

Act Number: 09-202 Vetoed

Bill Number: 1033

Senate Pages: 5600-5660 **61**

House Pages: 10331-10337 **7**

Committee: Planning and Development: **44**
1061-1064, 1074-1088, 1090-
1091, 1096-1098, 1117-1125,
1127-1137

Page Total: **112**

S - 593

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

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mhr
SENATE

196
June 2, 2009

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is passage on Senate Bill 891, as amended:

Total Number Voting	35
Those voting Yea	35
Those voting Nay	0
Those absent and not voting	1

THE CHAIR:

The bill, as amendment by Senate A, B passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I would move for immediate transmittal to the House of Representatives of Senate Bill 891.

THE CHAIR:

. Seeing no objection, so ordered, sir.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calendar Page 28, Calendar Number 337, File Number 409 and 986, substitute for Senate Bill 1033,
AN ACT ESTABLISHING A TAX CREDIT FOR GREEN BUILDINGS,

mhr
SENATE

197
June 2, 2009

favorable report of the Committees on Planning and Development, Finance, Revenue and Bonding, and Appropriations.

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Thank you, very much, Mr. President.

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

THE CHAIR:

Acting on acceptance and approval, sir, would you like to remark further?

SENATOR COLEMAN:

Yes, please. Thank you, Mr. President.

THE CHAIR:

Please proceed, sir.

SENATOR COLEMAN:

Mr. President, there is a green movement that's trending, if not throughout the world, certainly through the country. And the objective of this green movement as it relates to the construction of buildings is to save water, manage waste, conserve energy, improve air quality, and recycle materials. There are a number of benefits that are thought to actually occur as a result of the green-building

approach, including lowered cost and reduction of maintenance, a provision of healthy, comfortable, living space, and other benefits to the environment.

So, Mr. President, before us is Senate Bill 1033, which seeks to establish a tax credit program for taxpayers who build -- who construct green buildings which meet or exceed the LEED's Green Buildings standards' gold certification. LEEDs is an acronym that some in the circle may be familiar with; it's Leadership in Energy and Environmental Design. But the bill -- this would be significant in the establishment of the tax credit program.

The credit for all projects would be limited to \$25 million but would not be available; taxpayers would not be able to claim the credits until the year 2012, precisely January 1, 2012. A project would be eligible for a credit if it meets or exceeds the gold certification of the LEED's Green Building Rating System, and there is a base credit that projects would be entitled to for new construction or for major renovation. If it meets -- if a project meets gold certification and it is platin -- platinum certification, it would be entitled to a credit of 10.5 percent of allowable cost. If a new construction meets gold certification, it'd be entitled to

8 percent of allowable cost.

There would also be consideration for the renovation of commercial interiors or the core and shell renovation meeting gold standards. Such a project would be entitled to 5 percent of allowable cost. And meeting platinum standards would be entitled to 7 percent of allowable cost.

Additionally, there are supplemental credits, depending upon the character of the project. If it is, for example, a misuse -- mixed-use project or a project that is located in an enterprise zone or a brown field or near transportation systems, near already existing sewers, then the project would be entitled to one-half-of-one-percent additional credit.

In any one tax year, a taxpayer would be entitled to claim 25 percent of the total credit and would be entitled to carry forward the remainder of the allowable credit, for up to five years.

The bill also provides that OPM and DRS are to adopt regulations by January 1, 2011, and OPM and DRS are required to report to the Planning and Development Committee and Finance Committees of the Legislature as well as to the Governor.

Finally, OPM would be entitled to impose an application of up to \$10,000 to cover administrative

mhr
SENATE

200
June 2, 2009

expenses, and OPM would be hire -- would be entitled to hire a consultant in order to administer the program.

This is a bill, Mr. President, that is very consistent with the green trend that is sweeping the country. There are many other states, 50 (inaudible) to be exact, where green building projects have been enacted. The provision of a tax credit would encourage developers to build green, and I think that would be a good thing for the State of Connecticut, Mr. President. I urge passage of the bill.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate Bill 1033?

Senator Fasano.

SENAOT FASANO:

Thank you, Mr. President. Mr. President, I rise in support of the over -- underlying bill here, Mr. President. As I said before, many times in this circle, if you want to encourage something, you give it a tax credit, and you want to discourage something, you tax it. Creating a green policy for building and construction and looking at it from all aspects is extremely important to, as Senator Coleman said, not only the State of Connecticut but to this nation and

mhr
SENATE

201
June 2, 2009

even globally.

Mr. President, what this bill does is commit the State of Connecticut in that direction. We have established the fact that we need to get tax credits for green buildings if we want people to be encouraged to construct these green buildings. They are going to be more costly than the normal construction; no doubt about it. No doubt about it. Not only the material is more costly, the compliance aspect is more costly; code compliant aspect is more costly. So when you ask somebody, we'd like you to do this, build Building A or Building B, and one is going to cost you more, you have to give them additional incentive to build that which will cost more.

Mr. President, it is my hope that a tax credit for green building will, in fact, encourage those to spend the little bit more because they're going to get that return by a dollar-for-dollar tax credit. And that's why we have tax credits not only in our federal code but in our State code, for the sole purpose of getting something accomplished for which we get a dollar-for-dollar back. And that's a savings at the end of the day. Mr. President, that would be the financial aspect of what this bill does.

The other aspect must be environmental. That

mhr
SENATE

202
June 2, 2009

aspect deals with how having green buildings and doing a job with green materials and a total analysis of the structure, in terms of energy efficiency and green products, is good for the environment and it is good for generations to come. Mr. President, that is, once again, a second reason why we should pass this bill.

Mr. President, I look forward to going forward with this bill, and I hope the circle joins Senator Coleman and myself in approving this piece of legislation. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate Bill 1033?

Will you remark further? Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President. I think it's a very noble effort, and I would take my hat off to Senator Coleman for all the work that he's done on this, as well.

As is always the case, it seems, in state government, there are always a list of questions and concerns that go along with all of these. I will, in all likelihood, be voting in favor of this, however, I do have some questions for Senator Coleman, if he's ready to answer those questions.

mhr
SENATE

203
June 2, 2009

THE CHAIR:

Senator Coleman.

SENATOR FRANTZ:

Thank you. Through you, Mr. President, I believe it's very important that every tax credit that we have has a demonstrable payback over a reasonable period of time, hopefully a shorter period of time. And I was hoping that with all of the work that you've put into this, that you can give us all a great deal of confidence that the tax credits will not only be repaid but will hopefully spurn additional development and other forms of payback to the State of Connecticut.

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Well, as indicated in my -- through you, Mr. President -- in my opening remarks, the program will not launch until the year 2012, and it has to be funded to the extent of \$25 million. There's no immediate cost to the program, but hopefully by 2012, our fiscal situation will be much improved. And I would, I suppose, add that there are a number of potential cost benefits that would be available if we adopted a green building policy in the State of

mhr
SENATE

204
June 2, 2009

Connecticut.

As Senator Fasano mentioned in his remarks, the initial cost would probably be more expensive, if we're going to construct green buildings. But over the life of the buildings that are built in accordance with the green building standards and policy, a number of savings could be easily measured in terms of energy conservation and efficiency, saving water.

There are some other costs that might not be so easily measurable, and those would have to do with as we incorporate the considerations of air quality and health considerations in the construction of, say, an office building. The productivity in the health of the employees of such buildings would hopefully be a potential benefit of the green-building approach.

Those are some things, I guess that I would cite, through the good Senator, that I can think of, off the top of my head, that might be benefits and costs, worthwhile costs and benefits that would be derived from those worthwhile costs. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. And to the great Senator, I

mhr
SENATE

205
June 2, 2009

appreciate the enthusiasm that you have for this concept and the amount of work that you've put into it. And I think it's a good thing that it's not being implemented till 2012, because it guarantees a much more impactful program.

We all know that construction starts and construction projects, rehabs, have come almost to a standstill here, and we know that our economy will recover; I share your optimism there. And at that point, I think it's very important that this suggested program, through the bill, is well known and that it's marketed and that people, when they do start to -- and corporations -- when they do start to build will fully incorporate the concept of green buildings and the principles that LEED promotes.

The -- another question for you, Senator. We've seen various other standards in industry, such as the UL classification that electrical appliances and other products that have electricity running through them are subject to. You have to come up to a certain set of standards in order -- usually in terms of safety, as opposed to anything else -- in order to achieve that UL certification. The knowledge that I have about that program is that it was well intended when it first started -- I think that goes back 50 or

mhr
SENATE

206
June 2, 2009

60 years -- it was well intended and well carried out for a good many decades, but then it sort of became a little bit of a joke in the industry.

And I'm just -- I'm concerned that that might happen, especially if there's less of an emphasis in the future on building green buildings in the future or can you give us some assurance in the circle today that, in fact, the LEED organization is one that's substantial, will, in fact, be here in another 10 and 20 and 30 years? Through you, Mr. President.

SENATOR COLEMAN:

Mr. President, I'm going to --

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

I'm going to ask Senator Frantz, through you, if he could just repeat the pertinent part of the question he's posing.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you. Didn't mean to be so long-winded today; however, the simple question is this: Is can you give us some assurance that the standards that LEED set forth, as well as the institution, itself --

mhr
SENATE

207
June 2, 2009

I assume it's a conglomerate of some sort of professional agencies -- has the strength and the staying power to be here in another 10 and 20 years?

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Through you, Mr. President, to Senator Frantz, I think it's a very good question, and I'm glad it's asked because it gives me the chance to explain that the way that the bill is written, LEED's is the standard. But it doesn't preclude the use and the application of other rating systems. Just within the last two weeks I've learned of two different rating systems, Green Globes, being one and the American Green Building standards, being another.

But just in terms of the credibility of the LEED standard and hopefully the staying power and longevity of LEEDs as a rating system, I think the members of the circle, including Senator Frantz, Mr. President, should know that LEED's is an internationally recognized standard. It is a standard that is continually upgraded. There are about 10,000 broad-based organizations that participate in the development of the characteristics that are used in order to rate a building and to determine whether it's

mhr
SENATE

208
June 2, 2009

green or whether it meets one of the certifications of LEED's. Therefore, the first certification is LEED's certified; the second is LEED's silver; the third, LEED's gold; and the highest certification is LEED's platinum.

LEEDs is probably the oldest rating system; it's been around since 1994. As I indicated, it's being continually updated. It is evolving. There are more and more states that are adopting LEEDs as a rating measurement, and there are about 30 countries, as well, that are using the LEED's Rating System. Hopefully, that's some evidence and indication of the potential longevity of LEEDs as a rating system. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President. That's an outstanding answer. I learned a lot in that answer, not knowing very much about this particular area. And I certainly do appreciate, on behalf of everybody sitting around the circle today, that articulate answer as it relates especially to the longevity, potential longevity of the group.

Another question for you, Senator, if we look at

this in its entirety, are we looking at a program that not only encourages energy savings but also encourages the use of material that's -- gets recycled, material that's more friendly to the environment? And, in fact, if it is a material-based thing, in part, it is something that we can have a high level of confidences in as not just something that's going to make us feel good, it is, in fact, going to have a powerful effect on cleaning up the environment by not producing unnecessary and undesirable byproducts, and so on?

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Through you, Mr. President, again, I'm having a little bit of difficulty hearing Senator Frantz, and my answer to what I think he asked is yes. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Yeah. So we can safely assume that it's not just a -- with respect to the material end of it, I think we all appreciate and fully understand the energy savings' aspect of the program and what it encourages, but with respect to the material, it's not just a

mhr
SENATE

210
June 2, 2009

feel-good program. And you answered the question by saying yes, and I appreciate that.

The last question I have for you, Senator, through you, Mr. President, is approximately how much additional cost could a person engaging in a new project expect to meet? Let's take the platinum level that you've been referring to, the highest level that LEED offers. How much extra does it cost, and barring any tax credits that might be available to them, just as a matter of curiosity?

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Through you, Mr. President, I think that's another very good question that the Senator poses. Unfortunately, I don't think that I would be able to accurately respond to that question. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Okay. Thank you, very much. And a little bit tongue in cheek but let me ask the question anyway, Senator. How do you think this building that we're in here today stacks up in terms of those three or four

mhr
SENATE

211
June 2, 2009

categories' levels?

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Through you, Mr. President, again, I think I'm expert in a lot of things; rating this building or any other building for its green characteristics is not one of those things. Through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Fair enough. Thank you. I think we all have our own ideas of how we stack up here, and hopefully at some point we could address all of those problems. I know that legislation, proposed legislation has been in front of us before and I know it has been addressed in the past. And we'll hopefully get serious about that around here, as well.

I would like to just thank the Senator for putting all the work that he has put into this and for educating some of us, and certainly me, today, in the circle about the benefits of the LEED's certification process.

I've been very loosely associated with a school project back in the district where they aspire to

mhr
SENATE

212
June 2, 2009

achieve the highest level of LEED certification, the platinum level, and I know that they're right now going through the motions of trying to achieve that status. And if we can deliver to them through your legislation, proposed legislation today, a benefit of tax credits, I think that's something that would be greatly, greatly appreciated. And I'm sure that's universally true, throughout the entire State of Connecticut for anybody's who is engaged in a project currently or is about to become engaged. And I want to, again, thank you, Senator for that. Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate Bill 1033?

Will you remark further on Senate Bill 1033?

Senator Fasano, for the second time.

SENATOR FASANO:

Thank you, Mr. President; yes, for the second time.

Mr. President, I spoke in favor of the bill, but I did want to talk about the LEED's issue, Mr. President. As Senator Coleman indicated, there are several levels for green building design, and with that comes a point system which determines whether or

not a building reaches that improvement level such that it could be credited as a green building.

Mr. President, there are several different rating systems, but around this building, there are probably two that are most recognized, not to slight any particular rating system. But two; one is LEED's and the other one is Green Globes'.

Mr. President, basically, when you compare LEED and Green Globes, you found -- you find a number of similarities. Now, let's remember what the purpose is. The purpose is, Mr. President, is we want to make the building efficient, green, efficient, green energy efficiency. And the way you measure that are a number of different ways in which you could measure it. And everybody takes or agencies take a different approach, and with a point system, there's different points given to different categories.

So when you compare the system of LEED's with Green Globes', you end up with similarities in the way that these two systems evolved from the research that established environment assessment programs and methods; they both evolved out of that common route, but yet they're different. Some may argue that LEED is a little more complex, a little more time consuming, and therefore not as user friendly. And

mhr
SENATE

214
June 2, 2009

others may argue that Green Globes' is user friendly but maybe in some areas doesn't go far enough.

Mr. President, when you compare in a comparison chart LEED's to Green Globes', you'll see that they rate different factors differently. Renewable energy has more weight on Green Globes, for instance, than LEED. But forest certification has more -- you have to use reusable forest for LEED's. And with Green Globes', you do not, so there are differences. Clearly both try to reach the end result; it's just they go down different paths.

Mr. President, in the bill before us, we talk about using LEED's or another standard which is like LEED's. Now the problem with that, Mr. President, is the equivalent standard to LEED's, if you did it category by category, you may not find an equivalent standard to LEED's, if that's the interpretation of that language.

However, Mr. President, I think when we mean equivalent, we think of it as the end result of what the policy that the bill is trying to achieve. So, once again, side by side, two methods of analyzing the green capability of the building may be different, but it doesn't mean that they're not equivalent in standards with respect to the end result.

mhr
SENATE

215
June 2, 2009

So, Mr. President, with that, I would ask the Clerk to call LCO 9197 and be granted permission to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, the Clerk is in possession of LCO 9197, offered by Senator Fasano.

Senate Schedule A

THE CHAIR:

There is a motion on the floor for summarization by the Senator. Seeing no objection, please proceed, sir.

SENATOR FASANO:

Mr. President, I'd move the amendment.

THE CHAIR:

There is a motion on the floor to move adoption of an amendment. Without objection, please proceed.

SENATOR FASANO:

Thank you, Mr. President. Mr. President, basically this is identical to Senator Coleman's bill with the exception that we -- the amendment says that you could use the standards set by LEED, Green Globes Rating System, or National Green Building Standard or any other comparable system. Mr. President, that language is not all that foreign. Currently in our

mhr
SENATE

216
June 2, 2009

Connecticut General Statutes, under Section 16a-38k, building construction standards for new construction of certain State facilities, we list Green Globes as a standard or the equivalent of that standard to use.

So here, the underlying bill we have LEED's but yet when we talk about certain State facilities, we have Green Globes. And the purpose of the amendment, Mr. President, is to make it abundantly clear that when we talk about LEEDs or equivalent, we're not talking about line-by-line equivalency, we're talking the end of the game, what-we're-trying-to-achieve equivalency.

As the law is written now, if we read it very narrowly and tailored, there's only one agency which could do all this approving, LEED; nobody else. And I always think it's kind of dangerous when you say you can only go to one person. So, with this, we opened the different avenues for people to get a rating system from. It's already been used -- at least Green Globes has -- recognized by the State of Connecticut as an acceptable standard.

So, therefore, Mr. President, I think this amendment serves the purpose that Senator Coleman has so eloquently stated in this chamber but just allows a little more flexibility. Thank you, Mr. President.

mhr
SENATE

217
June 2, 2009

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Thank you, Mr. President. Mr. President, now would probably not be the appropriate time for me to tell you and the rest of this chamber how much I enjoy working with Senator Fasano, and it's true. But it pains me to have to get up and to indicate my opposition to the amendment that he's proposing. And I understand what he's trying to accomplish.

Were we not here on Tuesday, June 2nd, I might be more amenable to the amendment that he's proposing, but the fact of the matter is I think there's some distinctions that need to be made between the LEED's Rating System and the Green Globes' System, and this is the basis of my opposition today.

As I indicated earlier, I think in connection with some responses to Senator Frantz's questions, I just learned of Green Globes' as a rating system within the last two weeks. I've known about LEED's or have gotten some information about LEED's, probably at the beginning of this legislative session, so my knowledge about either is not considerably in-depth, but I do know that LEED's is a government-sponsored organization and Green Globes is an industry sponsored

mhr
SENATE

218
June 2, 2009

rating system.

As well, Green Globes is a web-based rating system, and I'm not certain whether or not there is an independent certification in connection with the Green Globes Rating System. I know that there is an independent, third-party certification required under the LEED's Rating System.

Now, I said I don't know all that I probably should know about Green Globes, and so it's not my purpose in opposing Senator Fasano's amendment to disparage Green Globes or the National Green Building Standard Rating System but just rather to point out that someone other than either Senator Fasano or Senator Coleman should probably make the determination concerning whether or not Green Globes is an appropriate rating system to use in connection with hopefully our journey, the first step in our journey toward a green buildings' policy.

And as I indicated in earlier remarks, the bill is set up so that the Commissioner of the Department of Environmental Protection can make a determination concerning whether LEED's should be an exclusive rating system or whether other systems that are equivalent to the LEED's Rating System can be utilized for purposes of determining whether or not a builder

mhr
SENATE

219
June 2, 2009

or a project is entitled to the tax credit.

So at least for today, Mr. President, I'm going to ask my colleagues to oppose the amendment that's being offered by my good friend, Senator Fasano.

Thank you, Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate A?

Senator Fasano --

SENATOR COLEMAN:

Mr. President?

THE CHAIR:

-- for the -- yes, sir.

SENATOR COLEMAN:

May I also ask for a roll call vote?

THE CHAIR:

A roll call vote will be ordered, sir.

Will you remark further on A? Senator Fasano, for the second time.

SENATOR FASANO:

Thank you, Mr. President. Mr. President, maybe through some sort of questioning of Senator Coleman with respect to the legislative intent of the LEED System language or the -- or other systems determined by DEP to be equivalent, through some conversation

mhr
SENATE

220
June 2, 2009

with that, we can achieve the end result. So, through you, Mr. President, to Senator Coleman, the question I would have is: Senator Coleman, it's my understanding that language is put in there to put a standard in, however, it is to encourage DEP to look at other standards which would have the equivalency of the policy and the point, if you would, of this legislation; that is to create a standard for which DEP would sign off that would have a green building initiative. Is that correct, through you, Mr. President?

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Thank you, Mr. President. And through you to Senator Fasano, that's exactly correct. The language has been inserted into the bill in order to make it clear that LEED's should not be the exclusive standard but the determination of the Commissioner of Environmental Protection should come into play. And if, according to the Commissioner's opinion, which I think is more expert than mine, she determines that Green Globes or American Green Building Standards are equivalent to LEED's for purposes of this tax credit program, then those standards can also be utilized.

mhr
SENATE

221
June 2, 2009

Through you, Mr. President.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

And thank you, Mr. President. With respect to the word "equivalent," there are many meanings to the word equivalent; i.e., one could say they have to mirror in every aspect the LEED Standards, in other words, the same point system for each category, the same manner in which to derive that point system.

The question I would have for Senator Coleman is: Is it the intention that when we say equivalent, we're talking about the end product being when the DEP looks at the testing used or the rating system used by something other than LEED's that it achieves the purpose of the legislation? Through you, Mr. President.

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Through you, Mr. President, we are certainly not talking about competing rating systems having to be exactly the same in every respect. I think the important consideration is whether or not the rating system brings with it some certain degree of

mhr
SENATE

222
June 2, 2009

credibility, and if that is the case and the determination of the Commissioner, then it would be my opinion and my intent that such a rating system should not be excluded from being utilized for purposes of this tax credit program. Through you, Mr. President.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President. And one last question, through you, Mr. President. It's -- would it be a fair statement that if this bill does make its way to become law, that it would be the hope that DEP would look quickly into determining which systems other than LEED would be appropriate rating systems for which other people can call upon to achieve the purpose and intent of this legislation? Through you, Mr. President.

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Mr. President, I hate to do this to Senator Fasano. There's an echo or something which is --

A VOICE:

Yeah.

mhr
SENATE

223
June 2, 2009

SENATOR COLEMAN:

-- causing me not to be able to hear exactly what's coming from the other side of the room, so I'm going to have to ask, through you, Mr. President, if the good Senator could repeat the question.

THE CHAIR:

Senator Fasano; could you please repeat that question?

SENATOR FASANO:

Thank you, Mr. President. Mr. -- I had to remember exactly how it went. It is my understanding -- would it be a fair statement to say is our hopes that if this bill does become law, that DEP embark upon a journey to quickly determine what other methods would be acceptable, other than LEED's, to determine -- to fulfill the purpose and intent of this legislation such that there'd be a few choices left for people to choose from to create a green building?

SENATOR COLEMAN:

Through you, Mr. President, that would be a fair statement. As I stated, and I will reiterate, the purpose of this bill is not to establish LEED's as an exclusive rating system for the purposes of this tax credit program. Through you, Mr. President.

THE CHAIR:

mhr
SENATE

224
June 2, 2009

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President. I thank
Senator Coleman for his answers.

Mr. President, I appreciate the sort of
legislative history that we sort of put out or
legislative intent, I should say, that we put out with
respect to this bill, and also with the lack of the
glowing recommendation of Senator Coleman, I will
withdraw the amendment, Mr. President and indicate
that I look forward to working with Senator Coleman in
ensuring that we do get another standard, other than
LEED's.

And I know that, should there be not a lot of
progress made in that area, I'm sure Senator Coleman
and I, who have worked together on P&D for quite a few
years and worked out many problems, can sit together
and see if we can encourage DEP to move along. Thank
you, Mr. President.

THE CHAIR:

So, Senator Fasano, you are withdrawing the
amendment?

SENATOR FASANO:

Yes, sir.

THE CHAIR:

mhr
SENATE

225
June 2, 2009

There is a motion on the floor to withdraw Senate Amendment A. Without objection, so ordered.

Will you remark further on Senate Bill 1033?
Will you remark further on Senate Bill 1033? Coming out from right field is Senator Debicella. Is that the bullpen, sir? Okay.

SENATOR DEBICELLA:

I'm warmed up, Mr. President.

THE CHAIR:

All righty. Come on; go, boy.
Senator Debicella, please proceed.

SENATOR DEBICELLA:

Thank you, Mr. President. Mr. President, the Clerk is in possession of an amendment, LCO 7797, and I ask he call that and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Mr. President, the Clerk is in possession of LCO Number 7797, which shall be designated as Senate Amendment B.

THE CHAIR:

There is a motion on the floor by the Senator for summarization. Seeing no objection, please proceed, sir.

mhr
SENATE

226
June 2, 2009

SENATOR DEBICELLA:

Thank you, Mr. President. Mr. President, as we are talk --

THE CHAIR:

Senator Debicella, do you move adoption, sir?

SENATOR DEBICELLA:

Thank you, Mr. President; I do move adoption.

THE CHAIR:

There's a motion on the floor for adoption.

Seeing no objection, please proceed, sir.

SENATOR DEBICELLA:

Thank you, Mr. President. Mr. President, as we are talking about tax credits for green buildings, I believe there is an issue that we actually haven't talked a lot about in this chamber but people are talking about constantly on the street, and that's the economy and how we can actually try to incent job creation in the midst of this recession. And tax credits, I think, are a fantastic way for us to try to incent behavior, in case of the underlying bill, to try to incent green buildings.

For us, I believe we have a greater imperative to try to get Connecticut's economy going. The amendment that I've produced here is an expansion of the Jobs Creation Tax Credit. And, Mr. President, I was very

mhr
SENATE

227
June 2, 2009

proud to work with Senator LeBeau and with Governor Rell, in 2007, to expand the Jobs Creation Tax Credit to its current state where now companies who are organized as C Corps, which tend to be our larger companies, can get a tax credit if they create ten or more jobs a year and apply to DECD.

Now, Mr. President, we tonight have an opportunity to expand that and to expand it in a cost-neutral way that will incent job creation as we hopefully come out of this recession. We need to do everything possible to make sure that our tax code is friendly to the small businesses that actually drive economic growth and will get us out of this recession. Ninety percent of all jobs created in the last economic cycle were created by small businesses, and this bill is meant to help -- help them.

What the bill does, specifically, is it expands the Job Creation Tax Credit, and it expands it in three ways. First, all companies would now be able to benefit from it, not just the C Corporations, which are the GEs and the UTCs of the world, but S Corporations, Partnerships, sole proprietorships, LLCs, small businesses who are doing the majority of job creation. Secondly, Mr. President, the amendment reduces the threshold to one job. Any job created by

any company would qualify for this credit. And, third, Mr. President, it makes it an automatic deduction, so no longer would businesses need to apply to DECD to get the credit but would rather be able to automatically deduct it.

And think about the power of this as we try to create jobs, coming out the recession. Any business in Connecticut that creates any job will get a tax credit of \$1500 automatically under this bill. That is an immense incentive for the small business that is saying, jeez, I wonder if I'm going to hire two or three people next year. Well guess what? If this can sway them towards hiring three rather than two, it is being successful.

Now, Mr. President, the obvious concern, whenever you have a bill like this that has tax credits, is what's the cost and what's the impact to the State budget? Well, Mr. President, the good news is the fiscal note on this shows that it is indeterminate, and why it says that is because the effect of this depends on what actually happens in the economy.

So obviously the first thing to consider is whether any credits are given out or not, because if there are no jobs created, there's no cost to the bill. If there are no jobs created, then if we

mhr
SENATE

229
June 2, 2009

continue to lose jobs in this recession, there will be no cost.

But if jobs are created, every job created and every tax credit given out will pay for itself and then some. The numbers behind that are in the first year you would give out a tax credit equal to \$1500, so it's a loss to the State for every net new job created of \$1500. But then in the second year, if that job is still there and that person is working, they are going to be paying Income Tax. They are going to be paying Sales Tax. They are going to be paying taxes that otherwise would not be paid.

So in the average job in Connecticut, Mr. President, which is about \$50,000 a year, the Income Tax from that alone is \$1500. So although there would be a loss in FY 10, there would be a gain in FY 11, making the biennium impact of this neutral.

So, Mr. President, I stand today, and I hope my colleagues from both sides of the aisle will join me in doing this, as we did in 2007, to expand the Jobs Creation Tax Credit to try to help small businesses create jobs here in Connecticut. It's something we haven't talked about enough this year, and now in the waning hours of the session, we have a real opportunity to start to address the recession that's

mhr
SENATE

230
June 2, 2009

facing all people in Connecticut by trying to get job growth going.

And, Mr. President, I'd ask when the vote is taken that it be taken by a roll call vote.

THE CHAIR:

Thank you, sir. A roll call will be ordered.

Senator Coleman.

SENATOR COLEMAN:

Thank you, Mr. President. Mr. President, I rise in opposition to this amendment, not because it's not an idea worthy of consideration, and certainly it deserves some much deeper analysis than can be afforded it on today.

I like the idea of creating jobs and I like the idea of incenting the creation of jobs, which this amendment seeks to accomplish. The problem that I have for today with this amendment is that we're in the midst of the fiscal difficulties that we are experiencing, and as I read the bill, the credit can be claimed immediately.

And I'm looking at a fiscal note, which may be different than the fiscal note that Senator DeBicella was making reference to, but the fiscal note that I'm looking at says that there is a revenue loss that would be experienced. And I'm not sure, given our

mhr
SENATE

231
June 2, 2009

circumstances fiscally, that now, today or any time in the immediate future would be the right time in order to pursue such a program. It is an idea that's worthy of discussion. And not today, but at sometime hopefully in the near future, it's a proposal that I would be very interested in discussing. Thank you, Mr. President.

THE CHAIR:

Thank you, Sir.

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President. I rise in support of this amendment and I applaud Senator DeBicella's efforts in this regard.

I am pleased to see the part of this amendment that calls for immediate claims. And why that's so important, I believe, in this economy is that a normal job's tax credit is only granted after a period of time where the credit cures, if you will, and that is it takes time for the business organization to earn the tax credit. And in this case, this is a unique idea in a crippling economy that we're facing, is that it is a quick claim to the business to take advantage of the Job Creation Tax Credit.

And so, through you, Mr. President, to

mhr
SENATE

232
June 2, 2009

Senator DeBicella, I wonder if you have any clarification on how that will work and also what industries you feel will be most heavily affected by being granted these credits. Through you, Mr. President.

THE CHAIR:

Senator DeBicella.

SENATOR DEBICELLA:

Thank you, Mr. President. Through you to Senator McLachlan, and only to the second part first, I'm not sure which industries are going to benefit most from this. It will likely be those industries first to recover from the recession, because although the immediate claims -- and then to answer the first part of it -- although the immediate claims' aspect of this is attractive to both Senator Coleman's point and to Senator McLachlan's point, if you're not creating a net new job, there's nothing to be claimed. And so if we continue to lose jobs in Connecticut and companies are not creating jobs, then there is no fiscal cost to this at all. There is no fiscal impact; there's no credit to be claimed. Most likely as when it will start being claimed is if we have turned the bottom of the recession and companies have started to hire again.

mhr
SENATE

233
June 2, 2009

And there are industries that tend to be leading industries that lead us out of the recession, and so those would likely be the industries that would first take advantage of claiming the tax credit for their own. I don't claim to be an economist, so I'm not quite sure what industries those would be, but that would be my expectation. Through you, Mr. President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President, and through you, sir, as I understand the cost of doing business in Connecticut has a perception nationally as being one of the most expensive, and yet coming out of a recession a job tax credit that can provide an instant turnaround to the job creator may very well be an additional incentive. Are you aware of any other states that offer job tax credits that move this quickly, through you, Mr. President?

THE CHAIR:

Senator DeBicella.

SENATOR DEBICELLA:

Thank you, Mr. Credit -- Mr. Credit -- Mr. President. Thank you, Mr. President. The other states do, in fact, have Job Creation Tax Credits,

mhr
SENATE

234
June 2, 2009

although very few would go as far as this one does to say any job created by any company. This would actually, for once, put Connecticut at a competitive advantage relative to some of our competitors like South Carolina who are very aggressive about courting businesses and about giving them the tools that they need to create jobs.

And I think just in respect to the fiscal nature of this, you know, we've talked a little bit about the problems that the State faces financially -- Senator Coleman brought that up -- the last line of the fiscal note is actually the line that makes all the difference, which it says to the extent that such financial incentives result in economic development that otherwise would not have occurred, the revenue loss could be offset by additional tax revenue from the creation of new or expansion of existing business. So, Mr. President, when we're looking at this, not only to Senator McLachlan's point could this put Connecticut at a competitive advantage to creating jobs as we come out of the recession, but the fact that we're creating new jobs, we're also creating new taxpayers. And they, in the second year, the biennium, will pay for the credits that are given out in the first year of the biennium. So whereas, you

mhr
SENATE

235
June 2, 2009

know, there is a revenue loss in the first year, there's a revenue gain in the second year.

So, Mr. President, I think both from the fiscal aspect and to Senator McLachlan's point, from helping small businesses grow, I think this bill hits a home run on both accounts. Through you, Mr. President.

THE CHAIR:

Senator McLachlan.

SENATOR McLACHLAN:

Thank you, Mr. President. Thank you, Senator DeBicella for your leadership on this; it's greatly appreciated.

I -- to summarize -- I strongly support this amendment. I think that this is a great opportunity for very little cost to Connecticut taxpayers to assure that we have another tool in our tool box to pull out of the fiscal crisis and this recession here in the State of Connecticut. And one way to do that is to have this creative job tax credit, especially because there is a lower threshold for qualification which means that the small business owner, the small business in Connecticut is more likely to qualify for this. Every new job created is one less person on the unemployment rolls in Connecticut, and that's what we really should be talking about here at the State

mhr
SENATE

236
June 2, 2009

Capitol before this session expires.

Thank you for your support of this, fellow members of the circle.

THE CHAIR:

Thank you, sir. .

Will you remark further? Senator Kane.

SENATOR KANE:

Thank you, Mr. President. Through you, a few questions to the proponent of the amendment.

THE CHAIR:

Senator Debicella.

SENATOR KANE:

Thank you, Mr. President. Through you, Senator Debicella, I do remember this. You mention 2007, but is also -- is this also the proposal that was in the Commerce Committee a year ago, when you were ranking member of the Commerce Committee? Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. In fact, we did pass this through the Commerce Committee, and this year a very similar bill also passed out of the Commerce Committee; I believe it did not pass the Finance

mhr
SENATE

237
June 2, 2009

Committee. But Commerce did a very good job of putting together the proposal, having the public hearing, and leading us to the point where we are today of having the amendment.

And I wanted to thank both Senator LeBeau and Senator Frantz for their leadership on the committee in making sure that this idea moved forward. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. That was going to be my next question, but obviously you answered that, that it had bipartisan support within the Commerce Committee. I do remember that at well, being a member of that committee.

Currently the law is -- there is such a Job Creation Tax Credit where if you create ten new jobs. Is that correct, through you, Mr. President?

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. That's correct. If you create ten or more new jobs and you're a C Corporation, you can apply for the tax credit to the

mhr
SENATE

238
June 2, 2009

Department of Economic and Community Development.

Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. So, through you, this amendment would allow -- you know I -- everyone knows I'm a small business owner, myself, so I -- and I'm not a C Corporation, I'm an LLC -- so this would allow companies like myself and business, small businesses like that to take advantage of this as well. Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Through you, Mr. President, Senator Kane is exactly right is that this bill, through the changes it makes, specifically targets giving a credit that big business currently enjoys to small businesses which do tend to have the LLCs, S Corps or partnerships but also -- and I'm sure the fact that Senator Kane knows from his own experiences -- that it's very rare that a small business will create ten or more jobs in a year. Most businesses are creating one or two or three jobs in a year. But there are

mhr
SENATE

239
June 2, 2009

literally tens of thousands of those small businesses around Connecticut, so it adds up quite a bit for our economy. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. And, through you, for each new employee, this tax credit can be taken advantage of for five consecutive years; is that true? Is that -- if I'm reading that correctly, through you, Mr. President.

THE CHAIR:

Senator DeBicella.

SENATOR DEBICELLA:

Mr. President, it can be carried forward for five years, so in the event that a company does not have a tax liability in a given year, the company may then carry forward that credit to a year when it does have a tax liability, as long as that year is within the next five. So they don't get five years of \$1500, they get one year of \$1500 for the job created, but they can carry that \$1500 liability -- or deduction forward. Through you, Mr. President.

THE CHAIR:

Senator Kane.

mhr
SENATE

240
June 2, 2009

SENATOR KANE:

Thank you, Mr. President. You know, this is so appropriate right now, considering the economic climate we are in. Through you to Senator Debicella, do you have any idea or maybe some statistics, maybe some articles, what have you, of how many jobs we are losing in the State of Connecticut? Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Mr. President, through you, it has been a very, very difficult time for people in Connecticut. We are doing slightly better than nationwide. Our unemployment rate, according to the last statistic I saw, was as 7.9 percent whereas national unemployment is trending at 8.5 percent. The number of jobs, if I'm remembering correctly, that we have lost since the recession started numbers between 20,000 and 30,000. So it has been, for a state our size, a very significant number of job losses.

Our unemployment rate has jumped from a pre-recession 4 percent to almost double that today. So we are seeing job loss in Connecticut at a rate that I would say we have not seen since the 1991

mhr
SENATE

241
June 2, 2009

recession. It's much deeper than the recession earlier this decade, and quite honestly, we need to make sure that those are not permanent job losses but jobs that will come back as the overall national economy recovers. Through you, Mr. President.

SENATOR KANE:

And in --

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. And in your discussions when you had the public hearing in the Commerce Committee and I'm sure you talk to business regularly, like most of us do, they look forward to something like this. Create -- correct? I mean, they -- this can be seen, I think it was mentioned earlier, as a revenue loss but maybe as an investment that companies can put or expand their payrolls, expand their production because of something like this. Through you, Mr. President.

THE CHAIR:

Senator DeBicella.

SENATOR DEBICELLA:

Thank you, Mr. President. I think that's a great word that Senator Kane uses is it is an "investment."

mhr
SENATE

242
June 2, 2009

And like all investments, it pays back in spades because it not only pays back in the fact that we have a job for one of our citizens, but it pays back to our general fund as well because we not only create a job we create a taxpayer. And we create someone who is contributing to help us fix the deficit problem, someone who is contributing to help us maintain the programs that we have and hopefully avoid tax increases or additional spending cuts.

So I think that when Senator Kane mentions looking at this as an investment, in talking with our small business people, you know, we have -- I -- I've talked to a number of small business people who say, you know, South Carolina is knocking on my door and they are coming by, saying move to South Carolina. We will give you tax credits. We have a lower personal tax rate. We have lower utility cost, electricity costs. We have lower Worker's Comp Insurance cost; come to South Carolina.

And my fear, Mr. President, is if we don't in Connecticut start getting a competitive advantage -- and that could be through our tax structure -- that businesses will continue to leave Connecticut and maybe not come back when the recession is over. So Senator Kane thinking of this as an investment, I

mhr
SENATE

243
June 2, 2009

think is a very wise choice of words. Through you,
Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. And I don't want to
veer too off, but you seem to have a great vast of
knowledge on this subject, and then you mentioned
South Carolina. It's mentioned up here quite a bit
that, you know, we compete with New York and Rhode
Island and Massachusetts, but you bring up a good
point about the states down south.

I was at a meeting about a month or two ago, and
I'm sure everyone saw the Republican-American article
about a company that said, hey, we're moving. And I
was just curious if you receive those same type of
e-mails, phone call, have those same type of meetings
with local businesses that yes, they are being
recruited by Virginia, South Carolina, North Carolina.
You seem to have a great deal of knowledge, and I was
just wondering if you could expand upon that, for one
minute. Through you, Mr. President.

THE CHAIR:

Senator Debicella.

SENATOR DEBICELLA:

Thank you, Mr. President. Senator Kane is exactly right, when we talk about who our true competition is. Businesses aren't talking about leaving Connecticut -- at least the ones that I've talked to -- when they're considering leaving, they're not talking about going to Massachusetts or New York, because they, those states have many of the same issues that Connecticut does in terms of high taxes, high labor cost, high utility cost, higher Workers' Comp cost. They're looking at going down south, out west or, in some cases, even overseas. And in order to keep these jobs here in Connecticut, we have to stop thinking about, well, let's compare ourselves to New York and, oh, if our tax structure is a little better than New York, somehow we're going to win. We need to be competitive versus low-cost, low-tax states that are out there.

And, now, I'm not going to oversell this bill, Mr. President; I don't think this bill is going to be the one pen stroke that is going to solve Connecticut's economic problems and is going to all of a sudden make us super competitive with lower-cost states, but it's going to help. And if this job -- if this Jobs Creation Tax Credit can help keep a dozen mid-size companies in Connecticut, can help save

mhr
SENATE

245
June 2, 2009

500 jobs or help create 500 new ones, even more so, as we come out of this recession, I believe it is a wise course to take. Through you, Mr. President.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Mr. President. I thank the Senator for his answers. I truly appreciate it, and I know he has a vast knowledge of the subject, and that's why I wanted to make sure we were able to speak about it.

I do rise in support of this amendment. I think it is a very important piece of legislation that we can bring forth today. As a small business owner, as someone who understands and been working with the Chamber of Commerce -- I've been a member of my local Chamber of Commerce since 1994, I think 15 years -- served on the board of directors, served on a membership, all kinds of different committees within the Chamber of Commerce, so I truly understand what it takes to run a small business in the State of Connecticut.

I talk to a lot of small businesses quite a bit, and to a man. I mean, I think they're all saying that this is a diff -- extremely difficult time. And

mhr
SENATE

246
June 2, 2009

something like this could give them an opportunity to possibly take a risk, add an employee, add more -- multiple employees, expand their payrolls, expand their production, possibly. And then we can see great benefits from it, as it -- as we've talked about, as an investment, because we will see greater Income Tax, Sales Tax, and the like.

So I too rise in favor of this amendment and look for its support. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Kane.

Senator Frantz.

SENATOR FRANTZ: .

Thanks, Mr. President; I appreciate it. I rise in support of the amendment. I know the timing is not exactly the way we all would have liked it to be, but it is such an important one that I do stand up in very, very strong favor of it.

I think one of the most noble things that we can do, as a state, is to realize the virtuous cycle of job creation. We have to go back in history, back a hundred, maybe even 150 year to understand how Connecticut got to be where it is today. One of the reasons why we have been successful in the past, as a state, in so many different industries and employed

mhr
SENATE

247
June 2, 2009

millions of people over the years is because we've had a low tax rate.

There are two elements. There are two elements that make an economy and, in particular, a state economy successful and competitively distinct. One is a favorable tax rate, a favorable tax structure, and also tax credits. We know that tax credits work. In the old days, a-hundred-years-plus or further into the past, we didn't offer tax credits because we didn't have taxes that were that meaningful back then. And because of the intelligence that existed in New England and, in particular, in cities in Connecticut, a lot of different industry clusters started to come into existence.

And we know with the great heritage in many of these different industries, in particular, defense, aerospace, insurance, pharmaceuticals, and so on and so forth, we know -- we're familiar with that history and we don't have to think too long and hard to know that, in fact, the reason for success is that we had the right kind of environment. Our tax structure was low. We had a lot of smart people, industrious people who were willing to work very, very hard to achieve the corporate objectives of these different organizations.

With respect to the more recent history, we do know that tax credits work, especially when it comes to job creation. We can point to some examples, and these are in slightly larger companies than what Senator DeBicella has in mind in his amendment here today, but nonetheless, they do work. You look at Blue Skies. You look at other companies that have come or are in the middle of their moving process right now to come to the State of Connecticut, in the digital and animation studio production area. And there are hundreds and hundreds of jobs that have already come to Connecticut; we know it works.

In the case of the smaller business, which is the business area that is clearly having the most difficulty these days, offering this kind of a tax credit is a super idea because it resounds with the business owner and with the business management team, and they will definitely take advantage of it.

And, again, it must be pointed out that a tax credit such as this one does not cost the State a dime unless a new worker is hired and is put on the permanent payroll of that particular company. And yes, the dividends come back to the State in perpetuity, provided the job is still there or employment is still at a healthy stage.

And those dividends that come back to the State grow and grow and grow, over the course of time. That's the virtuous cycle I'm talking about. Those are the wages and the numbers of jobs that contribute to a healthy tax base, a tax base that needs to grow, that needs to grow to meet the needs of the State of Connecticut as the priorities of which have been established by this circle and the House of Representatives and the rest of state government, over the course of time. We have a lot of work to do to get to the point where we can actually meet those needs, and I think this is a good incremental and meaningful step to get there.

We discuss a lot of programs around this circle having to do with spending; a lot of time is spent. Probably 85 percent of our time is spent on how we're going to spend our money and how we're going to grow our programs and take care of more people. There isn't anybody in this circle who doesn't want to make everybody's life in Connecticut better; there's no question.

There are some that feel we should do this in a very responsible, fiscally responsible way so that we don't blow the bank at the end of the day, so that we don't destroy our tax base. And therefore, a smart,

mhr
SENATE

250
June 2, 2009

pro-growth -- a very intelligent growth policy and stance is what we should all be having. And I think this amendment embodies that kind of mentality. It's a virtuous amendment. With that, thank you,

Mr. President.

THE CHAIR:

Thank you, sir.

Will you remark further on Senate Amendment B?

Will you remark further on Senate B? If not,

Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

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

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is on adoption of Senate Amendment
Schedule B:

Total Number Voting

34

mhr
SENATE

251
June 2, 2009

Those voting Yea	11
Those voting Nay	23
Those absent and not voting	2

THE CHAIR:

Senate B fails.

Will you remark on Senate Bill 1033?

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President. Through you, if I may, a couple of questions to the proponent of the bill.

THE CHAIR:

Senator Coleman.

Please proceed, sir.

SENATOR RORABACK:

Thank you, Mr. President. Through you, to Senator Coleman, I'm just trying to familiarize myself with the reach of this bill.

And, through you, Mr. President, to Senator Coleman, it appears that we are going to be setting aside the sum of \$25 million as an inducement for people to build buildings that meet LEED standards. Through you, to Senator Coleman, is that what the bill intends to do? Mr. President, through you, to Senator Coleman.

THE CHAIR:

mhr
SENATE

252
June 2, 2009

Senator Coleman.

SENATOR COLEMAN:

Through you, Mr. President, to Senator Roraback, I suppose the only quarrel I might have with the -- is with the characterization, setting aside. The tax credit program that is the subject of this underlying bill is not funded in this bill and wouldn't be until the year 2012.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President. And if I were to today begin to build a building that is a green building and comports with the LEED standards, what confidence could I have that when my building is completed in 2012, the Legislature wouldn't have changed its mind and reneged on its deal to provide tax credits, which kind of were an inducement for me to do the building? Through you, Mr. President, to Senator Coleman.

SENATOR COLEMAN:

Through you --

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

Thank you, Mr. President. Through you, I suppose

mhr
SENATE

253
June 2, 2009

if I were to counsel you, I would say that you should not have any expectation. If you were to begin to build a building today, I would counsel you to wait until the regulations are written by the Office of Policy and Management, which would take place in the year 2011. Through you, Mr. President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President. Sounds like wise counsel to me; I'm not surprised that Senator Coleman would give such wise counsel.

And I am an enthusiastic supporter of the concept which the underlying bill advances, but I am fearful that I know that on the Finance Committee this year there's a whole range of tax credits that we're reviewing, many of which have demonstrated their success, and even when they do demonstrate their success, they are at risk because they do come at a cost to we in the State of Connecticut.

So, through you, Mr. President, to Senator Coleman, if this bill isn't funded for another three years, are we intending to at least set the stage for people to know that Connecticut wants to help however it can, in terms of inducing people to

mhr
SENATE

254
June 2, 2009

use best practices in building green buildings?

Through you, Mr. President, to Senator Coleman.

THE CHAIR:

Senator Coleman.

SENATOR COLEMAN:

I would -- I guess I can only respond yes. Hopefully the green movement will continue to sweep the country. It's already popular in other countries. New York State, I suppose, is the state that's nearest to us which has a -- embarked upon the pursuit of a green buildings' policy, and it seems to be working well there.

As far as the question concerning what the taxpayer should expect to exist when it comes time to claim the credit, I suppose our circumstances are fluid and can change. Hopefully that won't be the case, but I suppose we can't rule out that that would be a possibility. Through you, Mr. President.

THE CHAIR:

Senator Roraback.

SENATOR RORABACK:

Thank you, Mr. President. And one final though. When last year in the Finance Committee we had a bill which would have given residential builders tax incentives to build green buildings and use green

mhr
SENATE

255
June 2, 2009

standards and build with energy efficient materials, and then Representative Michael Caron spoke against the bill, and I was surprised, until I heard his rationale. And Mr. President, through you, to Senator Coleman, Representative Caron at the time said wait a second. It's in the economic best interests of builders and homeowners to build to these green standards, because in the long run, they will consume much less energy; they will save money. So it's not necessary for the State to use its resources as a carrot when the market, itself, provides the carrot.

So, through you, Mr. President, I support the bill but I do look forward to the tipping point where it's no longer necessary for government to dangle incentives in front of people. But I should say -- I say that cautiously, because that tipping point is going to come at a time when the price of energy has risen to a level where all of these things pay for themselves.

But I want to thank Senator Coleman for his efforts in having Connecticut lead the way in encouraging businesses to use best practices. I look forward to supporting the bill, and I'm grateful for Senator Coleman's answers. Thank you, Mr. President.

THE CHAIR:

mhr
SENATE

256
June 2, 2009

Thank you, sir.

Will you remark further on Senate Bill 1033?

Will you remark further? If not, Mr. Clerk, please call for a roll call vote. The machine will be open.

THE CLERK:

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

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is on passage of Senate Bill 1033:

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

The bill passes.

Senator Looney.

SENATOR LOONEY:

Yes, Mr. President. Mr. President, would move

H – 1068

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2009**

**VOL.52
PART 32
10190 – 10500**

pat
HOUSE OF REPRESENTATIVES

491

June 3, 2009

Those voting Nay	0
Those absent and not voting	2

DEPUTY SPEAKER GODFREY:

The Bill as amended is passed. Representative
Olson, a couple of motions.

REP. OLSON (46th):

Yes, in fact I do, Mr. Speaker. Thank you. I move
for the immediate transmittal to the Senate of all
items acted upon in the House for further action in
the Senate.

DEPUTY SPEAKER GODFREY:

Without objection, so ordered. Representative
Olson.

REP. OLSON (46th):

Yes, thank you, Mr. Speaker. I move for
suspension of the rules for immediate consideration of
House Calendar Number 717.

DEPUTY SPEAKER GODFREY:

The question is on suspension to take up Calendar
Number 717. Is there objection? If not, Mr. Clerk,
please call Calendar Number 717.

THE CLERK:

On Page 26, Calendar Number 717, Substitute for
Senate Bill Number 1033 AN ACT ESTABLISHING A TAX

pat
HOUSE OF REPRESENTATIVES

492

June 3, 2009

CREDIT FOR GREEN BUILDINGS. Favorable Report of the
Committee on Appropriations.

DEPUTY SPEAKER GODFREY:

Representative Sharkey.

REP. SHARKEY (88th):

Good evening, Mr. Speaker. Mr. Speaker, I move
for acceptance of the Joint Committee's Favorable
Report and passage of the Bill.

DEPUTY SPEAKER GODFREY:

The question is on acceptance and passage.

Representative.

REP. SHARKEY (88th):

Thank you, Mr. Speaker. Mr. Speaker, this is a
Bill that would establish for the first time, a green
building tax credit in the State of Connecticut.

Without going into too much detail about the way
this is being implemented, this is a program that will
encourage the development of green buildings in the
State of Connecticut of larger size.

There are incentives to the Bill in these tax
credits that would encourage what is called a LEEDS
standard building in the Bill or its equivalent, and I
want to be clear that it's the LEEDS standard or its
equivalent and it meets certain standards with regard

pat
HOUSE OF REPRESENTATIVES

493

June 3, 2009

to green construction, it will receive tax credits not to exceed \$25 million in aggregate.

The Bill also calls for the tax credit to be available in the year, in the fiscal year 2012 outside the next biennium, and I encourage my colleagues to support it.. Thank you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Thank you, sir. Representative Aman.

REP. AMAN (14th):

Thank you, Mr. Speaker. I agree that this particular Bill will assist in having buildings be more green.

Unfortunately, one of the problems right now is the term green itself is a moving target, and the Bill itself refers to LEEDS standards, but it also has in Line 28 allowing the Commissioner of the Department of Environmental Protection to look at an equivalent standard.

Currently, there are two standards out there, Green Globe, which is for commercial buildings, and also the National Green Building Standard, which is more of a residential code.

Both of these other codes have advantages and disadvantages over LEEDS, which is the reason I

pat
HOUSE OF REPRESENTATIVES

494

June 3, 2009

believe the Bill has the Commissioner of Environmental Protection Department allowed to make these decisions.

And for legislative intent, I would ask if the proponent of the Bill agreed with me and what his feelings were on the role of the Department in deciding on what a green building is that was receiving these tax credits.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Sharkey.

REP. SHARKEY (88th):

Through you, Mr. Speaker, yes. This was an issue that we took up in the Planning and Development Committee and the Ranking Member of the Committee brought this, I think to the Committee's attention to much effect.

The intent of the Bill is to empower the Commissioner of DEP to adopt a LEEDS standard for these types of credits or its equivalent. There are other equivalents available such as the Green Globe standard.

There are other standards that are available throughout the country, and it's the intent to not necessarily have the LEEDS standard be the only

pat
HOUSE OF REPRESENTATIVES

June 3, 2009

495

standard, but rather have the Commissioner determine if there's an equivalent standard that could also be applied, that that should be done.

Through you, Mr. Speaker.

DEPUTY SPEAKER GODFREY:

Representative Aman.

REP. AMAN (14th):

Yes. Just to go over that a little bit in that, we don't expect, or I do not expect the legislative intent for the standards to be identical.

Again, they have various advantages and disadvantages, but I think what the Department should be looking at is, do the buildings serve the purpose of being more green and the standard that's actually used to determine that I think is much more set by the type of building than the location than the actual name of the standard.

I thank the Chairman for bringing it out. I know the tax credits don't come into effect for a couple of years, so hopefully by that time we will have a better idea of the standards that we will be using.

I thank the Speaker very much.

DEPUTY SPEAKER GODFREY:

pat
HOUSE OF REPRESENTATIVES

496

June 3, 2009

Thank you, sir. Are you ready for the question?
If so, staff and guests please come to the Well of the
House. Members take your seats. The machine will be
opened.

THE 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.

DEPUTY SPEAKER GODFREY:

Have all the Members voted? I counsel Members to
stay nearby. It's that time of the year. Magic.

Have all the Members voted? Again, please stay
in or near the Chamber, folks. Have all the Members
voted? If so, we will have a slight pause. Have all
the Members voted? If so, the machine will be locked.

The Clerk will take a tally and the Clerk will
announce the tally.

THE CLERK:

Senate Bill Number 1033 in concurrence with the
Senate.

Total Number Voting	147
Necessary for Passage	74
Those voting Yea	143

pat
HOUSE OF REPRESENTATIVES

497

June 3, 2009

Those voting Nay 4

Those absent and not voting 4

DEPUTY SPEAKER GODFREY: .

The Bill is passed in concurrence.

Mr. Clerk, Calendar Number 651.

THE CLERK:

On Page 18, Calendar Number 651, Substitute for
Senate Bill Number 1068 AN ACT CONCERNING GREEN JOBS.
Favorable Report of the Committee on Energy and
Technology.

DEPUTY SPEAKER GODFREY:

Representative Berger.

REP. BERGER (73rd):

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

DEPUTY SPEAKER GODFREY:

The question is on acceptance and passage in
concurrence. Representative.

REP. BERGER (73rd):

Yes. The Clerk is in possession of Amendment LCO
Number 6863. I ask that he call and I be allowed to
summarize.

DEPUTY SPEAKER GODFREY:

**JOINT
STANDING
COMMITTEE
HEARINGS**

**PLANNING AND
DEVELOPMENT
PART 4
1038 - 1383**

2009

REP. SHARKEY: Thank you, Sue. And I think as I said before, that the committee certainly concerned about the same issues that you're raising. I don't think that's the intent of what we're trying to do. We're just trying to make sure that we're providing --

SUE GELINAS: I understand like in our -- when I go to Independent side we do all safety checks. We have fire departments come in. We have the police department come in. So they know we're there. So it's really up to the agency to, in my eyes, to report where they are and not make in mandatory.

REP. SHARKEY: Right. Yes. And I think that maybe the solution. Just making sure that there's notice but without necessarily making it obviously public information.

SUE GELINAS: Okay. Thank you very much.

REP. SHARKEY: Thank you. Charles Rothenberger followed by Pam Fields.

CHARLES ROTHENBERGER: Good afternoon, Senator Coleman, Representative Sharkey. My name is Charles Rothenberger, I'm a Staff Attorney with Connecticut Fund for the Environment. And I'm here to testify in support of Raised Bill 1033, An Act Establishing a Tax Credit for Green Buildings. This bill would provide tax credits to encourage the construction of transit oriented, energy efficient green buildings in the State of Connecticut. Despite the growing adoption of green buildings standards by the public sector the private sector is still facing some barriers to wide scale adoption of these building practices.

PLANNING AND DEVELOPMENT
COMMITTEE

Among these barriers are the perceived costs of building green. And for speculative construction, split incentives between the builder and the owner/tenant despite the economic benefits of green buildings, most private firms, in deed some type of public agencies don't recognize the full financial value of green buildings, including reduced energy and resource consumption, and increased worker productivity. This tax credit is designed to encourage the construction industry to adopt green building practices by providing credits to owners who invest in energy efficiency, recycled and recyclable materials and improved air quality.

To qualify the building would have to be certified to a minimum level equivalent to lead gold and use no more than 70% of the energy allowed under the Connecticut energy code for new construction or 80% of the energy allowed under the state code for renovations. And this is very similar to tax credit programs that exist in Maryland, New York, Oregon and New Mexico and other states which are currently considering this. Despite our support for the bill we do recommend a few suggested changes to improve the bill.

We would suggest tapping the -- under the definition of allowable costs providing a cap per square foot, not to exceed \$250 per square foot for new construction or \$150 per square foot for renovations to control the costs of the program. And also to discourage the tax credits from being inflated by amenities like marble hallways and things that really aren't essential core construction practices. We'd also clarify the language in Section 1C1 which designed to reduce energy consumption as it currently reads could increase energy consumption and that language is in my

PLANNING AND DEVELOPMENT
COMMITTEE

testimony. And then we would just want to make sure that the tax credits could be used by non-profit organizations and that it would be transferable. And this is all in my testimony. So, I will leave it at that and I'd be happy to answer any questions.

REP. SHARKEY: Thank you. Have you submitted your testimony to the clerk? Because I'm not sure that I had it in my packet.

CHARLES ROTHENBERGER: My understanding is that our testimony was submitted this morning. Yes.

REP. SHARKEY: Okay. Okay. Well thanks very much. And this is -- this -- the idea of the green building tax credit is that it would be a credit against the -- the developers income tax. Is that correct?

CHARLES ROTHENBERGER: Income or corporate tax.

REP. SHARKEY: Okay.

CHARLES ROTHENBERGER: Liability.

REP. SHARKEY: And would the credits be sellable?

CHARLES ROTHENBERGER: Yes.

REP. SHARKEY: Transferable?

CHARLES ROTHENBERGER: Yes. And that's one of the clarifications that my suggested language would hopefully make that non-profit corporations that don't necessarily have a tax liability would be able to sell them to somebody who did have a tax liability. Thereby reaping the value of the program.

REP. SHARKEY: Okay. Great. Are there questions from other members of the committee? If not,

thank you very much. Appreciate it.

CHARLES ROTHENBERGER: Thank you.

REP. SHARKEY: Next is Pam Fields followed by Steve Becker.

PAM FIELDS: Good afternoon Senator Coleman, Representative Sharkey and members of the Development and Planning Committee and Senator Fasano, who I'm in his district. I'm Pam Fields, the Executive Director of the ARC of Meriden/Wallingford. And I'm a board member of the Connecticut Community Providers Association. The Connecticut Community Providers Association represents organizations that provide services and supports to people with disabilities and significant challenges, including children and adults with substance use disorders, mental illness, developmental and physical disabilities.

Our members provide supports and services including residential services throughout the communities in Connecticut. I'd like to thank you for giving me the opportunity to express my concerns over House Bill 6596, An Act Concerning Notification Requirements for Halfway Houses. I'm not sure if you have my testimony. They told me you might have gotten it later, if you don't have it, it was turned in before and they said they'd give it to you after.

I'm going to skip to -- to talk a little bit about when we've opened over 30 homes in the Meriden Wallingford area since the 1980s. And I just wanted to talk a little bit about that process. When we open a home we are required through licensing to have the fire department come in and license or inspect our home and make sure that it's retro fitted and has the

59
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

really all that that's --

RON THOMAS: Right. I think we're in agreement.

REP. SHARKEY: Okay. Well, because you oppose the bill though in your testimony.

RON THOMAS: Well because -- I mean it was the bill was written.

REP. SHARKEY: I see. Okay.

RON THOMAS: I'm sorry if I didn't clarify.

REP. SHARKEY: We'll work on it. We'll work on it. Are there other questions from members of the committee? If not, thanks.

RON THOMAS: Thank you.

REP. SHARKEY: Okay. Let's see Ray, Raymond Smith followed by Martin Mador.

RAY SMITH: Good afternoon. My name is Raymond Smith. And I'm Economic Developer -- Economic Development Officer with the City of New Haven. And I'm here to testify in addition to the written testimonies that was submitted this morning in reference to the Raised Bill Number 1033. I just wanted to give a few important reasons why this act should be considered. First, green and led buildings in the long run, excuse me, save the towns and the cities and the state money by placing less of a burden on infrastructure and utilities.

Second, trans-oriented projects, TODs, that reduce cars, less road repairs, use less -- less electricity with fuel cells and solar, which equal less emissions and fewer new power plants in storm water -- storm water run off. The water usage in 360 State Street would be

reduced by efficient toilets, sinks and the output to the sanitary would be significantly reduced also. And lastly, the building at 360 State and other green and lead buildings encourage business investments, smart business investments, job growth, various housing opportunities and urban centers and neighborhood districts while at the same time strengthening the local and regional economies. And I'd be happy to answer any questions.

REP. SHARKEY: Thank you. There's a particular project in downtown New Haven that would benefit from this. Isn't there? That's my understanding.

RAY SMITH: Well, it is one of the largest in the city in the last 20 years. A lot of projects are benefiting from this. We have the Union Street Station right across the street. So it's going to make it more bike friendly, more walkable. Environmentally there is great gains by this, you know, development.

REP. SHARKEY: But -- but isn't there a downtown development that's currently on the boards that -- that would -- that is specifically designed to be a green designs, an office building and mixed use if I'm not mistaken in downtown?

RAY SMITH: Well, yes, besides 360 there's the Yale New Haven Cancer facility. And there's the parking garage, I think it's to how and addition to various others. I think there's 11 in New Haven of these buildings.

REP. SHARKEY: Okay. Great. Okay. Are there any other questions from members of the committee? If not, thanks very much. Appreciate your testimony.

61
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

RAY SMITH: Thank you.

REP. SHARKEY: Martin Mador followed by Bill Ethier.

MARTIN MADOR: Good afternoon members of the committee. I'm Martin Mador. I'm the legislative and political chair for the Connecticut Sierra Club. I'm here talking about 1033, the Tax Credit for Green Buildings. I'm LEED accredited. I've been working with the legislature on green building legislation ever since 2002. And I've published a book on architecture in the natural world. Sierra recommends passage of this bill. I want to say at the outset we are fully aware of the current economic crisis and the language of the bill now, puts the credits out a couple years. We're fully aware of the crisis facing the state. And we're not naive in supporting this.

But ultimately this is something which really would benefit the state. My testimony gives you a whole list of reasons why the state should be encouraging green buildings because there are so many benefits to society as a whole that a green building represents. I'm not going to spend the time to go through that because I want to talk about the problems I have with the bill and the changes that I would like to see in it. If you want to ask me later on about what the benefits are, I'll be happy to give you a mini lecture on that.

I think the bill has to have four changes to be acceptable to us. First of all it has to be explicit that the credits are only available to building which have actually earned the certification, not buildings that are just seeking the LEED certification.

Which means the credits can't be finalized until the building has gone to occupancy, all the paperwork's been submitted to U.S. Green Building Council, and the certification at whatever level silver, whatever you require, has actually been received.

Silver by the way is now the national standard for a good appropriate target. So LEED silver is appropriate. In our view there are no -- there are no acceptable alternatives to LEED right now because LEED has very strong third party certification. When you get to the LEED certification, you know it's genuine because somebody else has looked at this and says it's genuine. Very quickly, the other three -- the language needs to be written so it's clear the building energy consumption is no more than 70 or 80 PERCENTTHE way it's written now, the language is just confusing. Number three, language in Section 1, Paragraph 3, essentially says an eligible project is one that also meets the trans-oriented development goals.

That's desirable but there's lots of green buildings that are placed in places that do not have a tie with trans-oriented development. We find this an extraordinary inappropriate recommend -- restriction on the applicability of the tax credits. And we would like that language removed from the bill. Finally the tax credits are so generous that only a few projects could actually exhaust the \$25 million cap in it. We would like to see the credits reduced so that they would end up applying to many more projects than they currently would. An answer to something which came up before, the project in New Haven, my understanding from talking to the people involved in that project, is passage of this bill would result in the

63
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

somewhat greener project. And they're going to do without the incentives of these tax credits.

So even though that project is already broken ground, they still have design work to do. If this bill passes, that project will be greener than it would have otherwise. Thanks.

REP. SHARKEY: And I assume that's a good thing?

MARTIN MADOR: Unconditionally a good thing.

REP. SHARKEY: Okay.

MARTIN MADOR: There are all sorts of benefits to building green. And they're going to -- they're going to do a green building whether or not they get the credits. But the credits will actually make a greener project. From what I understand from their representations to me.

REP. SHARKEY: Okay.

MARTIN MADOR: So, yes, this would unconditionally be a good thing. And as I said, it's not only the owner of benefits, it's society of the whole because the reduced energy use and all the other benefits of green buildings.

REP. SHARKEY: Right. Okay. Great. Are there questions from members of the committee? Representative -- or Senator Fasano.

SENATOR FASANO: Thank you, Mr. Chairman. Martin, thank you for your testimony. I guess some questions I had is explain to me very quickly LEED. When you say LEED standards. Give me of what we're talking about.

THOMAS KIRK: Okay. The 30 second tour is LEED has

been development for a decade. It is radically transformed the market place. It was promulgated by the U.S. Green Building Council, which is a non profit organization. LEED itself is an optional point system. LEED -- there are several versions of LEED. We're really talking about LEED for new construction here. LEED NC has 59 points. An owner can decide which of those points to pursue and they decide based on what's appropriate for their project.

You may located in a place where you're not near a bus line. You won't get -- you won't get the bus line credit. You may decide -- you'll run after another credit instead. If -- if you're in an area which has very limited water resources you may want to put in waterless urinals and composting toilets. Some people have an emotional level of difficulty even thinking about those concepts. And they're going to say not in my building. And that's fine. They'll earn other points.

So, you earn as many of the 59 points as appropriate for your project. You're certification level depends on how many of those 59 points you actually qualify at.

SENATOR FASANO: And just because I'm curious. LEED stands as an acronym for?

MARTIN MADOR: Leadership in Energy and Environmental Design.

SENATOR FASANO: And -- is there -- I know there's other standards that are out there. And my concern is when we write legislation that talks about one standard, it's almost like giving a monopoly to those folks who, you know, Are LEED qualified, if you would. Are there other standards which are equivalent to

65
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

LEED?

MARTIN MADOR: There's a standard called green globes.

SENATOR FASANO: Okay.

MARTIN MADOR: Which is similar to LEED. Many people refer to Green Globes as LEED light. I don't think it's as strong. I don't think it's as effective. I don't think it accomplished things which LEED would do otherwise. But the real -- the real thing that separates the men from the boys is the third party certification. You can get a Green Globe certification by going on line in an afternoon and sort of certifying your project yourself. Which means a certification doesn't mean a whole lot. Because it's just a little dialogue with you and a computer program. LEED certification, you submit your paper, extensive paperwork, to the U.S. GVC and they go through this with a fine tooth comb.

And a certification actually has value, a plaque on the wall tells people this is genuine and legitimate. For quite a while, Green Globe, third party certification was a guy from Arizona named Harvey. Now Harvey's a good guy and I have complete faith in Harvey, but they need more than that to really come up to the level. So, my personal recommendation is there are no equivalent programs to LEED right now.

SENATOR FASANO: Okay. So there's LEED -- there's LEED and at least potentially out there, Green Globe?

MARTIN MADOR: Yes.

SENATOR FASANO: Anything else?

MARTIN MADOR: There are other things which address elements of this. There's energy star which looks at just the energy performance of the building. Green buildings though look across the -- green buildings encompass more environmental issues than any other thing you can look at. They encompass the site impacts, habitat, water use, energy use, recycling materials use, indoor environmental quality. That makes -- that's what makes the program so valuable. The only other alternatives look at specialized market. There's now something for hospitals.

There's a very, very good standard called the Collaborative for High Performance Schools, which was written specifically for school construction that CHPS or CHPS. That's a wonderful system for schools. But it's only for schools. So, if we're -- if we're looking at commercial construction as far as I'm concerned, LEED is really what -- if you want -- if you want to do the best job you can, you really need to look to LEED. It is a -- it is a non profit organization. Nobody's getting rich off -- well, nobody's getting rich off anything these days. But, it is -- they are non profit. It's a consensus based system that was developed over a decade with input from all sectors of the construction community and the academic community, lots of other people.

So, I see no way in which LEED is an inappropriate system to use in this context.

SENATOR FASANO: If tomorrow some agency -- some emerging group, I have no idea if it would ever happen, but if some emerging group were to come up and they would be in -- in most

67
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

experts view, equivalent to LEED, would you -- the problem would be, we'd have a law that says LEED, presumably, and if something were to emerge and today anything can happen. And there would be some group that's recognized by most experts as having the same, let's assume LEED is the best, be also as good as LEED. Would you have an objection if the bill was written to allow the Commissioner of DEP to say LEED or other equivalent standards?

MARTIN MADOR: Yes, I would.

SENATOR FASANO: And why would you have an objection to that?

MARTIN MADOR: Two reasons, number one it's taken a decade to develop LEED. For some guy to come along tomorrow with a brand new system, which dramatically outpaces LEED's usefulness without simply being a clone of it, I think is unlikely because of the investment that it takes to develop. This is -- this is a complicated system. LEED encompasses a huge amount of expertise in design and construction. So, my first objection is I think the likelihood of a new system popping up tomorrow is extremely low.

The second problem I have with it, as you pointed out, some state agency is going to have to go investigate and make a determination that some system is the functional equivalent of LEED and should be accepted by the state as an alternative. And the problem is we have no expertise in state government on green buildings. We have some people with some familiar -- familiarities at it. We have no state agencies with staff time to go in and look at this. If we put that into the bill, we're guaranteed to get a fiscal note saying we don't have a staff

resources to do this.

And we -- we don't really have green building experts currently as staff agencies. When OPM wrote the regs for state buildings and schools, they had to get the money to hire a consulting firm from Massachusetts to work with them. So, I see some -- I would endorse what you've said in principal. But I don't really see it working out. And I don't see any benefits to the state or the residents, or the construction community or anybody else in leaving that window open. I mean LEED has done such a -- such a phenomenally good job. And it is such an appropriate system. That I don't see the benefits of broadening the language.

SENATOR FASANO: But aren't we endorsing LEED by virtue of not even doing that? I mean isn't -- by us putting LEED in, you're saying that if you say the equivalent, as determined by DEP, you're saying whose going to judge what the equivalent is. We don't have the expertise in Connecticut. But aren't we as a legislature by saying LEED had made a value judgment, that in our view -- I certainly can't say it because I don't as you can tell I know nothing about LEED. But in our view, LEED is the only expert that this legislature can recognize and know who can do the work. It seems to me that when we hire the Commissioner of DEP, and their group, the environmental, that they're going to do they're job. They're going to do they're research within available appropriations, so you don't get a fiscal note.

And that we may know of LEED tomorrow, today. Tomorrow there may be ABC Company which is recognized and maybe somebody who left LEED who is a CEO of LEED who got bent out of shape

with LEED and said you know what, I'm going on my own. I'm starting LEED 2 and I have all the expertise and knowledge I had from original LEED. But I'm going to start a competitor. Why wouldn't we allow DEP to say, we're going to look at it? If LEED is in our mind the standard. This person raised -- why wouldn't we allow that flexibility as opposed to monopolizing it to one agency?

MARTIN MADOR: Okay. And quickly because LEED is universally recognized as the standard in which -- which embodies a huge amount of development time. I mean a decade of hundred and hundreds of people developing this standard. I think the likelihood of something coming along that's better is very small. My second problem is this --

SENATOR FASANO: But if it's small, I don't mean to -- just to get the point because I'll forget. If it's small and insignificant, the language would be irrelevant.

MARTIN MADOR: Well, here's perhaps my more significant objection. In terms of a percentage of the state budget, our DEP -- DEP has one of the lowest percentages of funding in the country. It's so low that it's an embarrassment. The budget for DEP is the same as it was 20 years ago. And the problem with environmental issues is once they get on the table, they're never taken off the table. They're -- they're there till the end of time. So, DEP's task load over the last quarter century has grown, and grown, and grown, and grown but it hasn't received any more money. Right now our -- what we continually say is DEP can't read, can't manage the mandates that it has on the table right now.

They just do not have the staff to do it. To

add yet another task for DEP given the short fall in staffing and resources they have now, just doesn't make sense. And we -- and the entire environmental community has been saying this time after time. We came very close to getting three million more for DEP staffing at the end of last session. And the last two weeks of the session we lost that three million. To add -- to add more tasks to DEP is not realistic right now.

SENATOR FASANO: It's not really -- it's not really a mandate. It says LEED's or available -- or an agency equivalent to LEED's which DEP accepts. It's not saying you have to go find another one. It's not saying please find -- you have a mandate from this legislature to find too. It's saying listen you have LEED's we get it. But if there's an available standard, and our true purpose is to achieve the LEED's standards and the goals that the bill does, we don't really care as long as the standards that are picked are something that either is LEED's or equivalent as determined by DEP.

My concern is like saying, look the only one you could use is LEED's period, end of sentence. We're not going to leave the door open. This is the only group. This is the only agency you can use. And I'm not sure the state should be in favor of sort of picking winners and losers. I think the state should say we recognize LEEDs. But let's leave the door open for DEP, which you know, I think the Commissioner has done a great job. And certainly can. But you know what, if that's not high on the radar screen, that's not on our radar screen.

But if someone were to come along and make a great case or federal government were to say,

71
tmd

March 6, 2009
1:00 P.M.

PLANNING AND DEVELOPMENT
COMMITTEE

you know what this individual or Massachusetts says we recognize this person like LEEDs, why wouldn't we say the more the merrier?

MARTIN MADOR: Well if this is a shall versus a may situation. If the language says, DEP may evaluate --

SENATOR FASANO: May.

MARTIN MADOR: -- other systems with an available resources as opposed to the DEP shall evaluate, if the language says may, then I guess we're covered.

SENATOR FASANO: You got it. Thank you Marty, I appreciate it.

REP. SHARKEY: Representative Aman.

REP. AMAN: Going on the LEED certification. If I have a building that I want to have certified, what is it -- what is involved in my cost putting together an application for and what is my fee that LEEDs charges me for reviewing the application?

MARTIN MADOR: Paying several tens of thousand dollars in the fees. But, for a 20 or \$30 million project that adds very little to the cost of it. However, there definitely are the fees and that's what pays for the third party certification. Unfortunately there's no way to get that third party to spend the time to take a look without reimbursing them. So you have a good point that it does -- those fees do add to the cost of the project. Under LEED 2.0 the cost were -- were fairly extraordinary.

And as a result of the complaints from the registrants about the cost, the U.S. GVC

looked at those, reduced the requirements and now LEED 2.2 and the filing requirements are significantly less than they were for LEED 2.0. But, you're still going to be looking at tens of thousands of dollars in cost. So for a very small project the cost could be a measurable part of the whole thing. But for a substantial project for something like the Shartenburg project in New Haven, the cost would be a very, very tiny part.

REP. AMAN: It's a non -- LEEDs is a non profit. And they're getting sizeable fees for these buildings. Looking at the current economic climate, if the fees are not sufficient to cover LEEDs costs, they won't be the first non profit in the next year or two to go out of business. And we're writing legislation that says to get a tax credit you must use LEEDs and I don't see any guarantee that LEEDs is going to be here 18 months from now.

MARTIN MADOR: Well you're raise a good point. The good news here -- here they are actually are paid for by the fees. They're not -- they're not -- the U.S. GBC is not afloat because there's some foundation which had their investments with -- with Bernie Madoff. No longer can do that. I have not seen anything that tells me the financial health of the U.S. GBV as a risk. If it were -- if they were going to be in trouble it would take a long time for this to play out. And I'm sure the legislature would have time to react to this.

Of all the things which keep me awake at night, the financial health of the U.S. GBC is -- is not on the list at this point.

REP. AMAN: I just looked at -- and somebody told me a year ago that AIG was going to need how many billions of dollars, I would have said

73
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

you're out of your mind. Their the biggest insurance company in the country and how stable they are. So I personally would be very reluctant in this economy to rate any regulation that says we may only use this particular organization and if something happens to them, we got to come back into special session and quickly rewrite legislation or our tax grant program ends. So
--

MARTIN MADOR: Well -- well the good news here --

REP. AMAN: -- I think it's something the committee's going to just have to look at.

MARTIN MADOR: The good news here is -- is the LEED certification is not part of the permitting process. It -- it in no way delays the project. What we're really talking about here is the financial incentive given by the state for a developer to do what's not only in his best interest, but society as a whole. So, what's really at risk here is that the tax credit program wouldn't work. But, it's not going to impede in any way the development of the project otherwise.

REP. AMAN: Thank you very much.

REP. SHARKEY: Thank you. Are there any other questions from members of the committee? If not, thanks Martin. Bill Ethier followed by Sally Zanger.

BILL ETHIER: Thank you, Representative Sharkey, members of the Planning and Development Committee. My name is Bill Ethier, I'm the Chief Executive Officer of the Home Builders Association of Connecticut with 1300 members in the state. I submitted written testimony on five bills. I'm going to quickly try to go

HB6590
HB6584
HB6586
SB1033

PLANNING AND DEVELOPMENT
COMMITTEE

cover a very broad areas. They will lead to unknown regulatory controls over property owners and development applications. It's our position that property owners are all ready so heavily regulated that we don't need another new layer of controls. And so we -- we urge you not to support that bill.

We do support the concept of 6586, the Expedited Economic Development Permit Applications. We -- we urge you to coordinate with the commerce committee. They had a public hearing on a similar bill with some -- some other language. And you also had another bill I think it was last week on the similar concept. The bottom line is we do need to improve our permit application process. And this bill I think is a step in the right direction.

We do offer some amendments to fix some pieces of -- some particular problems that we see with that bill. Particularly we -- we -- we want to make sure that the existing time line for local approvals under 8-7D are not interfered with. So that this memorandum of understanding doesn't get rid of the existing time lines. And that the need for new public hearing, we don't understand that. We support the extension of the state plan of C&D to put that off for a year. And then finally on the tax credit bill of green buildings that was just discussed, we support the idea of a tax credit. But we can -- we cannot support this bill unless it adds the National Green Building standard which was not mentioned.

END 33

It's another standard that is the -- is the premier standard that's out there for residential construction. Now if you're going to -- if the intent is to limit this to incentives commercial construction, then that

obviously is not relevant. But you would also have to exclude LEED H. LEED does have a residential construction rating system. And to address Senator Fasano's -- the concern he raised about incentivizing one competitor over another, either you have to include the National Green Building Standard or exclude LEED H to -- to make it a fair level playing field.

So, that was a quick summary. I'm sorry I went over the bell. I'd be happy to answer any questions that the committee may have.

REP. SHARKEY: Sure. Thanks. Thank you Bill. Thanks -- thanks for the breaking up your testimony to by bill because it makes a lot easier as we're -- as we're screening and reviewing. Just -- and I'm not going to beat this to death. But on the -- on the wetlands issue, the case actually that was at least to me the Seminole case was also -- was a case called Turullo versus Inland Wetlands. And that's the case that I brought to the -- to the Supreme Court. Over following Samperi to try to get this issue clarified.

HB6590

And they interpreted the statute in a way that I -- I don't think was intended in talking to the author of the bill at the time in -- in the late nineties. Who revised the statute. It clearly was not their intent at the time. The idea is that when an applicant comes in for a wetlands -- for a wetlands approval and the wetlands agency denies the application for lack of feasible and prudent alternatives. I'm sorry. Because they had not exhausted the feasible and prudent alternatives that might be available.

In my case, what happened was that the developer simply came back -- made a minor

81
tmd

PLANNING AND DEVELOPMENT
COMMITTEE

March 6, 2009
1:00 P.M.

may not be clear when you actually read the language, is to provide for more cooperation between state agencies and the National Heritage Corridors that already exist and not to institute new requirements as you might have assumed from reading the bill as it is right now.

BILL ETHIER: Okay.

REP. SHARKEY: Thank you. Are there any other questions? Senator Fasano.

SENATOR FASANO: Thank you, Mr. Chairman. I'm kind of curious and if you hit upon this, I apologize. I was out of the room. I was asking Marty before about LEED standard and did you talk about -- did I miss that when I walked out?

SB1033

BILL ETHIER: In my direct testimony, I very briefly I mentioned that there is this National Green Building standard which is -- is the only green building standard that is ANSI approved, the American National Standard Institute as a consensus based, you know, national standard. But it's for residential construction.

SENATOR FASANO: And who -- whose ANCI? I mean what is ANCI?

REP. FLEXER: ANCI is the American National Standards Institute. It's a -- it's been around for -- for decades. What they do is they -- they're a national -- actually an international body that approves standards of all sorts of -- of all kinds of things.

SENATOR FASANO: Would one argue that there -- that the ANCI standards are less than LEEDs standards or more than LEEDs standards with

some?

BILL ETHIER: It's -- it's a recognition -- when ANCI basically puts it's stamp of approval on a standard, it -- they have certain criteria -- criteria that they go by. They want to make sure that they evaluate the process of development of the underlying standard. One of the things they look at was it a broad based group? Was it built -- was there consensus by a large different interest involved? Was there due process involved in developing the standard? Was, you know, the public given a chance to comment? Were there enough opportunity for comment by all the various interest? Along with a bunch of other things.

So, it's -- it's a very highly qualified stamp of approval. We have ANCI standards throughout our statutes, and in our building code. For -- again, all kinds of things. But -- but as I -- I -- when you were out of the room, Senator, what I mentioned was the National Green Building Standard is a purely residential construction standard. It does not apply to commercial buildings the way most of the LEED rating systems do. But LEED does have what they call LEED H, which is a residential rating system.

So, to your point, what I was trying to make, if you're going to apply a tax credit to residential you either need to one of two things. You either exclude LEED H and keep it purely a commercial construction incentive. Which we don't recommend. We think there should be tax credits for to incentivize all types of green building. Or you include the National Green Building standard along with what's in the bill to level the playing field.

83
tmd

March 6, 2009
1:00 P.M.

PLANNING AND DEVELOPMENT
COMMITTEE

So that the -- let the market place chose which rating system or standard that they want to use and receive the benefits of the tax credit.

SENATOR FASANO: Thank you Mr. Ethier. I appreciate it. Thank you very much.

REP. DREW: Are there any -- Ms. Zanger is Ralph Oriola. Good afternoon.

SALLY ZANGER: I'm a staff attorney with the Connecticut Legal Rights Project, which is a legal services organization that advocates for low income individuals with psychiatric disabilities or who it proceeds to have psychiatric disabilities. We promote initiatives that integrate people into their housing. We try to protect and retain people's housing and for that reason I came to oppose HB 6596.

When that bill first came across my computer screen a few week ago, I thought Oh my God. They got to be kidding. This can't be -- can't be true. I hoped that it would disappear. It didn't. So, here I am. And I was really pleased this afternoon that -- what it -- the way it's written isn't the way it's intended. And I'm hoping that -- encourage that it will be rewritten because as written it -- I -- you know, as a lawyer, I'm -- I think it clearly violates the Fair Housing Act and the American with Disabilities Act and the Equal Protection Clause of the United States Constitution by singling out people with disabilities for this registration, pre-registration requirement.

And I think -- I think the problem with the bill if it's really about -- about public safety and about disaster preparedness is that



TO: Hon. Eric D. Coleman and Hon. J. Brendan Sharkey, Co-Chairs
 FROM: Robert N. Wiener
 DATE: March 6, 2009
 RE: Green Building Tax Credits

Testimony of Robert N. Wiener, Principal, JDA Development Co., LLC
To the Continuing Legislative Committee on State Planning and Development

Senate Bill No. 1033: An Act Establishing a Tax Credit for Green Buildings

I write to urge you to support Raised Bill No. 1033, An Act Establishing a Tax Credit for Green Buildings. The proposed tax credit will simultaneously support several important public policy goals established by the Connecticut General Assembly and by Governor M. Jodi Rell, including promotion of Smart Growth principles; promotion of development at and around transit oriented nodes; promotion of energy efficiency in building design and construction; and reinvestment in brownfields areas.

The Green Building Tax Credit would be particularly useful in Connecticut's urban areas, where developable property of any scale tends to be former industrial brownfields. The Green Building Tax Credit would lessen the burden of redeveloping former industrial urban areas; such areas have the strategic benefit of having developed historically along Connecticut's waterways and in conjunction with its railways. Thus these sites tend to be ideal candidates for redevelopment guided by smart growth and transit-oriented development principles. Often, however, there is a significant environmental clean-up cost to these former industrial sites. The Green Building Tax Credit would offset some environmental clean-up costs making reinvestment in such sites more attractive.

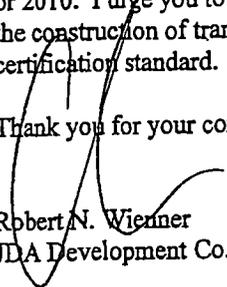
As the developer of Blue Back Square in West Hartford, I have extensive experience promoting development which creates a dense, walkable, and varied downtown fabric. The Blue Back Square development added some 600,000 square feet of mixed use office, retail, and residential space to West Hartford Center. The project blends the new construction with existing retail and public amenities along South Main Street, Farmington Avenue, and LaSalle Road.



I have particular interest in the Green Building Tax Credit as I am currently working on a project in New Haven which would create a new mixed use urban neighborhood in the Long Wharf section, immediately east of the New Haven rail yards. The project is designed to connect the new neighborhood to New Haven's Union Station and downtown, as well as to the Long Wharf waterfront area. The project would provide significant investment in New Haven's enterprise zone, creating construction and permanent jobs and increasing the tax base of the city and the State of Connecticut. Passage of the Green Building Tax Credit would be a valuable tool to ensure the viability of the project.

As the national economy continues to falter, shedding jobs, destroying wealth, and reducing tax revenues, the Green Building Tax Credit would foster transit-oriented, sustainable development at a time it is most needed. Further, as the Act does not allow the issuance of tax credits until the year 2011, the Act would not have a negative budgetary impact in 2009 or 2010. I urge you to support Bill No. 1033 establishing the Green Building Tax Credit for the construction of transit oriented buildings which meet or exceed the LEED gold certification standard.

Thank you for your consideration and support on this important issue.


Robert N. Wiener
JDA Development Co., LLC



City of New Haven
Office of the Economic Development Administrator
165 Church Street
New Haven, Connecticut 06510



Kelly Murphy,
AICP
Economic
Development
Administrator

Testimony of John DeStefano J., Mayor

City of New Haven

To Senator Eric D. Coleman and Representative Brendan Sharkey and Members of
Continuing Legislative Committee on State Planning and Development Committee
March 6, 2009

Raised Bill No. 1033: An Act Establishing a Tax Credit for Green Buildings

As Mayor of the City of New Haven, I strongly support Raised Bill 1033 AN ACT ESTABLISHING A TAX CREDIT FOR GREEN BUILDINGS. The bill establishes a tax credit for green building projects meeting or exceeding LEED Gold certification in the State of Connecticut.

The City of New Haven is fortunate to be a leader in green building both in the public and private sectors. The Barnard Environmental Magnet School was the state's first LEED Gold public elementary school, and Kroon Hall at the Yale University School of Forestry is seeking a LEED Platinum rating. However, most of the green building activity has come from municipal government and non-profit institutions. Extending the green building revolution to the commercial sector is vital to the success of New Haven's ambitious economic development and job growth plans. The establishment of green building tax credits gives New Haven and other municipalities a strong tool to attract responsible investment that cares about its impact on the community and the environment.

A wonderful example of the type of project that this legislation will foster is the 360 State Street mixed-use residential tower in downtown New Haven, under development by Becker and Becker. The project is seeking LEED Gold status and will provide a template for future green, transit-oriented developments both in New Haven and around the state. 360 State is the first new residential construction downtown in 20 years. The tax credits in this legislation will show Connecticut's commitment to 360 State and similar projects planned in New Haven and other Connecticut cities: embracing the sustainable vision offered by green developers. With these tax credits, we are encouraging smart economic development as outlined in the Governor's Executive Order No. 15 that positions Connecticut's cities and towns to succeed in a changing global economy. Thank you.

TESTIMONY OF
THE LUMBER DEALERS' ASSOCIATION OF CONNECTICUT

BEFORE
THE LEGISLATURE'S PLANNING & DEVELOPMENT COMMITTEE

FRIDAY, MARCH 6, 2009
1:00 PM, ROOM 2A LEGISLATIVE OFFICE BUILDING

Good afternoon. My name is Marshall Collins. I am appearing in my capacity as the Counsel for Government Relations for the Lumber Dealers' Association of Connecticut ("LDAC". The LDAC represents approximately 100 independent Connecticut suppliers of building materials. LDAC members have been an integral part of our communities for nearly 150 years.

LDAC must express its concern with the language of SB 1033 An Act Establishing A Tax Credit For Green Buildings.

SB 1033 would extend the credit only for projects that meet or exceed the "applicable LEED Green Building Rating System gold certification:

“(3) “Eligible project” means ...only that building or building within such project that is designed to meet or exceed the applicable LEED Green Building Rating System gold certification...”.

The language is unnecessarily restrictive and has the potential to disrupt the supply of certified lumber products to LDAC members. In this extraordinarily difficult economy, such disruption could put virtually all of LDAC's member companies out of business.

For several years, LDAC has supported green building standards that promote use of products from certified sustainable forests. Without sustainable forests, LDAC members have no lumber products to sell. However the LEED standard is not the only accepted international standard for sustainable forests. LDAC has joined with legislators and other groups in supporting green building standards, which include the following language:

“Such provisions shall reference nationally accepted green building rating systems, including, but not limited to, the Leadership in Energy and Environmental Design rating system, the Green Globes USA design program, as established by the Green Building Initiative, the National Green Building Standard, as established by the National Association of Home Builders, or an equivalent rating system approved by the State Building Inspector and the Codes and Standards Committee.”

This language is consistent with **Substitute House Bill 6284, File No. 21 AAC Adoption Of A Model Energy Code And Green Building Standards, as well as existing State Building Code Requirements.**

LDAC members will sell whatever products are required under Connecticut Statutes. However, please recognize that the vast majority of sustainable forests in North America, which meet the LEED standard, are frequently under contract to major chains of suppliers of building materials. We do not believe that it is in the public interest to create monopolies, which drive independent lumber dealers out of business.

LDAC supports green building initiatives, but requests that you amend SB 1033 so that it is consistent with existing statutes and HB 6284, File No. 21 which included the language listed above. The existence of LDAC's members would be jeopardized if there were a policy change that didn't recognize the existence of additional sustainable forest standards other than LEED. Green Globes USA has been statutorily acknowledged as appropriate for Connecticut's State Building Code.

If SB 1033 is to be favorably reported, please amend the language as set forth above. LDAC is willing to work with any parties to help in the passage of this legislation so long as supply monopolies will not be created. The existence of our members depends on it.

This completes my testimony. Thank you for your consideration.

Testimony before the Planning & Development Committee
On SB 1033, An Act Establishing a Tax Credit for Green Buildings
Given by Sara C. Bronin
March 6, 2009

I am testifying today in favor of the green building tax credit proposed by Senate Bill 1033. By way of brief background, I am an associate professor of law at the University of Connecticut School of Law, and my primary areas of teaching and research are land use, property, and real estate law. Last year, a similar bill came before this committee, and I testified in favor of that bill as well. I was disappointed that it passed the House but died at the last minute on the Senate floor. I hope that this year, we can move this bill forward in an expeditious manner, to give hope to those projects which are currently in the pipeline and desire to include or retain green building features.

I am sure you are asking why anyone should support a tax credit bill in the current economic crisis. There are at least four reasons why I think that passing this bill is essential, not just in spite of, but especially because of current economic conditions.

First, many scholars have documented the correlation between tax policy and economic behavior. We use our tax system, for example, to provide incentives for charitable giving or for investments in home ownership. Similarly, tax credits have proven to be a significant stimulant to private development activity. A recent study conducted to document the impact of the historic preservation tax credits awarded by our neighbor, Rhode Island, indicates that every dollar of state tax credits leverages \$5.47 in total economic output. The same study indicates that the state quickly recoups the money invested in tax credits from construction taxes, property taxes, post-construction sales, and income taxes. The tax credit proposed by Senate Bill 1033, which would have no impact on the state budget for at least three years, would stimulate construction activity in an otherwise dismal economic climate.

Second, as a policy matter, government should aid developers who are willing to go forward with pioneering but costly green projects, despite the significant downturn in construction activity. I know firsthand how difficult it is to construct a LEED-certified project in Connecticut, as I serve as the attorney for the state's largest residential green building project currently under construction, 360 State Street in New Haven. The developer I work with has spent hundreds of thousands of dollars in architecture fees, engineering fees, and legal fees and has waited for years for certain regulatory approvals—just to ensure LEED compliance. (I do not include in that figure the price of materials and the costs of construction required by LEED compliance, which runs into the millions.) In this climate, this investment is remarkable, but at the same time, it has contributed to a funding gap in the project which has been exacerbated by changing economic conditions. The green building tax credit proposed by Senate Bill 1033 would aid green building projects like 360 State Street to retain their green features, which may be in peril without assistance.

Third, is the simple reason that, in the states' race to the top, Connecticut is far behind and without changing our economic incentives, we will lose key investments. Over the last few months, we have seen many of the state's developers and construction managers either abandon green building components, or stop construction altogether. Individuals and firms who do have the capital to build in this climate are likely to do so in states with the most attractive financial incentives. They will choose states like New York or Maryland, which have robust green building tax credit programs; they will not choose Connecticut. To maintain our state's competitiveness, we need to ensure that we are using every tool in our economic development toolbox, including tax credits.

Fourth, I should reiterate as a general matter the pressing need to change the way we build in this country and emphasize that in this economic climate, we risk of losing sight of this priority. Scientists have documented how conventional construction techniques harm the environment and our health. Construction uses sixty percent of non-food, non-fuel raw materials each year and is the largest single source of solid waste in this country. Worldwide, buildings consume one-sixth of the world's freshwater withdrawals, forty percent of the world's material and energy flows, and fifty-five percent of wood cut for non-fuel uses. They also generate up to forty percent of the nation's carbon dioxide emissions (greenhouse gases). The negative impact of conventional construction is real, but it is reversible if we set out the right policies; the danger related to these current economic conditions is that we will fail to do so.

Last week, I happened to attend a sustainability conference at the University of Colorado School of Law, with participants representing academia, law, policy, and the design professions. Everyone expressed concern about the impact of current economic conditions on the recent trend toward building green, and pledged to take action. I hope that you, too, feel obliged to take action. Your positive vote on Senate Bill 1033 will have a positive effect on not just green building construction, but also the economy as a whole—without any immediate impact on the state budget.



BECKER + BECKER

March 6, 2009

State Of Connecticut
Planning & Development Committee
Legislative Office Building
Hartford, Connecticut

Chairman Coleman, Chairman Sharkey and Members of the Planning and Development Committee. My name is Bruce Becker, and I am the president of Becker and Becker Associates, an integrated architecture and development firm based in Fairfield. I would like to express my strong support of the proposed green building tax credit, SB 1033. I testified last year in support of similar legislation, and the reasons why this legislation were important then have become all the more relevant and made this legislation all the more necessary in the current economic environment.

My firm is now working on a major \$190 million development project located in downtown New Haven, across the street from the State Street Train Station, known as 360 State Street. We are one of the lucky few construction projects in the state able to secure the majority of our private financing prior to the economic turmoil of last fall. A union pension fund has provided over 80% of the capital for this project, which has been supplemented by state funds supporting the affordable housing and fuel cell components of the project. Our ambition has always been to create the greenest building in the state of Connecticut, yet as the economy constricts and costs remain high, it has become impossible for projects such as 360 State Street to afford the additional costs associated with green building.

Last year, when I testified before this committee, I cautioned that the limited incentives available in the state made it difficult to build green in Connecticut. Today, it is not just difficult, it is all but impossible.

Neighboring states, like New York, have long-established policies of actively promoting green building and providing the financing to help make it happen, which has resulted in a robust market that has made green development standard practice. Several years ago, my firm's project The Octagon in Manhattan received \$5.6 million in green building tax credits, and is now one of the greenest multifamily buildings in New York state. We have received green building awards from the City, the State, and the federal Environmental Protection Agency, in addition to receiving LEED Silver designation. The green building tax credit helped to make this possible.

At 360 State Street, our ambitions are just as high. We are enrolled in the LEED for Neighborhood Development Pilot Program, and hope to include a range of energy efficiency technologies, along with other sustainable practices that will help to reduce the project's impact on both the electric grid and the environment. Tenants will also have the advantage of living in a building with easy access to public transportation, healthy building materials, and dramatically reduced utility bills. But doing this comes at a cost.

Right now we are being forced to make very real decisions on this project about whether or not to include green building features, like more efficient heat pumps and high performance windows to reduce our heating and air conditioning loads. If we know that there is funding that will eventually come our way, we will make those additional investments in the project that we know will make a better building in the long run. Yet without some assurance of funding to come, we cannot take that risk.

Even though funding would not be distributed for many years, establishing this credit now is extremely important. Just knowing that it will be available will give developers the assurance necessary to make these additional investments in their projects.

This credit will help to bolster the languishing construction industry in this state and create more jobs. This tax credit may provide the last bit of capital that a developer needs to move forward with their LEED Certified project and create new jobs in the state. It will also help developers make the choice to move forward with projects that are environmentally friendly and energy efficient. Creating a few visible, high caliber buildings can move the market forward, creating new standards for construction and design in the state.

This tax credit is necessary, and it is necessary now. I implore you to support this legislation and help to set a new standard for environmentally friendly design and to create jobs for Connecticut construction workers.

If you have any questions about the ways in which this legislation could impact development within Connecticut or the project at 360 State Street, please do not hesitate to contact me at 203.292.4900.

Sincerely,

Bruce R. Becker



Bethany • Branford • Cheshire • East Haven • Guilford • Hamden • Madison • Milford • New Haven • North Branford • North Haven • Orange • Wallingford • West Haven • Woodbridge

**Testimony to the Continuing Committee on Planning and Development
in support of
S. B. 1033: An Act to Establish a Tax Credit for Green Buildings
March 6, 2009**

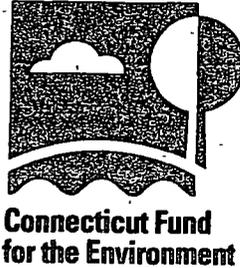
Chairman Coleman and Chairman Sharkey, the Greater New Haven Chamber of Commerce welcomes the opportunity to present testimony in support of Senate Bill 1033, which would establish a Tax Credit for Transit-Oriented Real Estate Development projects that meet or exceed LEED Green Building Rating System gold certification. We believe this measure would encourage development in our cities, which creates construction jobs and pays taxes to the host municipalities.

The proposed bill establishing tax credits for "green" buildings is consistent with the Chamber's mission to provide leadership in marshalling the physical, economic, and human resources of the south central Connecticut region for its development as a favorable place to operate business, a desirable place to work and an attractive place to live. These tax credits can help the environment and at the same time strengthen investment in our local and regional economy.

Furthermore, the credits can generate and promote smart growth within cities, encouraging transit-oriented, walkable, bicycle friendly neighborhoods. Projects including "green" buildings often include mixed-use development with a variety of housing choices. Fostering growth in the property tax grand list, strengthening mass transit, and retaining area businesses are all key factors in the growth of the Greater New Haven region.

We respectfully ask the Committee to note that S.B. 1033 is in alignment with President Obama's Economic Stimulus package, which provides \$16.8B for the Department of Energy's Office of Energy Efficiency & Renewable Energy Sources. Funds will be awarded by this Office to state & local government to support development of new energy efficient strategies such as 360 State Street, the largest mix-use development in Connecticut.

Finally, Governor Rell's Executive Order No. 15 emphasizes responsible land use to avoid fragmenting the landscape, consuming precious natural resources, wasting energy, polluting the air and water, and increasing Greenhouse Gases (GHG) that can accelerate the pace of climate change. Measures like the one before you can encourage responsible development and help keep us economically competitive.



**Testimony of Connecticut Fund for the Environment
Before the Planning and Development Committee**

In support of Raised Bill 1033 AN ACT ESTABLISHING A TAX CREDIT FOR GREEN BUILDINGS

Charles J. Rothenberger, Staff Attorney

March 6, 2009

Connecticut Fund for the Environment ("CFE") is a non-profit environmental organization with over 6,500 members statewide. For more than twenty-five years, CFE has used law, science and education protect and preserve Connecticut's natural resources.

General Comments

CFE supports Raised Bill 1033, which would provide tax credits to encourage the construction of transit-oriented energy efficient green buildings in the state of Connecticut.

The built environment has a profound impact on the natural world. In the U.S., buildings account for 37 percent of all energy use and consume 40 percent of raw material and 12 percent of fresh water supplies.¹ In addition to the consumption of energy and raw materials, concentration of air pollutants indoors can be up to five times greater than outdoor concentrations.²

¹ "Building Momentum: National Trends and Prospects for High-Performance Green Buildings" (Prepared for the U.S. Senate Committee on Environment and Public Works by the U.S. Green Building Council, February 2003). See also "Building Connecticut Leadership in Green Buildings and Clean Energy: A Report to Connecticut Innovations" Capital E, (April 2001).

² "Building Momentum: National Trends and Prospects for High-Performance Green Buildings" (Prepared for the U.S. Senate Committee on Environment and Public Works by the U.S. Green Building Council, February 2003). Some measurements have indicated indoor air pollution concentrations up to 100 times greater than outdoor levels.

High performance building standards for both the private and the public sector have been adopted in varying degrees by municipalities and states across the country. These include 21 states, more than 60 local governments, and 10 federal agencies.³

CFE is pleased to see that the legislature is going the final mile and complementing building standards for the public sector with incentives to promote green building standards for private construction.

Despite the growing adoption of green building standards by the public sector, the private sector still faces some barriers to wide-scale adoption of high performance building practices. Among the greatest barriers are the perceived cost of building green and, for speculative construction, "split incentives" between the builder and the owner/tenant. In addition, despite the economic benefits of green buildings, most private firms or public agencies do not recognize the full financial value of green buildings, including reduced energy and resource consumption and increased worker productivity.

While many buildings in the past decade have incorporated some green elements, a true commitment to building green requires a focused program that encourages comprehensive planning and design. Green buildings consider and integrate the environmental impacts of every aspect of planning, constructing and operating a building, including site impacts, building materials, energy and water consumption, stormwater management, renewable power, transportation, and indoor air quality. The Leadership in Energy and Environmental Design (LEED) program of the U.S. Green Building Council has been recognized as a model program for green building design. A project's certification level depends on the points earned by implementing various green strategies within several categories.

The Green Building Tax Credit is designed to encourage the construction industry to adopt green practices by providing tax credits to owners and tenants who invest in increased energy efficiency, recycled and recyclable materials and improved air quality. To qualify, the building must be certified to a minimum level equivalent to LEED gold, and use no more than 70% of the energy allowed under the Connecticut energy code for new construction or 80% of the energy allowed under the state code for renovations. Currently, Maryland, New York, Oregon and New Mexico offer green building tax credits at the state level, with other states considering such programs

Suggestions for Improved Language

Section 1 (a) (1). CFE would also recommend capping the amount available per square foot in the definition of "allowable costs." The purpose of thus limiting the tax credit is to avoid a situation where the tax credit is inflated as a result of the inclusion of high-end non-essential amenities, such as marble foyers, etc. I suggest adding the following language to qualify the definition of "allowable costs":

"For the purpose of determining the amount of tax credits due, "allowable costs" shall not exceed \$250 per square foot for new construction, or \$150 in the case of renovation or rehabilitation of a building."

³ For a full list of the various initiatives, see "LEED Initiatives in Governments and Schools," U.S. Green Building Council (October 2006).

Section 1 (c) (1). It is clear that the intent of this section is to require buildings that are eligible for the tax credits to meet more stringent energy efficiency standards than required by the state building code. However, as currently written, this language is a bit confusing and could be read as allowing buildings to actually meet less stringent standards than the base minimum energy requirements. Accordingly, we would recommend changing the language in this section to read:

“(c) (1) To be eligible for a tax credit under this section any project shall: (A) Not require a sewer extension of more than one-eighth of a mile, (B) [not have energy use exceeding the energy use permitted by the state energy code by (i) seventy percent for new construction, or (ii) eighty percent for renovation of a building] not have energy costs that exceed (i) seventy percent of the energy use permitted by the state energy code for new construction, or (ii) eighty percent of the energy use permitted by the state energy in the case of a renovation or rehabilitation of a building, (C) use equipment and appliances that meet Energy Star standards, if applicable, including, but not limited to, refrigerators, dishwashers and washing machines.”

Additionally, we suggest that the tax credit is a good vehicle to create additional market demand for low-VOC construction materials. Accordingly, we suggest adding the following additional language at the end of this section:

“(D) use low VOC products in all interior applications where such products are commercially available, per standards established by LEED for (1) adhesives & sealants, (2) paints & coatings and (3) carpets.”

Section 1 (e) (2). With respect to section 1 (e) (2), CFE would hope that the transferability of the tax credits would provide a pathway for non-profits and tax-exempt organizations to realize the benefit of the green building incentives. It seems unclear whether the current language would in fact provide for this possibility. To ensure that tax-exempt non-profit organizations are also encouraged to build green, CFE suggests adding the following language, which we believe is much clearer in establishing the ability of non-profit organizations to realize the benefit of the green building incentives:

“Tax credits are fully assignable and transferable. A project owner, including but not limited to a non-profit or institutional project organization, may transfer its tax credit eligibility to a pass-through partner in return for a lump-sum cash payment.”

Conclusion

As Connecticut attempts to address rising energy costs, preserve open space and stem sprawl, and improve the overall quality of life for its citizens, high performance transit-oriented development provides a sound solution. CFE, therefore, urges the committee to vote in favor of Raised Bill 1033 to encourage green building practices within the state of Connecticut.

Making Great Communities Happen



Connecticut

Connecticut Chapter of the American Planning Association

Government Relations Chairman Christopher S. Wood, AICP
 Phone: 203 558-0654 woodplanning@charter.net www.ccapa.org

March 6, 2009

PLANNING AND DEVELOPMENT COMMITTEE

S.B. 1033 AN ACT TO ESTABLISH A TAX CREDIT FOR GREEN BUILDINGS

The Connecticut Chapter of the American Planning Association is pleased to support Raised Bill 1033, An Act Establishing a Tax Credit for Green Buildings. This state tax credit, if approved, will establish a much needed benefit for green building projects meeting or exceeding the LEED Gold certification.

CCAPA's mission is to provide leadership in planning, land use and development in order to build strong communities and improve the quality of life in Connecticut. LEED certification is very much in keeping with our mission. LEED, which stands for Leadership in Energy and Environmental Design, is a program administered by the United State Green Building Council. This is a rating system which encourages sustainable green building and development practices throughout the world.

In Connecticut, many of the LEED-certified buildings have been public- or institutional in nature. LEED certification often involves more challenging and expensive construction costs, in order to achieve the sustainable environmental performance over the long-term. These benefits are substantial, and contribute to human and environmental health, sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

Extending the green building revolution to the commercial sector is therefore vital to the economic development in Connecticut, in keeping with our commitments to address climate change and promote smart growth throughout the State. With this tax credit, LEED will be more accessible to private sector development and that, in turn, benefits all of our communities.

CCAPA POSITION

CCAPA supports S.B 1033 and encourages the Committee to report favorably on this bill. CCAPA is available to assist the Committee with this and any other legislation related to planning and municipal management.



testimony regarding

Senate Bill 1033

An Act Establishing a Tax Credit for Green Buildings

made before the

Planning and Development Committee

March 6, 2009

The Northeastern Connecticut Council of Governments (NECCOG) **supports the intent** put forth in **Senate Bill 1033, An Act Establishing a Tax Credit for Green Buildings**. Incentivizing such construction is sound policy for our state and environment. We have assisted towns in our region in developing mixed use development where such a tax credit would have been a positive addition. We also have assisted one town in adding a "green" bonus related to subdivision development. We urge the members of the Committee to give it favorable consideration.

We do have a few suggestions:

- The **eligibility standards** put forth in Section 1a(3), lines 19 -31 would preclude development in many rural areas (such as northeastern Connecticut) in our state from taking advantage of such incentives and therefore hindering the use of green building approaches. For example, the Town of Plainfield does not currently have bus transit available – yet it is part of the Eastern Connecticut Enterprise Corridor, and the Town of Killingly has industrial and mill properties not on the local transit system. While we support Transit oriented Development – it does not always work in a rural setting with limited transit options.
- In Section 1a (5), lines 36-39 the bill defines "Enterprise zone" making such properties eligible later in the legislation. However, there are also **Enterprise Corridor Zones** authorized under 32-80 – we request that these also be eligible under this proposal.
- Line 79 uses the term "**major renovation**" – but there is no definition as to what this means. We suggest (as a starting point): *Major renovation* means a structural change to the foundation, roof, floor, or exterior or load-bearing walls of a facility, or extension of an existing facility to increase its floor area in excess of \$100,000 or twenty-five (25) percent of the current assessed value of the structure(s).

Thank you for your consideration of our position on this proposal. Please do not hesitate to contact us for more information.



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*Your Home
 Is Our
 Business*

March 6, 2009

To: Senator Eric Coleman, Co-Chairman
 Representative Brendan Sharkey, Co-Chairman
 Members of the Planning & Development Committee

From: Bill Ethier, CAE, Chief Executive Officer

Re: Raised Bill 1033, An Act Establishing a Tax Credit for Green Buildings

The HBA of Connecticut is a professional trade association with almost one thousand, three hundred (1,300) member firms statewide, employing tens of thousands of Connecticut citizens. Our members are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to this diverse industry. We also created and administer the Connecticut Developers Council, a professional forum for the land development industry in the state.

The HBA of Connecticut is deeply involved in green building issues and we conduct our own Build Green Connecticut™ Program (see our web site at www.hbact.org and click on Build Green Connecticut near the bottom of the home page). **Tax incentives to help move the marketplace toward green building are a good idea, but we strongly urge the committee to amend RB 1033 to include other nationally recognized green building rating systems or standards.**

In particular, we urge the committee to review Raised Bill 6284 (File Copy # 21), AAC Adoption of a Model Energy Code and Green Building Standards, unanimously passed by the Public Safety Committee. RB 6284 recognizes that three green building rating systems or standards are nationally recognized. In addition to the LEED Green Building Rating System, there exists the Green Globes rating system for commercial buildings and the National Green Building Standard for residential construction.

The National Green Building Standard is the only green building rating system that has been approved by ANSI, American National Standards Institute, as a national standard. LEED and Green Globes have not attained this status. LEED, Green Globes and the National Green Building Standard all compete for the attention of the marketplace. Adopting a tax credit for only one such system inappropriately interferes in this competition and ignores the reality that other nationally recognized rating systems or standards are equally, if not more, deserving of official state promotion.

Therefore, we respectfully request that the committee incorporate the National Green Building Standard, as approved by ANSI, in the bill to help move the residential marketplace toward more green building.

Thank you for the opportunity to comment on this important legislation.



**SIERRA
CLUB**
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Planning and Development Committee
March 6, 2009

Testimony of Martin Mador
In Favor of

HB 1033 An Act Establishing a Tax Credit for Green Buildings

I am Martin Mador, 130 Highland Ave., Hamden, CT 06518. I am the Legislative and Political Chair of the Connecticut Sierra Club, and am here today representing our 10,000 Connecticut members concerned about the health of our environment. I possess a Master's of Environmental Management degree from Yale. I am a LEED accredited green building professional, and have conducted research in green buildings at Yale. I am the editor and chapter author of Biophilic Design; the Theory, Science, and Practice of Bringing Buildings to Life (Wiley, 2008).

This bill would establish a program to grant credits toward state taxes for construction or renovation of buildings designed and built to green building standards.

Sierra recommends passage of this bill, but, given the current economic crisis, makes no comment about the date of these credits should become effective.

The use of tax credits to encourage green building construction is highly appropriate. Green buildings confer a host of benefits to society as a whole. They minimize impacts on the site where they are built. They minimize water consumption, thereby protecting our sources of potable water. They promote stormwater infiltration to the ground, thereby reducing the need for expensive infrastructure, and reducing the erosion of receiving waterways. They reduce electrical energy use dramatically, reducing the need for additional generation capacity. They can reduce fossil use, so minimize release of air pollutants and greenhouse gases. They emphasize high indoor air quality, keeping the building occupants healthier and more productive. They minimize generation of waste, reducing the need for landfill space. Each of these benefits has a direct public benefit, which far outweighs the cost of the tax credits contemplated in this bill.

The bill, however, to be acceptable needs revision in four areas.

(1) It needs to explicitly say that the credits are available only to buildings which have actually earned LEED certification at the Silver level or above. It must not say "or equivalent", as there is no existing equivalent standard which incorporates third party certification. Such certification is necessary to confirm that the building actually meets green standards as built. It must apply to the project as built, not as designed. The credit should thus be awarded only after certification has been granted.

(2) Section 1.(10)(c)(1)(B) must be re-written so that it is clear that the building's energy consumption is no more than 80 or 80 percent of code. The current language actually says the consumption can be 70 or 80 percent greater than code.

(3) The language in Section 1.(3) referring to bus transit and rail, light rail, streetcar or

ferry transit must be removed. This would limit credits only to green buildings associated with transit-oriented development. Sierra finds this unacceptable. While buildings sited near mass transit may be preferred, this is not necessary for the benefits of green buildings to apply. This restriction is inconsistent with the purpose of the legislation.

(4) The tax credits in section 1. (10)(c)(2) are so generous that only a few projects could exhaust the \$25million cap. If the goal is to encourage green building across the state, the credits available to a single project should be reduced.

The use of tax policy to encourage commercial construction of green buildings is highly appropriate public policy. Considerable societal benefits will accrue from passage of this bill.



Testimony of Economic Development Corporation of New Haven
To Senator Eric D. Coleman and Representative Brendan Sharkey and Members of
Continuing Legislative Committee on State Planning and Development Committee
March 6, 2009

Senate Bill No. 1033: An Act to Establish a Tax Credit Green Buildings

This Senate Bill would establish a Tax Credit for Transit-Oriented Real Estate Development Projects that meet or exceed LEED Green Building Rating System gold certification and encourage development of such buildings in distressed municipalities.

We support the proposed act establishing these tax credits for “green” buildings for the following reasons. The Economic Development Corporation of New Haven (EDC) main objective is a collaborative partnership with the City of New Haven, Yale University and other institutions and the business community – to generate a vibrant business environment in New Haven. We serve as a catalyst for attracting human and capital investment to the City and its neighborhoods by retaining and attracting businesses and fostering a positive economic climate. We advocate on behalf of businesses to identify and secure economic development incentives is vital to the growth of expansion. These tax credits can help entices and maintain numerous business operations to strengthen investment in our local and regional economics while providing more economic stability in this struggling current economic economy.

Furthermore, the credits can generate and promote smart growth within a city to advocate transit-oriented, walkable, bicycle friendly, proper land use including neighborhood schools and mix-use development with a variety of housing choices. In addition, job creation, increased income tax base, expansion on the transportation system, and gain and retention of business are essential to cultivate and market New Haven. Neighborhood business can also benefit and prosper because strategic plans can be modified to suit these local cleaner, environmentally friendly businesses to create commercial corridors or gateways into the city.

In conclusion, M. Jodi Rell, Governor of Connecticut **Executive Order No. 15** emphasizes “we must actively steer the continued growth and development...if left unchecked, this trend will continue to fragment the landscape, impair our ability to remain economically competitive, consume precious natural resources, waste energy, pollute the air and water, increase Greenhouse Gases (GHG) that can accelerate the pace of climate change, and overwhelm local and state infrastructure”. This order along with the recently signed legislation by President Obama, The Economic Stimulus Bill

providing \$16.8 Billion for the Department of Energy's Office of Energy Efficiency & Renewable encourages development of energy efficient strategies such as 360 State Street the largest mix-use development in Connecticut. An allocation of funds will be awarded to state & local governments for these projects.

Michele L. Whelley
CEO, Economic Development Corporation of New Haven