 1990s.

But the states in this country and the countries around the world that are moving forward in terms of economic are not standing on the sidelines. They are partners, and they are catalysts, to make things happen in terms of economic development, and that's what this bill does.

Again, a beginning, but not the end, and it provides incentives. Incentives for growth of the

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economy. Incentives for growth of the jobs of the 21st Century through incubators to develop our start-up companies and the technologies of the future.

Yes, through the elimination and phase-out of the tax on manufacturing and machinery. Now, there's a case where it's not just the rest of the world, but a company could leave Connecticut and go to Massachusetts, Rhode Island, or New York and have a better deal in terms of the manufacturing climate.

This phase-out will level that playing field. And, through the creation of an economic development advocate, not only a one-stop shopping center for entrepreneurs and those who want to find out what the resources are in the State of Connecticut that can help them, but someone who is empowered to bring parties together.

Oftentimes, many of us have heard about it, where you have one agency in the State of Connecticut that's telling someone, yes, go forward, here are grants, and incentives, and low-interest loans to make your dreams happen, and other agencies stand up and say, you know, it will take a year or more to get the right permit, or additional studies will be necessary.

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We all want to do the right thing by our laws and regulations, but we all want to grow the economy, and we need an empowered advocate who can bring those types of conflicted departments together so that we keep the jobs growing in the State of Connecticut.

And, finally, again, this is a beginning. There are other issues that affect, directly, our economy. Transportation, we know we're going to be dealing with that before we leave here.

Energy, such an important issue, and, again, a global issue, but we want to take all the steps that we possibly can on the state level to increase the positive climate for growing jobs in the State of Connecticut.

So let me just conclude, again, by thanking those who have been a part of this. It is so important to us all.

It is, I believe, all four Caucuses, and the majority and minority parties in both the Senate and the House, and the Governor, at the beginning of this session agreed upon, that the economy and growing jobs is our number one priority. And today, we take action

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to move that priority forward. Thank you, Mr.
President.

THE CHAIR:

Thank you. Will you remark further? If not, the
Clerk will announce the pendency of a roll call vote.
The machine is open. Please vote.

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:

Have all Members voted? If all Members have
voted, the machine is closed. The Clerk will announce
the result.

THE CLERK:

Motion is on passage of Emergency Certified Bill
702 as amended.

Total number voting, 34; necessary for passage,
18. Those voting "yea", 34; those voting "nay", 0.
Those absent and not voting, 2.

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THE CHAIR:

Bill is passed. Mr. Majority Leader.

SEN. LOONEY:

Thank you, Mr. President. Mr. President, would call for a vote on the second Consent Calendar.

THE CHAIR:

Mr. Clerk, would you announce the reading of the items on the second Consent Calendar, and then read the items.

THE CLERK:

An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber.

Mr. President, those items placed on the second Consent Calendar begin on Calendar Page 4, Calendar 348, Substitute for Senate Bill 366.

And Calendar Page 13, Calendar 74, Substitute for Senate Bill 74. Mr. President, that completes those items placed on the Consent Calendar.

THE CHAIR:

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House Bill Number 702, AN ACT CONCERNING JOBS FOR
THE 21ST CENTURY, LCO Number 4418, introduced by
Senator Williams and Representative Amann.

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Thank you, Mr. Speaker, and good afternoon. I
move for acceptance of the Joint Committee's Favorable
Report and passage of the Bill, in concurrence with
the Senate.

SPEAKER AMANN:

The question is on the Joint Committee's
Favorable Report and passage of the Bill. Will you
remark, Sir?

REP. BERGER: (73rd)

Yes, Mr. Speaker. It's an historic occasion,
this afternoon, in this Chamber that the House, in
concurrence with the Senate is going to initiate far-
reaching legislation.

In the beginning of this Legislative Session,
there was much talk about jobs, about job creation,
about what we can do, as a state, for the economy in
this state.

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The Bill before us today draws a line in the sand, Mr. Speaker, and says that the State of Connecticut, the General Assembly of the State of Connecticut, is not going to stand pat and allow this state to fall behind, fall behind, fall behind on jobs, economic development, job growth, and doing something about the future, not only the future of our children, but the future of our children's children.

The Bill before us addresses that and allows us, in representing all of our constituencies, to make a strong and bold statement. AN ACT CONCERNING JOBS FOR THE 21ST CENTURY, Mr. Speaker, will outline roughly six initiatives.

I will highlight those six initiatives and go through the sections with a brief synopsis of each section.

In Part 1 of the Bill, probably one of the more important sections of the Bill, out of six highlighted sections, will reduce the manufacturing, machine and equipment, MME, property taxes and reimburse towns and municipalities 100%.

Right now, Mr. Speaker, under the pilot program, municipalities now only gain 65% reimbursement. This

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Bill, as it sits on everyone's desk, makes a commitment of a phase-in of 100% to those municipalities and towns.

The Bill also establishes corporation tax credits for producing films and digital media in the State of Connecticut, Mr. Speaker.

The State of Connecticut is positioning itself, with the passage of this Bill, to not only grab the initiative for the film industry throughout the United States, but also to establish a market, to establish a market for, not only production of films in the United States, but post-production, which is a market that has not been attached yet or grabbed.

The State of Connecticut, in doing this Bill, and with the passage of this Bill, will now establish a post-production market, along with a production market, and establishing appropriate tax credits to capture that market, Mr. Speaker.

The Bill also establishes several new programs designed to encourage and support innovation. Important within that, are a faculty recruitment and entrepreneurial center at the University of Connecticut, operational funds for small business

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incubators, new programs at CII, Connecticut Innovations, to finance early stage ventures and match federal research assistance.

The Bill will also provide the establishment of a business advocacy office to help businesses identify and access both public and private business assistance programs.

On the Commerce Committee, as well as hearings in Finance, Revenue and Bonding, and Appropriations, we often hear of the dysfunctional nature that the system that presently is before us sometimes encumbers those trying to seek funds to create jobs, to do brownfields remediation, to access those important programs that we all support in each one of our communities.

The business advocacy office now will be in a central location, established in this Bill, that can be accessed and be able to produce results.

The Bill also requires the State Department of Education, SDE, to establish three pilot programs related to math and science.

And, Mr. Speaker, when we talk about math and science in my original comments, we talk about our

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children and our children's children, and how the State of Connecticut can compete in a global economy.

We did a Bill just recently that studies retention of jobs, but with retention of jobs, it becomes the ability of the State of Connecticut to compete with China, to compete with Europe, to compete with all of the other countries throughout this great global economy that right now, are starting to beat out the United States, to beat us out in graduating engineers, in graduating math students, in graduating science students.

The Bill initiates, and creates, and sends, Mr. Speaker, a strong message that we are not, again, going to stand by without action.

This creates an important initiative through SDE in establishing grant programs, administered by the Department of Higher Education, for student loans and doctoral degrees in engineering.

It also establishes an incumbent worker training program to be administered by Regional Workforce Development. I move for adoption.

SPEAKER AMANN:

The question, Representative Berger.

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REP. BERGER: (73rd)

Thank you. Mr. Speaker, I'd like to just quickly now, go through the various sections of the Bill, and then, following that, I will yield to my esteemed colleague, House Chair of Finance, Revenue and Bonding, Representative Staples, and also for Appropriations questions, the esteemed House Chair of Appropriations.

In Section 1, eminent faculty requirement program requires UConn Trustees to establish a program for recruiting eminent faculty and their research staffs to the University.

This will target faculty who have demonstrated excellence in their research fields, establishing a collaborative effort with UConn scientists.

Section 2 establishes a center for entrepreneurialship. It requires UConn to establish a training center for the next generation of entrepreneurs, in an experimental manner that would help the state's business climate.

This is something proactive that we, as a university, we as a state, we as a General Assembly, can be proactive in establishing now, a future base

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and foundation for entrepreneurial access, working with the faculty, working with the intellectual community.

Sections 3 and 4 establish early stage venture capital. Within the context of the Bill, this provides venture capital to newly established or expanding businesses in early stages of developing new products.

This is to be administered by CII, Connecticut Innovations, Inc. This will provide seed capital, startup money, first-stage money and expansion money.

The Bill requires CII, within this section, to appropriate funds allocated for programs in the amounts at least equal to 5% for pre-seed financing, 10% for seed financing, 10% for startup financing, 50% for early stage, first-stage financing, and 40%, but not more than 60%, for expansion financing.

Section 5, small business incubator program. The Bill authorizes, within this section, grants to entities operating incubator facilities. It requires the Economic and Community Development Agency, DECD, to award grants.

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Within this section, it also establishes a separate, non-lapsing account in the General Fund to fund these important, innovative grant programs.

Sections 6 and 7 deal with matching grants for micro-businesses. The Bill authorizes matching financial assistance for micro-businesses. Within that, the establishment of micro-businesses, there are three important categories.

Those businesses must employ fewer than 50 full-time employees, have a gross annual sales under \$5 million, and also, the micro-business must use CII matching assistance for that purpose.

Section 8 was previously mentioned in the establishment of an office business advocacy. This office will be established within the Office of Policy and Management for administration purposes.

And this will help, Mr. Speaker, coalesce all of the sections of what we do in this Bill in formulating an important central office and advocacy that businesses can call, OPM can respond to, and this Legislature initiates with the passage of this important information, a business clearinghouse, a business advocate.

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Sections 9 through 14 establish a property tax exemption for manufacturing, machining and equipment. All too often we've heard, this year, previous years, that the State of Connecticut, in establishing this tax, created an uncompetitive nature for manufacturing in the State of Connecticut.

No other state surrounding Connecticut has this tax. With the implementation of this Bill, and the passage of this tax, we will fund, to our municipalities and towns, 100% of this tax, in a phase-in manner.

All of us have these small businesses, 25 or fewer. Some have the larger manufacturing businesses in our District. This is immediate tax relief of \$217 million we vote on today that saves business, the manufacturing business in the State of Connecticut and makes that manufacturing business competitive.

And by us making that manufacturing business competitive, we create jobs. New equipment, new jobs, expanded business, revenue to the State of Connecticut, they're all part of what that will do.

Section 15, Mr. Speaker, establishes an engineered student loan reimbursement program. The

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program must operate with an available appropriation and can use 2% of the grant appropriation for administration, promotion and recruitment activities.

Section 16, You Belong Student Loan Reimbursement Program. The Bill establishes a program to repay student loans for certain people with doctoral degrees.

They must hold a doctorate from any college or university, have started working in Connecticut in an economically valuable field by December 1, 2005, and be employed by a company or university registered and qualified by the Department of Economic and Community Development.

Section 17 establishes math and science challenge pilot programs. And in my opening comments, Mr. Speaker, we spoke of the importance for us to be competitive in a global economy, again, for our children and our children's children.

By establishing this important initiative we send a strong message, through the Department of Education and the State of Connecticut, that a high school math and science challenge pilot program will now exist, and will produce results from the tenth grade mastery

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test, moving forward to the 11th grade and incorporating the vo-tech schools.

Section 18 establishes the Generation Next pilot program. Section 19 establishes the Future Scholars grant program, grants for public schools, Mr. Speaker, participating in externally funded programs that provide supplemental math and science instructions.

Section 20, an important tax credit program for digital media and motion pictures in the State of Connecticut. I've explained in my opening comments the importance of establishing this in a production and post-production manner.

For us, as a state, to be competitive in digital media and motion pictures, the importance of establishing this program for production and post-production sends a strong message that in the first year of this program, the State of Connecticut is not going to stand by and let our surrounding neighbors, as friendly as we are to them, capture this market with us just sitting on our hands.

With this Bill, we initiate a strong, strong initiative, send a strong message that we will not sit

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on our hands that we will not stand by, and we will capture this market.

And with that, in the Senate, in their infinite wisdom, has drawn an Amendment, and I ask that the Clerk please call LCO Number 4451.

SPEAKER AMANN:

Will the Clerk please call LCO Number 4451, which will be designated Senate Amendment Schedule "A".

CLERK:

LCO Number 4451, Senate Amendment Schedule "A",
offered by Senator Williams and Representative Amann.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there an objection on summarization? Is there objection? Hearing none, Representative Berger, you may continue with summarization, Sir.

REP. BERGER: (73rd)

Yes, thank you, Mr. Speaker. Basically, what this Amendment does is reduce the fiscal note of the wage tax credit.

What it does is, it limits the compensation paid to single employee or independent contractors for

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services for a qualified production eligible for the wage credit, to a maximum of \$1 million.

It basically reduces the total fiscal note from \$3 million to \$1.8 million, and I move its adoption, Mr. Speaker.

SPEAKER AMANN:

The question before the Chamber is adoption of Senate Amendment Schedule "A". Will you remark on the Amendment? Representative Berger, will you remark?

REP. BERGER: (73rd)

Thank you, Mr. Speaker.

SPEAKER AMANN:

Will you remark further on the Amendment? Will you remark further on the Amendment? This is on the Amendment.

REP. BERGER: (73rd)

Mr. Speaker, I ask that the vote be taken by Roll Call.

SPEAKER AMANN:

The question is on the Roll Call, before the Chamber is on a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

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Aye.

SPEAKER AMANN:

The 20% has been met. When the vote is taken, it will be taken by Roll Call. Would you care to remark further on the Amendment? Representative Mikutel.

REP. MIKUTEL: (45th)

On the Bill, Mr. Speaker.

SPEAKER AMANN:

This is on the Amendment, Sir. On the Amendment before us? Hearing none, Representative Miller. It's on the Amendment, Sir, correct?

REP. MILLER: (122nd)

Thank you, Mr. Speaker. I rise in support of the Amendment. Currently, there are 39 states that are offering incentives to get film industries into their states.

Eleven of them give pretty good tax incentives that may be in line with what this Amendment is proposing. Eighteen states are offering less tax credits, but the fact of the matter is, Connecticut is located between Boston and New York.

You can't get any close to where all these shows are being filmed, where the theaters are, so forth and

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so on, so if Connecticut is serious about jobs in this particular field, we ought to be doing as much as our neighboring states to entice film crews to come here and shoot.

If we're going to give them nickels and dimes, they're not going to come here. They're going to stay in New York, and Jersey and Massachusetts. So I certainly do support this.

There are statistics that tell you that there is an awful lot of new business, new jobs that can be attributed to this kind of an incentive, so I support it wholeheartedly, and I ask the Chamber to do so as well. Thank you.

SPEAKER AMANN:

Thank you, Sir. Care to remark further on the Amendment? Do you care to remark further on the Amendment?

Hearing none, staff, guests, please come to the Well of the House. Members please take your seats, and the machine will be open.

CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting

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Senate Amendment Schedule "A" by Roll Call. Members
to the Chamber.

SPEAKER AMANN:

Have all the Members voted? Have all the Members
voted? Have all the Members voted? If all the
Members have voted, please check the board and make
sure your vote has been properly cast.

If all the Members have voted, the machine will
be locked, and the Clerk will take a tally. Clerk,
please announce the tally.

CLERK:

Senate Amendment Schedule "A" for Senate Bill
Number 702.

Total Number Voting	145
Necessary for Adoption	73
Those voting Yea	145
Those voting Nay	0
Those absent and not voting	6

SPEAKER AMANN:

Amendment is adopted. Care to remark further on
the Bill as amended? Representative Berger?

REP. BERGER: (73rd)

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Yes, Mr. Speaker. For the purposes of Senate Amendment Schedule "B", I'd like to yield to my colleague, the esteemed Chairman of Finance, Revenue and Bonding.

SPEAKER AMANN:

Representative Staples, do you accept the yield, Sir?

REP. STAPLES: (96th)

Yes, I do. Thank you, Mr. Speaker. The Clerk has, on his desk, LCO Number 4506. I would ask that he call the Amendment and I be permitted to summarize.

SPEAKER AMANN:

The Clerk please call LCO Number 4506, which will be designated Senate Amendment Schedule "B".

CLERK:

LCO Number 4506, Senate Amendment Schedule "B",
offered by Senator Williams, Representative Amann,
Senator LeBeau.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize. Is there objection on summarization? Is there objection? Hearing none, Representative Staples, you may proceed with summarization, Sir.

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REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, the Amendment before us makes some technical changes to the depreciation schedule that is laid out in the underlying Bill.

Through an error in the drafting of the original Bill, there was a potential for the effect of the depreciation schedule to change and to actually increase the costs on the businesses we're trying to help.

So this Amendment makes certain that there will not be a change, at the municipal level, from the depreciation schedule they are currently applying to the businesses that are subject to this tax. For those reasons, Mr. Speaker, it's a sensible Amendment, and I move its adoption.

SPEAKER AMANN:

The question before the Chamber is adoption of Senate Amendment Schedule "B". Will you remark? Will you remark on the Amendment? Will you remark? Hearing none let me try your minds. All in favor please signify by saying Aye.

REPRESENTATIVES:

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Aye.

SPEAKER AMANN:

All opposed, Nay. Ayes have it, and the
Amendment is adopted. Care to remark further on the
Bill as amended? Care to remark further on the Bill
as amended? Representative Boucher.

REP. BOUCHER: (143rd)

Thank you, Mr. Speaker. Mr. Speaker, I do rise
to support this very, very comprehensive piece of
legislation that attempts to cover quite a bit of
ground, and in fact, covers a lot of issues that we've
addressed in the past, and we've tried to create our
economic clusters.

In fact, if you all noticed, the last two days
we've had a great display in the Halls coming to the
Capitol with the Micro Enterprise Resource Group.
They like to be known as MERG, located in the New
Haven area.

Unlike our Bill here, Senate Bill Number 702,
which defines micro-businesses as less than 50
employees, they define micro-businesses as having less
than ten employees, and even using MERG's definition,

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Connecticut still has 277,000 registered micro-businesses, ten or fewer employees.

Given that black-owned businesses are now growing at four times the national average, I'm sure that Connecticut's micro-businesses show the same trend here.

In fact, 28,300 minority-owned businesses are currently in Connecticut, and 82,000 are women-owned businesses. This is absolutely a wonderful trend, and finally getting a bigger piece of the American dream.

We must support this kind of legislation, which, fortunately, is so unlike a lot of the pieces of legislation we've seen this Session. You know, those micro-businesses, the small mom-and-pop shops represent 73% of all businesses in Connecticut.

And if you include all small businesses, they represent 97% of Connecticut employers. Imagine that. You know, I'd like to just give you a little sense of where all of these are broken down in the way of our counties that we all represent because it's going to give you kind of a message about where our financial support should be going as a state.

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Broken down in counties, about \$305 million in revenues is produced in the Windham County by these small businesses, \$474 million in Tolland, \$698 million in Middlesex, \$931 million in Litchfield, \$2.9 billion in New Haven, \$3 billion in Hartford and \$6 billion in Fairfield County.

You're going to hear a theme here. They contribute over \$430 million in taxes to this state, and a good chunk of it, I guess, from Fairfield County as well, and as an editorial comment, I might add that oftentimes Fairfield County doesn't see much of this tax coming back to it in support.

Now, what about jobs? As a group, micro-business hires 2 times as many employees as the top 25 Connecticut companies combined. That's 400,000 jobs versus 250,000.

Now, what does this do for our coffers? Let's say that they pour in those \$430 million in tax revenue, and every dollar generated by these small businesses puts \$.60 back in our economy.

Now, this is the part that is the most interesting to me. This is about jobs. Where are the

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jobs located in the State of Connecticut, and where should our money go?

Well, about 1,100 of these jobs are in Windham, 10,000 of these jobs in Tolland County, 14,000 of these jobs in Middlesex, 17,000 in New London County, 18,000 in Litchfield, 59,000, almost 60,000 in New Haven, 61,000, which is just a little over that, in Hartford.

And let me blow you away with this number, Mr. Speaker. Mr. Speaker, in Fairfield County, of which you are a part of, 90,000 jobs, that's 30,000 more jobs than any other county in the entire State of Connecticut. Great jobs.

Now, I bring this to your attention and why Senate Bill Number 730 is so important to us, why we should be so good to small business? Because they are good to us. They are good to our state.

And when we talk about, I know a subject dear to your heart, Mr. Speaker, and that's scarce transportation money, mass transit dollars, and other state funds, the money should follow the jobs.

We need our citizens, especially our less affluent, to have access to a fast and less expensive

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way to get to these jobs. And having said all of this, I do have a few comments and questions on the actual Bill, Sir.

If I may indulge you just for a moment, through you, Mr. Speaker, and very quickly because I know a lot of other people are going to extol on the virtues of this fantastic piece of legislation this Session.

SPEAKER AMANN:

Thank you, Madam. You may proceed.

REP. BOUCHER: (143rd)

The first comment I would like to make, Sir, to the proponent. I see here in the first section, we are going to be--

SPEAKER AMANN:

Please frame your question, Ma'am.

REP. BOUCHER: (143rd)

Yes, Sir. Mr. Speaker, through you, the first section promotes the recruitment of eminent faculty by UConn and also creating a center for entrepreneurship at UConn.

Through you, Mr. Speaker, does the proponent know of the testimony by UConn in their support of this and

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their reaction to this piece of legislation that affects them so directly?

SPEAKER AMANN:

Thank you, Madam. Representative Berger.

REP. BERGER: (73rd)

Thank you, Mr. Speaker. From all of the testimony that I've been able to review, and in speaking with UConn representatives, they are truly in support of this initiative, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Boucher.

REP. BOUCHER: (143rd)

Thank you, Mr. Speaker. I'm very glad to hear that. Another section that I was concerned about and had a question, and that is the section on early stage funding.

There was a very specific formula in there which seemed fairly reasonable and also a section that said not more than 3% would go to administration.

Mr. Speaker, the proponent, could he answer the question? Is this a standard formula that is used in the industry or one that Connecticut has originated, through you, Mr. Speaker?

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SPEAKER AMANN:

Thank you, Madam. Representative Berger.

REP. BERGER: (73rd)

Yes, thank you, Mr. Speaker. In answer to the question, CII has an administrative process. This actually establishes that process and expands it somewhat, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Boucher.

REP. BOUCHER: (143rd)

Thank you for that answer, Sir. And another question, on the definition of micro-enterprises, in our legislation, it defines a micro-enterprise as 50 or less employees versus the micro-enterprise group that defines it as 10 or less.

It seemed like 50 might be more small business, but maybe it's just semantics here, Sir. Could I please ask the proponent on the definition and how they came to that number?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

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Yes, through your, Mr. Speaker. From my recollection, I believe the definition, as we relate to the micro-business, would be for employers of 50 full-time employees, if that's a clarification, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Boucher.

REP. BOUCHER: (143rd)

Well, I will accept that answer, Sir, even though it is quite interesting just how much of that number are ten employees or less. A further question, Sir, on the section that establishes an office of business advocates, Sir. May I ask the proponent why he felt that was necessary?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Yes, thank you, Mr. Speaker. Through you, in my comments we talked about establishing, through OPM, an administrative clearinghouse, and through testimony, and through reviewing the Bill, and trying to make that Bill comprehensive, it was important to have this as a first-start establishment of a clearinghouse,

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where OPM could help administer the body of the Bill
in creating that clearinghouse through that office,
through you, Mr. Speaker.

SPEAKER AMANN:

Representative Boucher.

REP. BOUCHER: (143rd)

Thank you, Mr. Speaker, and I appreciate the
answer to that question. I would also make a comment
that I hope that from the Office of Governor, down to
all elected offices, including our own, that we all
become the office of business advocates because I
think that should all be a part of our job description
as well.

I also would like to ask the proponent about the
five-year timeframe to remove the tax on manufacturing
equipment. Why would we want to take so long? In
that interim, my concern is on the burden to business.
Why could that five years not be, say, a three-year or
shorter period, question through you?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

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Thank you, Mr. Speaker. And certainly my esteemed colleague from Finance, Revenue and Bonding could probably back up on that answer, but just as the genesis, through you, Mr. Speaker, of where we arrived at that certainly will be the fiscal impact to the State of Connecticut.

In doing it all in one year or two years, and spreading it out over a five-year period, and matching up assessment years in municipalities, through the discussions, there was arrived at, the five year timetable.

If that is a sufficient answer to the Representative's question, or my colleague from Finance, Revenue and Bonding could expand, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Boucher.

REP. BOUCHER: (143rd)

Mr. Speaker, I certainly will accept that answer. It does, however, still leave me with quite a bit of concern.

As I have mentioned in previous comments to the Body that we are losing businesses very quickly, some

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of which are in Torrington, and this Bill is a little too late for them, but let's hope that it helps us in going forward.

And I have one last and final question. The last part of this Bill describes where the Department of Education is going to set up quite a number of programs.

They're going to have a science challenge pilot, a Generation Next, and a future scholars program as well, and this is an awful lot that we're asking them to do, not to mention a number of other major bills this Session.

Do we feel they have the expertise and also the resources, given that I've sensed they're strained a bit, to accomplish all of these within available appropriations, through you, Mr. Speaker?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Yes, thank you, Mr. Speaker. In conversations with all the entities involved, the state agencies and the university, they stand by us shoulder-to-shoulder in their ability to be able to implement that, and the

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funding that we provide to them for this important initiative, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Boucher.

REP. BOUCHER: (143rd)

Thank you for that answer and, Mr. Speaker, I conclude by saying that this definitely is one of the highlights of the pieces of legislation I've seen so far this Session. And hopefully, this will get unanimous support. Thank you.

SPEAKER AMANN:

Thank you, Madam. Representative Mikutel.

REP. MIKUTEL: (45th)

Thank you, Mr. Speaker. Why is this Bill before us, Mr. Speaker? It's because Connecticut is at the bottom of the barrel, at the bottom of the barrel, in terms of economic development.

Fifteen years of no net job growth, 15 years of no net business growth, young people leaving the State of Connecticut, many of them well educated in our own colleges and universities because they lack the opportunity to find employment in the State of Connecticut. That's why this Bill is before us.

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Not to rain on the parade, but that's why this Bill is here. Because we have taken our eyes off the economic development ball, and when you lose focus on the important objectives of creating economic opportunity, as we tend to do in this Chamber, we end up being at the bottom of the barrel.

Well, I want to thank the Speaker for this initiative because I know he's worked very hard on it, to bring us out of this malaise that we have gotten ourselves into.

This Bill represents a new sense of urgency, and it addresses some key components of economic growth. I am very pleased that we are finally helping our manufacturers with this manufacturing tax cut on new equipment.

It will help them compete, and we do face very serious competition from the rest of the world in this new global economy. For the past 20 years, manufacturing has grown tremendously in China, and China has now become the manufacturing center of the world.

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We need to do what we can to recapture our old glory in this area. Mr. Speaker, I want to thank you for your initiative on the film industry.

The tax credits that will help us compete and develop our film industry offers great promise to bring thousands of jobs to the State of Connecticut, and I applaud you, Mr. Speaker, on that effort.

It's about time we tie the University of Connecticut into the economic development process. For too long, we have ivory towers intellectuals who do their thing and don't really contribute to the economic development of this great state.

It's about time that we're tapping into that talent and telling them to do some research that's directed toward the commercialization of some products, so that we can get some jobs in the State of Connecticut.

People want to know that we're spending our money in a good way, at the University of Connecticut. Mr. Speaker, being from eastern Connecticut, I know how important this Bill is because as I speak, layoffs have occurred in and are occurring at Electric Boat in Groton, Connecticut.

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Eastern Connecticut escaped the bullet just recently in the threatened closure of the sub base that would have cost us thousands of jobs, and it heightened our need and our awareness to develop our economy, broaden our economy, and build on our strength.

And I think this Bill, in many ways, builds on our strength, and I support it wholeheartedly. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? Will you remark further?
Representative Rowe.

REP. ROWE: (123rd)

Hi, Mr. Speaker. Thank you.

SPEAKER AMANN:

Hi, Representative Rowe. You may proceed, Sir.

REP. ROWE: (123rd)

Thank you. I rise in support. I do have some questions and an initial comment. I think it's rare that we have a Bill that's 20 or 25 pages long that has so much good in it, so that's a favorable development. I do have a couple of questions.

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Please frame your question, Sir.

REP. ROWE: (123rd)

Thank you. To the proponent, if you look at the end of Section 20 (f), and I don't have a numbered copy in front of me. Take your time. I think it would be starting at Line 949.

SPEAKER AMANN:

Representative Berger.

REP. ROWE: (123rd)

Are you with me so far, through you?

REP. BERGER: (73rd)

Yeah.

REP. ROWE: (123rd)

The question I have is well, firstly, the Commissioner to which that line refers, is that the Commissioner of Revenue Services?

REP. BERGER: (73rd)

Through you, Mr. Speaker, yes.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

Okay. Thank you, Mr. Speaker. And through you, the subparagraph goes on to read that the

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Commissioner, in consultation with the Commission, may adopt regulations, and obviously, there is going to be a lot in the implementing of this legislation, and that says may, and I think we all should be a little bit troubled or concerned that that doesn't say shall.

Isn't it true that in the ordinary course of our business, when we do these items, we make that a shall and make it a requirement that regulations are promulgated, through you.

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Yes. Through you, Mr. Speaker, as the Bill before us, it does state may. We will have, as the good Representative stated, quite shortly in the Legislation Session, a little bit more of a comprehensive implementation, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

And by comprehensive implementation, that might mean that an implementer has that, I know that every

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now and then, things get put in implementers. Is your representation that the intention is to make this a requirement and change the may to shall in an implementer, through you?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Through you, Mr. Speaker, again, for the good Representative, by implementation, I did not mean implementer. We will have a comprehensive Bill that we will vote on. It's not our intention, at this time, to use the word shall, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

Thank you. I didn't understand that answer, but my question is, I think it's pretty simple. Line 951 says that the Commissioner may adopt regulations.

And it seems to me that whenever we pass legislation such as this, we make it mandatory, and that's a shall. And my question is, maybe my question is a compound one.

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Number one, why aren't we requiring that the regulations be submitted? Why are we making that only advisory or optional? And secondly, is there any plan to change that, through you, Mr. Speaker?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Yes, Mr. Speaker. Again, through you, the operation certainly of this wage tax credit through culture and tourism, through their structure as it exists now.

And as will be shown later in the Session in a Bill that will address what we do today in this Bill, there has not, through the course of discussion, been discussion to use the word shall, as it exists in the legislation.

In Lines 949 through 952, we have the word may, and that is what has been discussed, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

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Thank you, Mr. Speaker. So I think the answer I'm getting, it's still not entirely clear to me, but there has been no comment on why it says may, except that's what the Bill says.

And I guess, without belaboring this, perhaps we've passed that point already, but it just seems to me that the Legislator ought to retain some power over what's going to be a large undertaking.

And we have the Regulation Review Committee for a reason. It's in our statute. It's the only Committee we have by statute, and it troubles me a bit that we are not requiring, that we are saying may and not shall.

And I would hope that there are some discussions, which haven't been had, apparently, yet, which change that may to a shall. It seems a no-brainer to me, but a lot of things seem a no-brainer to me and they don't happen. And if I could just follow up with one other item of question, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Berger. Representative Rowe, my apologies.

REP. ROWE: (123rd)

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Thank you. Section 21 references incumbent worker training programs. Can you tell me, my understanding is that that has to do with funds that are available to companies, to help retrain existing workers in certain fields. Is that to what that refers, Mr. Speaker, through you?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

Through you, Mr. Speaker, it is my understanding that's correct.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

And does the proponent know how much money is being currently allocated for incumbent worker training programs in the state?

And the reason I ask that is because it's my understanding that Connecticut is, along with Alaska maybe, the only two states that don't devote any real dollars to a program such as this, which can certainly help economic development and jobs, through you.

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Representative Berger.

REP. BERGER: (73rd)

Yes, Mr. Speaker. Through you, certainly in being comprehensive in this Bill, the Bill states that any funds appropriated, through the Labor Department, through their budget, Department of Labor, for encumbered worker training programs.

So we're then assuming funds appropriated through the Department of Labor for an encumbered worker program, and then, administered by Regional Workforce Development, so the comprehensive nature of this is to provide that funding, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

Thank you, Mr. Speaker. To the proponent, through you, do we know how much money the Labor Department spends on incumbent worker training programs?

SPEAKER AMANN:

Representative Berger.

REP. BERGER: (73rd)

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Through you, Mr. Speaker, I do not have that figure.

SPEAKER AMANN:

Representative Rowe.

REP. ROWE: (123rd)

Okay. Well, I wish we did have that figure, and I wish we could explore this a little more thoroughly, but the Bill, all in all, certainly is good and has a lot of good points, and I will certainly be supporting it. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further?

Representative Ritter. Representative Ritter.

REP. RITTER: (102nd)

Thank you, Mr. Speaker. Mr. Speaker, I rise to support this Bill, and I have a feeling we could be here all afternoon listening to everybody's reasons, in this Chamber, why they support the Bill, and that's a positive and affirming situation.

But rather than go into them, I'll be brief. I have one fairly technical question. It's my understanding, since it has to do with the manufacturing and machinery tax, that it perhaps would

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be directed to Representative Staples, with your
permission, Mr. Speaker.

SPEAKER AMANN:

Madam, Representative Staples said he will be
returning to the Chamber momentarily. If you could
wait until he gets back.

REP. RITTER: (102nd)

That would be fine, Mr. Speaker. Thank you.

SPEAKER AMANN:

Thank you, Madam. Thank you, Madam. Would you
care to remark further? Care to remark further?
Representative Winkler? Maybe she's with
Representative Staples. We don't need to be starting
any rumors here. Okay. Let's try Representative
Williams.

REP. WILLIAMS: (68th)

Thank you, Mr. Speaker, and good afternoon.

SPEAKER AMANN:

Good afternoon, Sir.

REP. WILLIAMS: (68th)

Thank you, Mr. Speaker. I couldn't say it better
than Representative Mikutel said it, that we're here

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doing this Bill today because we are at the bottom of the barrel, quite frankly.

We are 45th in short-term job growth. We're 49th, in terms of long-term job growth, and we're losing more 18- to 35-year-olds in Connecticut than any other state besides Alaska.

So we are really at a critical point here, and I appreciate the fact that Representative Berger and the Commerce Committee has put so much time into this, and so much energy, and had the foresight to put this Bill together.

Really, quite frankly, the only place for us to go is up. And this is a really, really good start. Along those lines, Mr. Speaker, the Clerk has, in his possession, LCO Number 4506. I would ask that he call it and I be given leave to summarize. Mr. Speaker, that may be LCO Number 4605.

SPEAKER AMANN:

Thank you, Sir. Will the Clerk please call LCO Number 4605, which will be designated House Amendment Schedule "A".

CLERK:

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LCO Number 4605, House Amendment Schedule "A",
offered by Representative Williams.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection to summarization? Is there objection? Hearing none, you may proceed with summarization, Representative Williams.

REP. WILLIAMS: (68th)

Thank you, Mr. Speaker. What this Amendment would do is require the Legislature to implement a system of printing jobs impact statements for every Bill that is proposed here in the General Assembly.

Basically, Mr. Speaker, what this would do is give those of us who are voting in bills that affect the business community and affect working families the opportunity to read a fiscal analysis, basically, of how the proposed legislation might affect jobs and might affect the private sector in the State of Connecticut, and I would move adoption.

SPEAKER AMANN:

The question before the Chamber is adoption of House Amendment Schedule "A". Will you remark, Sir?

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REP. WILLIAMS: (68th)

Thank you, Mr. Speaker. You know, Mr. Speaker, in this building, we're sending mixed messages, unfortunately. All four caucuses, at the beginning of this Session, said that jobs were our number one priority.

That creating and retaining jobs and businesses were absolutely critical and were the number one priority of all the Members in this Chamber and upstairs in the Senate, as well.

But unfortunately, Mr. Speaker, many very anti-business proposals have come up this year, and have come up in very recent years also. We all know what they are.

They're the pay-or-play bill, and the captive audience bill, and the bill that would dictate to businesses how they dole out their vacation times to employees, and that sort of thing.

So, Mr. Speaker, this Amendment would tell those of us who are voting on these bills again, how the Bill would affect the private sector, how it would affect businesses, how many jobs could potentially be

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affected and how many businesses could potentially be affected.

And I think it's something that passed in the Commerce Committee unanimously. I think it makes a lot of sense, and I would ask that when we vote on this that we vote on it by Roll Call. Thank you, Mr. Speaker.

SPEAKER AMANN:

The question before the Chamber is on a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

The 20% ratio has been met. When the vote is taken, it will be taken by Roll. Care to remark further on the Amendment? Representative Berger.

REP. BERGER: (73rd)

Thank you, Mr. Speaker, and certainly, Representative Williams, and the fine work that he does on the Commerce Committee, and working in a bipartisan manner makes a good point.

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But within the context of the Bill, Mr. Speaker, that we're doing here today, in this Chamber, I certainly rise not in support of this Amendment at this time.

Within the context of the Bill, Mr. Speaker, for the good Representative, in Lines 238 through 244, when we establish the business advocacy office, there is important language in there, Mr. Speaker, that talks and deals specifically with, and in a comprehensive manner, providing the General Assembly a detailed report analyzing the work that's incorporated within this Bill, and which is incorporated with what we want to do to create and send a message to the business community.

So while the good Representative, in his heart, and in the heart of the Commerce Committee, certainly expressed a strong concern about sending this report to this General Assembly, I believe, if it's any comfort to the Representative that a start will be formed in the body of the Bill that is voted on today that deals with detailed analysis and reporting.

Later on, we can address somewhat of a comprehensive look at all the bills we do, but to do

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this Amendment now, within this Bill, I think sends the wrong message to business, sends the wrong message that within the context of the Bill, we've created an analysis and report, we've created a business advocacy office, and then, that is a good start.

That is a base. That is a foundation and that when we vote on this Amendment, that we do not support the Amendment before us for this Bill, Mr. Speaker. Thank you.

SPEAKER AMANN:

Thank you, sir. On the Amendment? On the Amendment? Representative DelGobbo.

REP. DELGOBBO: (70th)

Thank you, Mr. Speaker. I rise in support of the Amendment, in strong support of the Amendment and unfortunately, taking issue with the comments of the esteemed Chair of Commerce, who I have a great deal of respect for.

But in fact, I believe it's in the context of this Bill that an Amendment like this is absolutely necessary. The premise of this Bill is that this state has some substantial problems, and I think

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Representative Williams articulated them very well, and they've been articulated already.

And if we're to be serious about the steps we take here today, that we want to encourage a stronger business climate in this state, we want to do certain things. It really begins with this Institution and the kinds of policies and laws that this Institution makes.

So if we want to make real what is in the underlying Bill, I think that this type of Amendment is absolutely necessary.

You know, I've heard from some manufacturers, interestingly enough, on the property tax removal, the phase-out, they were actually a little bit nervous about it because they sort of said to me, they said, you know, that sounds really good, but I know the way the Legislature works.

Where else are you going to stick me? What else are you going to do to get me on the other end of this thing, or how long is it going to be before you pull out the rug from underneath me, and this has been nothing but an unfulfilled promise?

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So clearly the business community is concerned that this state keeps commitments like we have within the four corners of the underlying Bill. And what this Amendment allows us to do, and it's nothing revolutionary, or it shouldn't be.

It simply says hey, we take up a lot of issues in this Legislature. Some of them, like the Bill before us, we can identify squarely as being a business issue.

I think the problem is that when many of us, very well-intentioned and goodhearted about other issues that matter to us in this General Assembly, whether they're the environment, whether they're labor issues, whether they're energy issues, a whole range of issues that we deal with, and sometimes we don't connect the dots. We're all guilty of that.

I think, if we're to do true service to the purpose of the underlying Bill, we need to make sure this institution connects the dots. Whatever law we're passing, we should have in the back of our mind the implications that can have to the economic climate.

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When we say economic climate, that sounds pretty fuzzy, and it sounds like just a word. What that means is the kind of environment where people have the opportunity to have jobs, to have the skills they need to get those jobs, where the environment is such, so that there are employers out there willing to give them those jobs, so that they can support their families in a way that we all want to encourage.

So, Mr. Speaker, I don't see, in any way, how this Amendment should not go forward, other than a technical process of going back upstairs to be adopted.

Mr. Speaker, I think that this Amendment represents a true fulfillment of what the purpose of the underlying Bill intends. Thank you, Mr. Speaker.
SPEAKER AMANN:

Thank you, Sir. Care to remark further on the Amendment? On the Amendment? On the Amendment?
Representative Belden.

REP. BELDEN: (113th)

Thank you, Mr. Speaker. Mr. Speaker, it certainly is a pleasure to rise today. It's like a breath of sunshine in here to be dealing with issues

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that affect and, hopefully, will enhance jobs in the business community in our state.

In the Amendment before us, you know, you have to walk before you can run. In the file before us, we're creating a business advocate in this state.

Wouldn't it be nice if that business advocate had the material available to him, for every Bill enacted by this Legislature that had a nonpartisan section added to it, about what it did for jobs or didn't do for jobs in Connecticut?

Now, let's start with the basics. That's what this Amendment does. It says, let's let our nonpartisan staff, the best they can, try to remunerate on the back of the file copy exactly what it does to business one way or the other.

This becomes the statistical basis, hopefully, for the business advocate to understand what we are or aren't doing or what we should or shouldn't be doing, certainly a big help.

But certainly for each of us here, especially in the rush of the last few days of the Session, when you're looking at a file copy, wouldn't it be nice to

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go to the back and say, oops, wait a minute, this may affect the jobs in my community?

This is a tool. That's all this Amendment does. It creates another tool for us here to work with, as we try to decipher what we are doing on these major pieces of legislation that we pass everyday here effecting people in the State of Connecticut. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. On the Amendment?

Representative Hamzy.

REP. HAMZY: (78th)

Thank you, Mr. Speaker. I also rise in strong support of this Amendment, and I believe what this Amendment does is institutionalize the practice of identifying those issues that proposed bills have, and those effects that proposed bills have on jobs in our state and on the economic climate of our state.

Now, as many of you know, I hate to spend money, and I know that this has a relatively small fiscal impact.

But I really believe that whatever costs it is to develop these impact statements will be outweighed by

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the positive effect of institutionalizing, and demonstrating in concrete terms, what the effects are of bills that we pass on our economic system, and I would urge passage of this Amendment. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Representative Alberts.

REP. ALBERTS: (50th)

Thank you, Mr. Speaker. I, too rise in strong support of the Amendment. I think the underlying Bill does a great job in creating the office of business advocate, which I view as a form of ombudsman, but as my colleagues have stated, what the Amendment does is something much more valuable, in terms of connecting the dots.

It allows us to actually hold ourselves accountable for creating job growth with each and every measure that we vote on. So for that reason, Mr. Speaker, I will be supporting both the Amendment and the underlying Bill. Thank you.

SPEAKER AMANN:

Thank you, Sir. Representative Ward.

REP. WARD: (86th)

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Thank you, Mr. Speaker. Mr. Speaker, I also rise to support this Amendment and indicate that I think it makes a good bill a better bill. I think the Bill before us is good, but there are a number of ways we can improve it, and this one Amendment is just one of those ways.

The distinguished Chairperson of the Committee on Commerce indicated, well, we'll get a detailed report anyway from the office of the business advocate, but that report is on the work that the individual holding that job and his staff do.

And it's a way for us to measure if the advocate is effective or not. We certainly all hope that the man or woman that holds that job and his or her staff will, in fact, be effective, but it's certainly appropriate they report back to us.

I think they can also report to us things they would like us to do. This Amendment takes it a single step further and says, every time we take action on legislation, we ought to have nonpartisan, professional input as to the effects on jobs and the economy, when we vote on a bill.

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Why would we want to deprive ourselves of that information? Just as we want to know the effect on municipalities in the state from a fiscal perspective, from a cost perspective, shouldn't we also know the impact on jobs and the economy?

You know, we didn't get to the ranking that we now have, nationally, in a vacuum. The General Assembly bears a large responsibility for that.

Certainly, we were affected by global economic conditions, by conditions in the country, but we know, here in New England, we've lagged the national economy, and we know in Connecticut we've lagged the national economy.

This Bill recognizes that, but we think it's important that we recognize it everyday, on every Bill, and that's what this Amendment will allow us to do, judge the impact every day, on every bill. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Representative. Representative Staples.

REP. STAPLES: (96th)

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Thank you, Mr. Speaker. Mr. Speaker, I rise in opposition to the Amendment, and would echo the comments of Representative Berger concerning the Amendment, but also, I think while, if you read the text of it, and you listen to the rationale, it sounds like a very good idea.

I just don't know if this is something that OFA is presently equipped to do, and let me just read a little bit from their fiscal note, where it says that it is uncertain as to whether numerical inputs can be derived from favorably reported bills to generate meaningful information from the model.

It's also unknown as to whether meaningful and accurate data will be able to be successfully gathered, analyzed and conveyed through the fiscal note in a timely manner.

This requirement, which would require them to estimate proposed changes in income and employment, in an impact statement, the impact on existing business and industrial entities, an estimate of the total employment and income resulting from a proposal, if we could gather that information, I think this would be a very positive thing for us to have before us.

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But quite frankly, we can't get even the most basic tax information, at times, because we don't have the database to produce that. It's very difficult, presently, for OFA to say that a tax policy change will affect people of different incomes or businesses of different sizes.

So I think, I look at the fiscal note, and I say that I just don't think that OFA is equipped to do this.

I think if we establish a burden on them for economic impact statements which are, although a good idea, unachievable, we're going to make it very difficult for ourselves in transacting business and very difficult for that office, to produce what they already produce, in the form of fiscal notes.

So I think this is probably an idea worth looking at more deeply in the future, as to how we can get such data, but I don't think this accomplishes that, and I would speak against the Amendment for those reasons.

SPEAKER AMANN:

Care to remark further? Care to remark further?
Representative Miner.

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REP. MINER: (66th)

Thank you, Mr. Speaker. I'd like to add my two cents. Yeah, that's surprising. We spent a lot of time here, talking about how important the underlying Bill is and what it's going to mean to business, and every day in this, not in this building, but next door, we pass bill after bill, out of committee after committee that affects jobs.

I think this Amendment is a pretty simple amendment. If the Office of Fiscal Analysis doesn't know how to analyze what the effect will be on jobs, then I think that's one of the things we ought to figure out how to do in this state.

Businesses are everyday analyzing the decisions we make, hour by hour. So if we're going to talk about keeping jobs in this state, and we're going to talk about passing friendly legislation to micro-businesses, macro-businesses, you name it, this Amendment is entirely appropriate, and I would ask my colleagues to support it. Thank you.

SPEAKER AMANN:

Care to remark further on the Amendment? If not, staff and guests please come to the Well of the House.

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Members please take your seats, and the machine will
be open.

CLERK:

The House of Representatives is voting by Roll
Call. Members to the Chamber. The House is voting
House Amendment Schedule "A" by Roll Call. Members to
the Chamber, please.

SPEAKER AMANN:

Have all the Members voted? Have all the Members
voted? Have all the Members voted? If all the
Members have voted, please check the board and make
sure your vote has been properly cast.

If all the Members have voted, the machine will
be locked, and the Clerk will take a tally. Clerk,
please announce the tally.

CLERK:

House Amendment Schedule "A" for Senate Bill
Number 702.

Total Number Voting	144
Necessary for Adoption	73
Those voting Yea	53
Those voting Nay	91
Those absent and not voting	7

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SPEAKER AMANN:

The Amendment fails. Care to remark further on
the Bill? Care to remark further on the Bill?
Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, as I
mentioned on the prior Amendment, I think the Bill
before us is good, but I don't think it goes far
enough or fast enough towards improving jobs and the
economy in the State of Connecticut.

And I believe when Representative Berger brought
the Bill out, he indicated that there was \$217 million
in tax relief.

And I think that's an accurate statement for the
effect of the Bill in 2013, but I don't think it's an
accurate statement for 2006, 2007 or 2008. And if I
might, Mr. Speaker, through you, a quick question to
the Chairman of the Finance Committee.

SPEAKER AMANN:

Please frame your question, Sir.

REP. WARD: (66th)

Through you, Mr. Speaker, Representative Staples,
am I correct that, at least with regard to the change,

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with regard to a property tax on manufacturing equipment that there is no impact in the current fiscal year or the '07 Fiscal Year, with the Bill before us, through you, Mr. Speaker?

SPEAKER AMANN:

Representative Staples.

REP. STAPLES: (96th)

Through you, Mr. Speaker, that's correct.

SPEAKER AMANN:

Representative Ward.

REP. WARD: (86th)

And also through you, Mr. Speaker, am I correct that in the years 2008 and 2009, which would be the next biennium, that the relief is in the \$80 million to \$100 million range, in each of those next two years? Is that correct, through you, Mr. Speaker?

SPEAKER AMANN:

Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Yes, that's correct. If you look at the fiscal note, it ranges from \$26 million additionally in 2008, up to over \$100 million in 2011.

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SPEAKER AMANN:

Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker, and I thank the gentleman for the answer. I just wanted to make sure that everybody understood, in this Bill, that we take a long time to repeal the property tax on manufacturing equipment.

My fear with that is, this Legislature has a tendency to put those things in place, and then, when it gets a little tight fiscally, one of two things happens.

We stop reimbursing the town or we stop providing the tax break. If we want to send a loud, clear message here today that we will be more competitive with other states, so we will repeal the tax on manufacturing equipment, we should accelerate that process.

We should begin so in the next biennium. And, Mr. Speaker, for that reason, I have an Amendment to do just that. If the Clerk would please call LCO Number 4558 and I be granted permission to summarize.

SPEAKER AMANN:

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Would the Clerk please call LCO Number 4558,
which will be designated House Amendment Schedule "B".

CLERK:

LCO Number 4558, House Amendment Schedule "B",
offered by Representatives Ward, Cafero and Powers.

SPEAKER AMANN:

The Representative seeks leave of the Chamber to
summarize the Amendment. Is there objection on
summarization? Is there objection? Hearing none,
Representative Ward, you may proceed with
summarization, Sir.

REP. WARD: (86th)

Thank you, Mr. Speaker. Again, Members of the
Chamber, what this Amendment does is, starting in the
Fiscal Year 2008 ends the property tax on
manufacturing equipment, and it fully reimburses the
communities or municipalities for the loss of that tax
revenue. Mr. Speaker, I move adoption of the
Amendment.

SPEAKER AMANN:

The question before the Chamber is adoption of
House Amendment Schedule "B". Will you remark on the
Amendment? On the Amendment? Representative Ward.

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REP. WARD: (86th)

Thank you, Mr. Speaker. I am pleased that there is a unanimity of opinion, in this General Assembly, that we should repeal the property tax, as it applies to manufacturing equipment.

We all agree that the manufacturing sector in Connecticut is vital to our economy. We all recognize that it has been declining.

We all recognize that one thing that makes us not competitive, even with neighboring states that have some similarities to Connecticut, is the fact that we charge a tax, at the local level, on manufacturing equipment.

We all know, as a matter of public policy, that at times when you tax things, you discourage them. We certainly do not want to discourage people from investing in manufacturing equipment.

The purpose of this Amendment is to say the relief will be real, it will be as immediate as possible and it will be permanent.

So the Amendment before us makes permanent the program of reimbursing municipalities for revenue they lose when we take away the ability to assess a

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property tax on manufacturing equipment, and we make permanent that they will not be subject to tax.

We do not take five years to get there. Some of us would have liked to be there in this fiscal year, but as a practical matter, with the local communities and the way that these grand lists are developed, we think, as a practical matter, you can't get there until our Fiscal Year '08, which means the 2007 grand list.

This Amendment would say, in addition to what we currently fund, or about \$52 million to reimburse towns, in the 2008 budget year, we'll do another \$146 million.

With a \$600 million surplus today, we can certainly make the policy decision today that this tax goes forever, and we prepare to fund it forever, so that we send a real strong message to those that would invest in manufacturing, that we're not going to phase out the tax because we all know what too often happens.

We propose to phase it out, things are tough, and we push the phase-out off another year, another two years, another three years. Let's make the decision

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today to say no to a property tax on manufacturing equipment.

I will note, for the edification of the Chamber, that the fiscal note on this Amendment was, in some way, slightly different than the fiscal note on the out years for the underlying Bill, and I think that's frankly because some slightly different estimates had been used as to the growth of manufacturing equipment and the value of it.

And I've just received it, many people wouldn't have seen it yet, just a few moments ago, a corrected fiscal note that uses the same costs to the State of Connecticut as we move into the out years. We just get there immediately, and then, show what inflation would do.

The other difference, this Amendment makes permanent the payments to the town under the manufacturing property tax credit that doesn't fix that amount in the fifth year, as it appears to me that the underlying Bill does.

But really, what it says is if we believe we shouldn't tax manufacturing equipment at the local level, if we believe we should reimburse the town for

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the loss of that revenue source, we should adopt this Amendment. Mr. Speaker, I would request a Roll Call Vote on the Amendment, when the vote is taken.

SPEAKER AMANN:

The question before the Chamber is on a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

The requisite 20% has been met. When the vote is taken, it will be taken by Roll. Would you care to remark further on the Amendment? Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, I rise in opposition to the Amendment before us, and I do so, not because we don't all share the objective of phasing out the property tax. Obviously, the Bill before us does that as well.

My concern is that the phase-out that has been crafted in the underlying Bill is intended to take into account the increased costs on our state budget,

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of the pilot program, that would be implemented to replace municipal lost revenue.

The Bill before us does that gradually, with \$26 million impact, in addition to the current \$52 million in 2008, and gradually increases to the full phase-out in 2013.

The Amendment before us, as Representative Ward outlined, would bring that entire impact into the 2008 Fiscal Year. Present projections for 2008 and 2009 are not promising, in terms of the revenue stream and our projected expenditures.

Both OFA and the Office of Policy and Management project about a \$300 million deficit for 2008, 2009. Obviously, that will be impacted by the budget that's adopted by this General Assembly, if we do adopt one in the next week.

But at this point in time, the phased out approach, I think, is the more responsible approach. While I understand the impact on business of an immediate phase-out, the impact on municipalities, if we are unable to provide a full pilot could be devastating.

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The total cost to the balance sheet of the State of Connecticut in 2008, for this phase-out, is in the vicinity of \$200 million for a pilot.

To set ourselves up for that, I think, with the expectation that it would be very challenging for this Legislature to come up with \$200 million, if we are, in fact, facing a deficit in that year approaching \$300 million, could put us in a very difficult situation when it comes to replacing the lost municipal revenue that repealing this exemption would permit.

So although I think the purpose is laudatory, everyone in this Chamber supports removing this burden from businesses, to do it immediately, given our projected fiscal situation, I think could be very difficult for us to honor in the next budget cycle, and would put us in a real tough predicament with the question of whether we under-fund municipalities at that time or reconsider our appeal of this property tax. So for those reasons, Mr. Speaker, I would urge rejection of this Amendment.

SPEAKER AMANN:

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Thank you, Sir. Representative Powers.

REP. POWERS: (151st)

Thank you, Mr. Speaker. Good afternoon. I rise in strong support of this Amendment. In response to the previous speaker's comments, I would bet that if, in fact, we were to pass this Amendment, companies that are struggling, companies that are looking to move, companies that are looking to downsize, to move parts of their processes out of the State of Connecticut would look again.

They would say no, you know what, this is turning around. The State of Connecticut has heard us. We have had so many companies leave in the last several years, and that's not just in one part of the state, it's all over the state.

It's affected all our communities. This would be a very clear, strong, unambiguous signal. We mean what we say. This isn't a maybe. This is a definite, and it's within reach, if you can just hang on for another or so, it will be in your hand. Thank you, Mr. Speaker.

SPEAKER AMANN:

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Thank you, Madam. Care to remark further?

Representative Ryan? Representative Hamzy.

REP. HAMZY: (78th)

Thank you, Mr. Speaker. I also rise in support of this Amendment, and would add to what has already been said. There are a lot of small manufacturers in my neck of the woods, and their number one priority, for this Legislative Session, is to eliminate the property tax on machinery and equipment.

And it has been hammered, almost every day, about the lack of job creation in our state, and the way we lag the regional and the national averages.

This would be a strong signal, on the part of the General Assembly, that we hear what our small businesses, in particular manufacturers are saying, and we will offer immediate relief to those businesses that are located within our state, and also send the message that we appreciate the fact that these people located their businesses here.

And that other businesses that are looking to possibly move into Connecticut can count on almost immediate relief, certainly more immediate relief than is offered in the underlying Bill.

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And I would hope that my friends on the other side of the aisle will join us in sending a unified message to businesses, small and large, that we hear what they're saying, and that we want to provide relief to them sooner, rather than later, and provide economic opportunity to the people who live in this state. Thank you, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Would you care to remark further on the Amendment before us? Care to remark further? If not, staff and guests please come to the Well of the House. Members please take your seats, and the machine will be open.

CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber. The House is voting House Amendment Schedule "B" by Roll Call. Members to the Chamber, please.

SPEAKER AMANN:

Have all the Members voted? Have all the Members voted? If all the Members have voted, please check the board and make sure your vote has been properly cast.

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If all the Members have voted, if all the Members have voted, please check the board and make sure your vote has been properly cast. If all Members have voted, the machine will be locked, and the Clerk will take a tally. Clerk, please announce the tally.

CLERK:

House Amendment Schedule "B" for Senate Bill
Number 702.

Total Number Voting	143
Necessary for Adoption	72
Those voting Yea	54
Those voting Nay	89
Those absent and not voting	8

SPEAKER AMANN:

The Amendment fails. Care to remark further on the Bill? Care to remark further on the Bill?
Representative Ritter.

REP. RITTER: (38th)

Thank you, Mr. Speaker. Mr. Speaker, once again, may I ask a question, through you, of Representative Staples, Mr. Speaker?

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Representative Ritter.

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REP. RITTER: (38th)

Thank you, Mr. Speaker. Representative Staples, thank you. I have a quick and, I hope, fairly technical question on this Bill and it relates to Section 10 and the language contained in Lines 271 through 345.

Representative Staples, in those lines, it refers to the definition of the manufacturing and machinery equipment, and I have a question as to whether the actual definition, that is already statutorily established, is changed in any way in this Bill?

SPEAKER AMANN:

Representative Staples.

REP. STAPLES: (96th)

Through you, Mr. Speaker? Was I recognized? Okay. Through you, Mr. Speaker, in answer to your question, the underlying Bill references existing definitions, and there is no change to those definitions as to what is covered under the machinery and equipment portions of the statutes.

And just to provide an additional comfort, if you look at the Office of Legislative Research Bill

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analysis, page eight, it summarizes the sections for definitions.

And it says, under both current law and the Bill, the MME exemption covers machinery and equipment, and then, it goes on to describe what that is, so it restates the fact that the definitions within the Bill match up to those in current law. There is no modification of what's covered, through you, Mr. Speaker.

SPEAKER AMANN:

Representative Ritter.

REP. RITTER: (38th)

Thank you, Mr. Speaker. Quickly, again, to Representative Staples. I am correct then, in understanding that the Bill does not, in any way, change any of the definitions, specifically of equipment used in electrical generation?

REP. STAPLES: (96th)

Through you, Mr. Speaker?

SPEAKER AMANN:

Representative Staples.

REP. STAPLES: (96th)

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Thank you, Mr. Speaker. Yes, that is my understanding. My understanding is that the Bill, in no way, changes what is covered under this exemption. It just matches the present exemption statutes.

SPEAKER AMANN:

Representative Ritter.

REP. RITTER: (38th)

Thank you, Mr. Speaker, and thank you, Representative Staples.

SPEAKER AMANN:

Care to remark further on the Bill before us?

Representative Miller.

REP. MILLER: (122nd)

Thank you, Mr. Speaker. I rise in support of the Bill. I think it's a first step in the right direction. However, I'd just like to talk about my Town of Stratford, and I'm talking about jobs. In the *Connecticut Post* this morning, Section D, Stratford is losing 71 jobs due to the cost of energy.

I said earlier today that the town is paying \$400,000 to lawyers to fight an ill-conceived affordable housing project. Just a short time ago, we

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had costs of over \$400,000 for the Sikorsky strike,
and Sikorsky is located on a state road.

Our mill rate is going to go up three mills,
right on top of the re-eval, where people just got
killed with the additional taxes, in some cases, as
much as \$2,000 a home.

So I don't know where we're going, but I hope
this job Bill does help a little bit. I hope our
energy costs start to go down. I think we've got to
really look at the energy costs in this state,
especially with the electric costs and do something.

We're again up close to the top ten in the
nation, even after deregulation, which is a failure,
so again, I support the Bill. I just like to tell you
about my town. Thank you.

SPEAKER AMANN:

Care to remark further? Representative Winkler.

REP. WINKLER: (41st)

Yes, thank you, Mr. Speaker. I do rise in
support of this Bill, and I'd like to commend all of
those people that were involved in working to put this
together, to try to turn the business climate around
in Connecticut.

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I would be remiss if I didn't bring up a concern to me and also to the Town of Groton. When Representative Moukawsher was on the Town Council, he was very much involved in the manufacturing machinery and equipment taxes that we had placed on those businesses, and had shared with us the cost to the municipalities.

And the largest costs to the municipalities start with East Hartford, which is about \$10.3 million, and these are yearly, Bridgeport, another \$8.5 million, Groton, \$8.1 million, Waterbury, \$5.7 million, Bristol, \$5.2 million, and Stratford, \$4.3 million.

I can certainly appreciate doing something to provide relief to these businesses, but as you all know, the more money you have, the more money you spend and live up to.

And the towns have become very dependent on this money, and my greatest fear is, as you know, many of the towns don't have a lot of faith in the State of Connecticut.

We historically go back on our word. We've done it with the conveyance tax. We've done it with the

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property tax credit, the Teacher's Retirement Fund,
just to mention a few items.

I will be supporting this, but I hope that we do
not let those towns down that are going to be severely
impacted with this legislation. Thank you, Mr.
Speaker.

SPEAKER AMANN:

Thank you, Madam. Care to remark further?
Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. This is a great Bill,
and now that we're on a roll, let's make it even
better. The Clerk has, in his possession, LCO Number
4592. I ask that it be called and I be allowed to
summarize. Thank you, Mr. Speaker.

SPEAKER AMANN:

Will the Clerk please call LCO Number 4592, which
will be designated House Amendment Schedule "C".

CLERK:

LCO Number 4592, House Amendment Schedule "C",
offered by Representatives Ward, Cafero and Powers.

SPEAKER AMANN:

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The Representative seeks leave of the Chamber to summarize the Amendment. Is there objection on summarization? Is there objection? If not, Representative Hetherington, you may proceed with summarization.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. This Amendment would eliminate the annual \$250 tax on limited liability companies, limited liability partnerships, limited partnerships and S corporations. It simply would eliminate that and relieve those businesses of this annual burden, and I move adoption.

SPEAKER AMANN:

The question before the Chamber is adoption of House Amendment Schedule "C". Will you remark on the Amendment? Will you remark? Representative Hetherington.

REP. HETHERINGTON: (125th)

Thank you, Mr. Speaker. These businesses that utilize these entities, LLPs, LLCs, and so forth, they are the very small businesses that we want to help through this Bill.

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These businesses, in total, employ more people that any other kinds of business in Connecticut. They are the professional firms, the small manufacturers, small service companies, the creative minds gathered together to do a business.

They are the architects, the designers, the planners, the companies that are developing research in emerging areas of the medical fields. These are the very kinds of cerebral high-tech industry that we want to advance, and that we are deliberately providing for in this Bill.

If we do relieve these entities of this annual tax, we will increase dramatically the amount of aid that we will provide for them in the underlying Bill. We have provisions for monetary aid to micro-businesses.

Well, if we just eliminate this tax, we give every one of them \$250 a year more. In addition, focus on this tax. This is a regressive tax on business.

It doesn't depend on the gross receipts or the net profits of any business. It is simply a \$250 tax each year, and obviously, it falls heavier and heavier

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the smaller the business, those businesses that are still in the incubation stage, and those businesses that are fledgling, those that are struggling to get traction. It is those that it hits.

And it hits with no rational connection to their success. This was created as a simple revenue measure during a time of need. Now, we have an opportunity to eliminate it in connection with this fine vehicle for economic growth in this state.

So let's make this good Bill even better, and I would move adoption. And when the vote is taken, Mr. Speaker, I would ask it be done by Roll Call. Thank you, Mr. Speaker.

SPEAKER AMANN:

The question before the Chamber is on a Roll Call Vote. The question before the Chamber is on a Roll Call Vote. All those in favor of a Roll Call Vote, please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

The requisite 20% has been met. When the vote is taken, it will be taken by Roll. Care to remark

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further on the Amendment? Care to remark further?

Representative Urban, on the Amendment, Representative
Urban? Representative Staples.

REP. STAPLES: (96th)

Thank you, Mr. Speaker. Mr. Speaker, I rise in
opposition to the Amendment on a couple of grounds.
One, it has a fiscal impact of between \$30 and \$32
million a year.

And it is one of many items that I think are
still potentially being discussed in the development
of a budget, which we all hope we will have in the
next few weeks, or next week, I should say.

While I can't say that there aren't underlying
costs in the Bill before us that are also going to
have to be built into the budget, I think it would
presume that this is the highest priority, or one of
the high priority items, and perhaps that's what the
proponent wants us to presume.

But I would recommend to my colleagues that we
not carve an additional \$32 million out of what might
be a comprehensive tax package that's presented back
to this Chamber on the basis of the arguments put
forward today concerning these corporations.

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And I will say, just from discussions this Session around these issues, there are many very large corporations that form LLCs or other vehicles for joint ventures with other substantially large corporations.

I don't believe this is, in all instances, a series of small businesses that form these types of arrangements. These are essentially tax planning vehicles for businesses and for individuals.

They may or may not be small businesses or small taxpayers, individuals who are affected by them, so any discussion around relieving this particular tax I think has to distinguish between those that are unfairly burdened by a \$250 fee and those large companies that might be able to afford this, in fact, are paying more than this in other corporate taxes.

So I do believe, Mr. Speaker, if this issue should be addressed at all, there needs to be a much deeper analysis of who benefits and how they benefit.

And for those reasons I think it's premature for this issue to be before us, and for us to adopt it in today's bill. I recommend rejection of the Amendment, Mr. Speaker.

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SPEAKER AMANN:

Thank you, Sir. Care to remark further?

Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, I rise to support the Amendment, and let me first indicate that while I appreciate there are some ongoing discussions about a budget, which would, in fact, be needed to implement the underlying Bill, and ongoing discussions about possible tax reduction, I remind the Chamber that this is the first the public really knows of those discussions because they're happening behind closed doors.

This is the place we ought to have the debate, and this is an appropriate time to have the debate. I believe that it does send a message to the business community, when a small startup has to pay an annual fee of \$250, whether or not they make any money.

Is this one of the most overwhelming issues? No. But it is setting us in the right direction if we say that small entities, small corporations, LLCs and the like, should be exempt from this tax.

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We're saying if you start up a small business here, we're going to tax you. This Amendment says we welcome you. Come to Connecticut, form a new entity, form a new joint venture, professionals, hang out a shingle, enter our economy, and we won't tax you.

If you make an income as an individual after an LLC is assigned to you, yes, you'll pay our income tax, but just to form an entity to operate a business in Connecticut, we will not charge you \$250. The distinguished Chairman said well, some large companies also benefit from it.

I have no doubt that some large companies use an LLC and therefore, if this passes, they'll save \$250, but I think that is irrelevant to the overwhelming issue. This is significantly tiny businesses, micro-businesses that we try to help in another part of the Bill.

It's an entry-level fee that you pay every year, whether or not you make any money. That's bad public policy. It's just a money grab. It was a way to get more people into paying taxes to the State of Connecticut.

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Whatever sense it made, it may have made some sense when we didn't have a personal income tax that said if you're running a small business, and you take money out of it in salary, or wages, or profit that you pay a tax.

But it doesn't make one anymore. The small corner store that somebody works 18 hours a day, the family does to run that, and the profit that comes out comes out in their salary. They're taxed on that. They pay an extra \$250.

It's simply unfair, and in the context of short-term and long-term budgeting for the State of Connecticut, I believe that not only can we afford to give up this revenue, but it sends the right message to our community, to those that invest in the state, those that create jobs in the state, and I urge the Members to support the Amendment.

SPEAKER AMANN:

Care to remark further on the Amendment before us? Will you remark further? If not, staff and guests please come to the Well of the House. Members please take your seats, and the machine will be open.

CLERK:

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The House of Representatives is voting by Roll
Call. Members to the Chamber. The House is voting
House Amendment Schedule "C" by Roll Call. Members to
the Chamber, please.

SPEAKER AMANN:

Have all the Members voted? Have all the Members
voted? If all the Members have voted, please check
the board and make sure your vote has been properly
cast.

If all Members have voted, the machine will be
locked, and the Clerk will take a tally.
Representative Martinez, for what purpose do you rise,
Madam? Representative Martinez?

REP. MARTINEZ: (128th)

Yes, I'd like to vote in the negative, please.

SPEAKER AMANN:

Please reflect Representative Martinez in the
negative.

REP. MARTINEZ: (128th)

Thank you.

SPEAKER AMANN:

Clerk, please announce the tally.

CLERK:

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Number 702.

Total Number Voting	146
Necessary for Adoption	74
Those voting Yea	61
Those voting Nay	85
Those absent and not voting	5

SPEAKER AMANN:

The Amendment fails. Care to remark further?

Representative Piscopo.

REP. PISCOPO: (76th)

Thank you, Mr. Speaker, and good afternoon. Mr. Speaker, this is a good Bill, as everybody has said, and it's somewhat unfortunate that a Bill that will pass pretty much unanimously, the lines are kind of drawn and no Amendments are being entertained.

I'm very, very concerned about something and it concerns, you know, the towns. They just hate when we pass unfunded state mandates. Well, federal government passes unfunded state mandates too.

There's an unfunded mandate coming down on many, many of our manufacturers from the Environmental Protection Agency. That mandate is called Total

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Maximum Daily Loading Requirements, and it's going to be a real burden on our manufacturers.

It hasn't hit yet. Our state DEP is presently promulgating regulations on this and asking each of our manufacturers for a plan, but it is an unfunded mandate.

It's really going to hurt some of our businesses, so we should help them, as a Legislature, and to that end, Mr. Speaker, the Clerk has an Amendment, LCO Number 4642. Will the Clerk please call and I be given leave to summarize?

SPEAKER AMANN:

Will the Clerk please call LCO Number 4642, which will be designed House Amendment Schedule "D".

CLERK:

LCO Number 4642, House Amendment Schedule "D",
offered by Representative Piscopo.

SPEAKER AMANN:

The Representative seeks leave of the Chamber for summarization. Is there objection on summarization? Objection on summarization? If not, Representative Piscopo, you may proceed with summarization, Sir.

REP. PISCOPO: (76th)

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Thank you, Mr. Speaker. Mr. Speaker, what this Bill does, it seeks to give some of our manufacturers relief, so that they can more effectively treat their waste in compliance with the Clean Water Act, the new requirements of the Clean Water Act. They're called the Total Maximum Daily Loading Requirement, and I move adoption. Move adoption.

SPEAKER AMANN:

The question before the Chamber is on adoption of House Amendment Schedule "D". Will you remark on the Amendment? Representative Piscopo.

REP. PISCOPO: (76th)

Thank you, Mr. Speaker. Mr. Speaker, many of us that live on any major waterway, we have larger manufacturers. What they do is they finish or they act as finishing for a lot of what are smaller manufacturers do.

Many of our Districts have a small tool and die manufacturer or screw machine shop. What they will do is send their manufactured goods to a larger manufacturer for finishing.

They're de-burred, they're cleaned. A lot of them are plated. Many of our larger manufacturers do

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plating for the auto industry, for the submarine industry, for our aerospace industry, and they're located in Connecticut.

Many of these have moved to Connecticut. We have the quality of having fast-moving rivers and they are better able to handle the effluent that they produce. They are presently, Mr. Speaker, meeting all the permits of the Clean Water Act which are very, very strict.

The Naugatuck River that goes through my District has salmon in it, for instance. And they're doing very, very well with treating their waste. But now, these new requirements are much, much more stringent.

They're so stringent, in fact, that the copper that's allowed has less copper in it than my tap water at home, so that requires a lot of high technology in treating their waste.

Mr. Speaker, I'm just hoping that this Chamber would see fit to take a look at this Amendment. It's not a huge policy-driven thing. This is just to help our manufacturers and many of us along the river, and it would help a lot of your small manufacturers, which they serve. Thank you, Mr. Speaker.

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SPEAKER AMANN:

Thank you, Sir. Care to remark further on the Bill before us? Care to remark further? Let me try your minds. All in favor please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER AMANN:

All opposed, Nay.

REPRESENTATIVES:

Nay.

SPEAKER AMANN:

Nays have it. Amendment fails. Care to remark further? Care to remark further on the Bill before us, the Bill as amended. If not, staff and guests, I'm sorry. I'm sorry. There was nothing on the board, Representative Ward, I apologize.

REP. WARD: (86th)

No apology needed, Mr. Speaker. I thought there were other speakers, and that's why I hadn't pushed the button, but thank you for recognizing me.

SPEAKER AMANN:

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There are now two other speakers. There is yourself and Representative Dyson, Representative Ward. I didn't know if you wanted to wait for wrap-up, Sir, or unless you were on an Amendment, Sir.

REP. WARD: (86th)

I'm sorry, Sir. I thought that Amendment was defeated, so this was on the Bill. I would yield the floor to Representative Dyson, if he intended to speak on the Bill.

SPEAKER AMANN:

Thank you, Sir. Representative Dyson.

REP. DYSON: (92nd)

Thank you, Mr. Speaker. For purposes of speaking to the Bill.

SPEAKER AMANN:

You may proceed, Sir.

REP. DYSON: (92nd)

I ask the Chamber's indulgence because I wanted to talk about this Bill in the context of what new ground is being broken. What I see, as it relates to this Bill, is a commitment being made to our towns that we are going to do something in the future.

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That something in the future is that we are going to fund this program, up to 100%. What I have done, I have taken it upon myself to try and ascertain, really, what towns would be impacted by this.

And what I see is a gradual shift, if you will, from something that we have done for a number of years. We have defined the support that we provide to towns based upon certain standards that we employ.

We employ standards related to their ability to pay, poverty that may exist, and any number of other factors, but always pointed toward the least of these, the towns who are in the weakest strait. We're always directing our resources in that fashion.

This breaks new ground because now, it's going to direct the resources, not only to those towns, but other towns now, based upon other standards. And their ability to pay and wealth, most likely, has nothing to do with it.

Remember, the title of the Bill here is about jobs, and if we're about the business of jobs here, then, other things are not necessarily to be considered.

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Now, one would say, right off, if this is about jobs and obviously, we are providing prosperity within a community, so therefore, all the other things may not matter. They'll fall into place.

But let me just give an example here, on something that I've been able to secure, and that is, in relationship to the manufacturing pilot. I secured this information as what we're doing in the current year.

In the current year, list of towns, I'll take you through 1 through 25. I'll just list off the towns. You figure it out for yourself.

Number one, Groton, number two, East Hartford, number three, Bristol, number four, Milford, number five, Waterbury, number six, Wallingford, number seven, Windsor Locks, number eight, Bloomfield, number nine, Manchester, ten, Danbury, 11, Stamford, 12, Meriden, 13, New Haven, 14, Stratford, 15, New Britain, 16, West Haven, 17, North Haven, 18, Middlefield, 19, South Windsor, 20, Hartford.

Let me repeat that. Hartford, 20. Twenty-one, Windsor, Newington, 22, Southington, 23, Killingly, 24, Bridgeport, 25.

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Now remember, if you can just envision here now, state pilot, private pilot, private tax relief, Pequot, you go down the line, there is a provision.

There is an inherent principle involved that those that are the poorest warrant getting additional help. Those that are the poorest warrant getting additional help.

Now, what our practice has been, we have never fully funded. We have never fully funded any of them, but we commit ourselves today to fully fund this. And if you fully fund this, it's going to come out of the hides of those that already exist.

You and I know that. You and I know that. So I just wanted to point out that there is a fundamental shift that we're engaging in here that we're shifting from one place to another.

Granted, there will be, supposedly, the creation of jobs, but the burden becomes even greater on those that an ill-afford to have those burdens applied to them.

I just want to bring it to the Chamber's attention that yes, I think, we are breaking new

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ground, in terms of how we approach providing help and assistance to our towns.

And I just want to make this Chamber fully aware. You know what it all means. You know what it all means because invariably, we're going to deal with all this later on, somewhere down the line.

Because if we're concerned about creation of jobs, we have got to be talking about the quality of education that's involved here, and who can best provide that quality of education that any job that's created, we will have the personnel to fill.

If we're not about the business of addressing that issue itself, then this begins to ring hollow, because in order for those in greatest need of the jobs, depending upon where it is they are, and we usually use a standard of employment figures as they exist, and those who may not, necessarily, be on the unemployment list because their benefits have run out, and now, we're talking about a transportation issue from here to there, based upon where that shift has taken place.

And I venture to say that we all should certainly be considering all the elements involved in this

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fundamental shift that we are making here. Am I going to deny the opportunity for a business, and it's blasphemous for me to say?

Am I going to deny the opportunity for a business to be able to get a benefit from this state, that they can create a job or some jobs? This doesn't necessarily talk about where those jobs ought to be created.

And am I advocating that we should know exactly where they're going to be created? No, but I assume they're all going to be created here in the state, this state.

Is that going to take place where the greatest needs are? Well, your guess is just as good as mine on that.

But my concern is greatest here, is on that fundamental shift that is taking place here, and any concern that you may have about the fundamental shift that's taking place warrants our taking a look at all those things that we have promised to do in the past.

What commitments do we make to them in the future? Do we make a commitment to the private pilot? Do we make a commitment to the state pilot? Do we

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make a commitment to the Pequot Fund? Do we make a
commitment with the Private Tax Relief Fund? Do we
make a commitment to any of it? Do we?

And I venture to say, if you make a commitment to
this, you have a responsibility to make a commitment
to all the other things that are there, so that that
fundamental shift doesn't have an adverse impact upon
those people that we obviously are all concerned
about.

So I would just bring to the members of the
church in here, that's what I think is taking place.
Am I going to deny this opportunity? No. I won't
deny this opportunity.

Is it something we should be mindful of? Yes.
Am I going to draw this attention to everybody in this
Chamber? Every chance I get because I think we cannot
afford to ignore the well-being of those who may not
be in a position to reap the benefit of what we choose
to do here today. Thank you.

SPEAKER AMANN:

Representative Johnston.

REP. JOHNSTON: (51st)

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Thank you, Mr. Speaker. Mr. Speaker, through you, I wanted to just sort of respond to one of the concerns that Representative Dyson brought out, and tell my good friend that I think if he looked at it on the opposite flipside, I think this Bill can be incredibly helpful to our cities.

And I know when he looks at the list of municipalities that are getting the pilot money now, for the MME grant, he sees a lot of the municipalities that aren't typically the five or six biggest, poorest cities in the State of Connecticut, and those are typically the cities that get the greatest pilot aid, and therefore, tax relief aid in their towns.

But those cities also typically have the highest tax rate in the State of Connecticut. And for a manufacturing concern to locate or to say in that municipality and pay those tax rates, versus moving their plant or opening their plant outside of that municipality, in one of those surrounding communities where oftentimes the tax rate is 45% and 50% less.

That's where they're going to move those jobs, and that's where they're going to move the equipment. So I would look at this, over time, I think can be a

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very great economic tool to bringing jobs back to our cities, to bringing manufacturing back to the cities.

And as that happens, those cities will get 100% of that tax revenue. And if that happens, I would claim that those cities are getting a double bang for their dollar because they're getting the jobs back, and they're getting 100% of tax revenue based upon an incredibly higher tax than we see in the suburbs and the communities that surround them.

So I understand his concern. I come to a very different conclusion, and I think, over time, this would be very helpful for our inner cities, and for shifting some of the wealth around the state, and for creating jobs in those areas, and I thank you for this opportunity to bring those comments on the floor, Mr. Speaker.

SPEAKER AMANN:

Thank you, Sir. Care to remark further? Care to remark further? Representative Ward.

REP. WARD: (86th)

Thank you, Mr. Speaker. Mr. Speaker, I do rise to support the Bill before us today, and I think it is a good Bill.

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I won't go through each section, but I will say, I think we're taking a step in the right direction, if we fund it, by providing additional assistance to the University of Connecticut as a research university.

Certainly one of my goals is to have the University of Connecticut recognized nationally as a top university. We've taken great strides in that area, adding an entrepreneurship program. And adding an encouragement to hire additional eminent faculty is absolutely a step in the right direction.

I do note, in the budget that's been floating around, there doesn't appear to be any money to do that, but it calls for a matching grant, to match private sector, but we haven't put the money in place.

I hope we can find a way to do that, and I would remind this General Assembly that we have not funded the previously promised matching grant for the past year or two, and that does not appear to be being addressed.

So it's a step in the right direction, but we need to commit the resources to it later this year for it to work. The issues with regard to venture capital and micro-business are a good start and a good

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experiment, to see if that will help us compete with other states.

With regard to the film industry, I think the right decision was made to leave it within the Department of Culture and Tourism. I think they're the right place to attract it.

Mr. Speaker, I agree with you, that we should be competitive with our neighboring states because we have some natural things that the film industry is interested in, here in the State of Connecticut.

Just the beauty of the state for one, the unique communities where they can film for another, but we might deny them the opportunity because naturally, they will want to do business in a place that is competitive.

I believe this Bill makes us competitive for the film industry and will be a plus for the State of Connecticut.

As for the manufacturing tax credit, as I said earlier, I believe everyone recognizes that that is an unusual factor that makes us not competitive with even other high cost of doing business states in New England and in the Northeast.

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And at a bare minimum this Session, that should be dealt with. It's not as bold as I would like. It moves a bit too slow, and there is too much opportunity to walk away from the commitment today.

But I, for one, hope that the next General Assembly and the one after that does not walk away from that commitment, and I agree with Representative Johnston, that I think there's an opportunity for all communities to benefit.

There is a reason manufacturers don't move to Connecticut or expand in Connecticut, and those that do come here, there is no doubt that they will look for places to pay the least property tax on that manufacturing equipment.

And that does hurt communities with relatively high tax effective tax rates, so this will make that a level playing field across the state. Wherever a business thinks it should be, it will not say well, how much tax will I pay on my manufacturing equipment? That will be out of the realm of things they consider.

There will be a lot of other things that they will consider, and I will also say the state needs to do more in that area. Our energy costs remain high,

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and I think, all too often, an anti-entrepreneur,
anti-job creator bias in this General Assembly.

All too often, we consider bills that don't help.
I am pleased that we have a bill before us that does
help. And I urge the Members to support the Bill
today.

And I'm confident that it will be nearly
unanimous, and that we can get this to the Governor's
desk, and move forward to improve job opportunities in
the State of Connecticut because indeed, that is what
this Bill is about.

And all of the other issues that we've talked
about, probably the two most important and
respectfully, Mr. Speaker, I'll say transportation is
a third, but if we don't find a way to create jobs in
Connecticut, our young people will want to move from
our households to another jurisdiction to find that
job.

We'll be fighting about providing social services
with increasingly tight dollars because without a
thriving economy, there is nobody to tax for anything.

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And we also need to address housing that our young people can purchase, if we're encouraging them to stay here and raise families here.

So I think the three biggest challenges for the future of Connecticut, and I'd say the two biggest are the creation of jobs and affordable housing for people to live in.

And at least today, we are addressing making us a bit more competitive, not just in a global economy, but even in the Northeast. We're not competitive in the Northeast. This takes a step in the right direction.

I urge the Members to support the Bill, but remember the job is hardly done with this Bill. There's a great more to do. Thank you, Mr. Speaker.

SPEAKER AMANN:

Care to remark further? If not, staff and guests please come to the Well of the House. Members please take your seats, and 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.

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SPEAKER AMANN:

Have all the Members voted? Have all the Members voted? If all the Members have voted, please check the board and make sure your vote has been properly cast.

If all the Members have voted, the machine will be locked, and the Clerk will take a tally. Clerk, please announce the tally.

CLERK:

Senate Bill Number 702, as amended by Senate Amendment Schedules "A" and "B", in concurrence with the Senate.

Total Number Voting	145
Necessary for Passage	73
Those voting Yea	145
Those voting Nay	0
Those absent and not voting	6

SPEAKER AMANN:

Bill passes as amended. Representative Donovan.

REP. DONOVAN: (84th)

Thank you, Mr. Speaker. Mr. Speaker, I move we immediately transmit this Bill to the Governor for her action.

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SPEAKER AMANN:

Is there objection to transmittal? Is there
objection to transmittal? Being none, so ordered,
Sir.

DEPUTY SPEAKER ALTOBELLO:

Would the Clerk please call Calendar Number 320.

CLERK:

On Page 19, Calendar Number 320, Substitute for
House Bill Number 5819, AN ACT CONCERNING CRIME
VICTIMS, Favorable Report of the Committee on
Legislative Management.

DEPUTY SPEAKER ALTOBELLO:

Representative Lawlor of the 99th, you have the
floor, Sir.

REP. LAWLOR: (99th)

Thank you, Mr. Speaker. Good afternoon.

DEPUTY SPEAKER ALTOBELLO:

Good afternoon, Sir.

REP. LAWLOR: (99th)

I move acceptance of the Joint Committee's
Favorable Report and passage of the Bill.

DEPUTY SPEAKER ALTOBELLO: