

PA 11-086

SB1001

Commerce	699-704, 754-756, 779-781	12
House	9238-9243	6
<u>Senate</u>	<u>4954-4988</u>	<u>35</u>
		53

**JOINT
STANDING
COMMITTEE
HEARINGS**

**COMMERCE
PART 3
601 – 898**

2011

DEPUTY COMMISSIONER RONALD ANGELO: Thank you for having me here, Senator LeBeau, Representative Berger. As you know, my name is Ron Angelo. I'm the acting commissioner at the Department of Economic and Community Development, and I'm here today to discuss the department's support for S.B. 1001, AN ACT CREATING THE FIRST FIVE PROGRAM.

This bill represents one of the many efforts Governor Malloy is proposing to encourage economic development in Connecticut. This program will allow substantial financial assistance for up to five eligible business development projects in each of the next two fiscal years.

The purpose of the program is to encourage business expansion and job creation throughout the state. Under this program, an eligible business development project will commit to creating at least 200 jobs within 24 months from the date the application is improved or invest at least \$25 million and create at least 200 jobs within five years from the date of the application.

The proposal also eliminates the matching requirements under the Manufacturers Assistance Act, eliminates the \$10 million cap requiring legislative approval, eliminates the urban and industrial sites for mediation programs' \$20 million threshold for legislative approval, increases the cap for the urban and industrial sites remediation program from 500 million to 750 million, and increases the job creation tax credit cap from 11 million to 20 million in any one fiscal year.

Once the DECD has approved an eligible

applicant to be one of the first five, we will certify to the governor that the applicant has met and satisfied all of the eligibility requirements, and all financial assistance awarded through the program will be with the written consent of Governor Malloy. Thank you for your time and consideration of my comments, and I'd be happy to answer any of your questions at this time.

SENATOR LEBEAU: Thank you, Commissioner. Let me pursue the piece of the bill that you mentioned around that removes the need for legislative approval. And what - and I don't have the bill open in front of me. I have to apologize.

But that was - that regarded - if you could go back and review what that - what that did.

DEPUTY COMMISSIONER RONALD ANGELO: Right now we - well the economic development entities of the State of Connecticut could provide up to \$10 million in financial assistance over a two-year period to a particular company. It would - this would require us to not, if we want to exceed the \$10 million threshold, to not have to go get legislative approval for that.

Right now we would have to get legislative approval if we exceeded that \$10 million cap. In the Urban Industrial Sites Program, we have authority up to \$20 million; in this case we would not have to go to the legislature if we were to exceed that \$20 million threshold.

SENATOR LEBEAU: Does it replace it with a new threshold or is it - it's totally without threshold?

DEPUTY COMMISSIONER RONALD ANGELO: It would be

without threshold. It would be the commissioner DECD, and the governor would be allowed to examine these projects and determine their benefit to the state of Connecticut and decide and proceed from there.

SENATOR LEBEAU: Could you give me the rationale for this?

DEPUTY COMMISSIONER RONALD ANGELO: Well, very often we are dealing with projects that are very, very time sensitive. They need to have a high degree of predictability and in some cases, even though they have a letter of interest or a commitment from the state, there are - they know they still are going to have to go through significant legislative hurdles, and that can be a game changer in this environment.

Governor Malloy wants to be in the forefront of job creation and capital investment, and he wants to be able to move very quickly on projects that are going to result in major economic benefit and job creation to the state. And this would allow the governor and the commission of DECD to do that.

SENATOR LEBEAU: Yeah, I can't help reflect on Stanford, which was the recipient of a tremendous amount of state aide with the building of the UBS, RBS trading floor, and I believe that was like a - it was tens of millions of dollars and it was above the threshold.

But if I remember correct we dealt with that within - we may even had to - we - I believe that divisions in the law provide for if we're not in session the Finance Committee to come in and deal with that.

So I have some concerns about this and some concerns about the - the balance between the three branches of government, that the - clearly the legislative branch both at the federal level and at the state level are set up to review or to make expenditures.

And even though we sequestered money in some cases, through various bonding projects or reopening sites, a program or the Manufacturer's Assistance Act and put tens of millions of dollars off to the side, the check on that has always been, the check on the executive has always been through the \$10 million cap and the \$20 million cap in the other program.

So this changes that whole game. You know, perhaps another way of going, just looking at this, perhaps another way of looking at this would be to kind of the way we just did a bill. And actually I believe it's already in law that if - if the legislature does not act that it's deemed approved.

And perhaps we need more - maybe you need more flexibility - I'm not sure this kind of no-cap and unlimited thresholds is the way to go. But do you want to comment on that?

DEPUTY COMMISSIONER RONALD ANGELO: Sure. Well, I mean, we are responding in many cases to the business community. We have a governor who's well engaged with the CEO community, and they want to know that they're talking to the decision-makers. If the CEO wants to do a major expansion in this state or a CEO from out of state is looking to locate here with a substantial project, obviously we're talking about tens or sometimes hundreds of millions

of dollars of capital investment. They want to know that the individuals they're talking to are actually going to be able to make that decision and move that project for them - for them and make sure that commitment is there. And in this case the commissioner of DECD and - and the governor, of course, are the ones to do that.

They are going to be leading the economic development effort here in the state and having direct communications with CEOs and encouraging this type of investment and job creation in the state, and I think it is crucial for them, based on my conversations also with the business community, that they are able to act accordingly and respond accordingly to CEOs to be able to make commitments to these projects.

SENATOR LEBEAU: In your recollection, Ron, where anybody can be (inaudible), has DECD, has the legislature ever rejected a project brought over by a governor?

DEPUTY COMMISSIONER RONALD ANGELO: Not to my knowledge.

SENATOR LEBEAU: So one would think that in talking to CEOs of companies that that's pretty strong that that could be used, and also it wouldn't be - it wouldn't hurt to bring in the leaders of the Finance, Revenue and Environment Committee to inform them and to get some assurances about going forward.

Let me ask one more question, Ron, regarding - regarding this program. Would this be only going forward? What if the company currently has or had, say last year, applied for economic assistance. Would the provision of

this bill, could they apply to that company or would they only be going forward from this point on?

DEPUTY COMMISSIONER RONALD ANGELO: They could apply. We have a pipeline with - that we are working on on a daily basis, and there may be companies within that pipeline, and of course companies that are in direct contact with the governor that would be able to apply for this program.

SENATOR LEBEAU: Thank you. Further questions by members of the committee? Thank you for appearing today. Appreciate your - your testimony.

Second on the agenda, Peter Longo from CI.
Good morning, Peter, how are you?

PETER LONGO: Thank you, doing well. Thank you for the opportunity to comment today on the raised Senate Bill 1136, AN ACT LOWERING THE THRESHOLD OF ANGEL INVESTORS, and raised House Bill 6525, AN ACT CONCERNING THE CONTINUANCE OF THE MAJORITY LEADER'S JOB BILL ROUND TABLE.

These bills both address important aspects of economic development. In July of 2010 Connecticut launched the Angel Investor Tax Credit Program that was created in last year's bill. To date there's been a lot of interest in the program.

Ten angel investors have invested roughly \$2.1 million in seven Connecticut businesses that have qualified under the program. These investors has received roughly \$536,000 in tax credits for making these investments.

We also operate on Amtrak between Springfield and New Haven on the Hartford Springfield line, but Amtrak owns that line. We provide the freight service that connects to these lines.

REP. O'BRIEN: Okay. And does that freight go like all the way through the state up to Massachusetts and down to New York or --

CHARLES HUNTER: Yes, it's -- this is literally the connection to the national network, North America, U.S., Canada and Mexico, yes.

REP. O'BRIEN: Okay. Thank you very much.

CHARLES HUNTER: Sure.

REP. BERGER: Thank you, Representative. Any other questions? Thank you for your testimony. Steve Elkin?

STEVE ELKIN: Good afternoon. I'm here to speak in favor of the Senate Bill 1001 regarding the First Five. My name is Steve Elkin. I was born and bred here in Connecticut. I spent many years in the solar industry.

I am currently CEO of Solar U.S. We're located in Branford, Connecticut. I'm also the -- sit on the board of CN Washington, DC, serving as a solar thermal vice chairman there on the board of directors of Solar Connecticut.

I serve on several committees in these organizations. We've been traveling to meetings with solar product manufacturers around the world, in Europe and China, and we've brought many of the companies products here to the United States and here to

Connecticut.

We brought a group of Chinese representatives to Hartford to meet with legislators and speak with Speaker Donovan from our sister city in China, (inaudible). Their company currently does about \$3 billion in sales, all domestically in China right now.

And then with CCEF officials, I never got a sense that we fit to any of the state. in fact we were told that we didn't, okay, until now. Our company will be an applicant for the First Five program if it is implemented.

I wish you all could see what I have seen in my travels, visiting these factories around the world. We're talking thousands of jobs, not hundreds but thousands of workers in these factories, and it really does exist. It's not speculation.

After years of meeting with investors, the U.S. is now in the process of securing the funding necessary to build our manufacturing facility here in the states. The issue for us right now is where to locate the factory. Our preference is Connecticut. As I said this is our home.

However, there are other states that are very aggressive in luring companies, like California and New Jersey. New York is offering some of their area state grants, loans and credits up to \$35,000 per job.

Pennsylvania's people actually on the ground, economic development people in China, luring Chinese product manufacturers here to the U.S. so they can be close to the U.S. consumer.

Now Connecticut is a very attractive location geographically with access to seaports, airports, gateway to New England, great to raise families, beaches, skiing nearby. And Connecticut has historically been a leader in manufacturing.

And I think it's time that we try to get back into the game. You know, the world sees the potential here in the U.S. and is beginning to invest in America to develop and encourage the use of clean energy technologies. For years we've been seeing more with jobs going overseas and asking how do we get them back.

This program should be a good start for getting work back to Connecticut and starting an economic boom here again. Thank you very much.

REP. BERGER: Any questions? Thank you, Mr. Elkin. Committee members questions? No? Thank you for your testimony. George Sevc?

GEORGE SEVC: Hi, my name is George Sevc. I'm plant manager of Nutmeg Recycling in South Windsor. Thank you for the opportunity to speak in support of Raised Bill 1137, AN ACT CONCERNING THE CONNECTICUT RIVER BRIDGE.

Nutmeg Recycling is a 28-year-old company specializing in (inaudible) material. In 2010, our 85 plus employees processed approximately 140,000 tons of recyclable material, such as glass, aluminum and plastic, 104,000 tons of this material being glass.

Out of this, more than half of it was shipped by rail, amounting to 500 rail cars in 1,000 trips across the Connecticut River Bridge. In 2004 Nutmeg Recycling moved its operations to

TESTIMONY PRESENTED TO THE COMMERCE COMMITTEE**March 8, 2011**

*Benjamin Barnes
Secretary
Office of Policy and Management*

Testimony Supporting House Bill No. 1001

AN ACT CREATING THE FIRST FIVE PROGRAM

Senator LeBeau, Representative Berger and distinguished members of the Commerce Committee, thank you for the opportunity to offer testimony on Senate Bill No. 1001, An Act Creating the First Five Program.

As you well know, Connecticut has a poor history of job creation. Employment in our state today is virtually unchanged from the levels that existed in the state in the late 1980s. During the most recent recession, our state lost 103,000 jobs and thus far has gained relatively few positions back. Governor Malloy wanted to take aggressive steps to turn-around this poor record of job creation with a robust program of incentives right from the start of his Administration, primarily by creating a "land-rush" level of excitement to be made available to the first five business entities that commit to our state. Under his proposed program, the commissioner of the Department of Economic and Community Development (DECD), with the written consent of the Governor, will be authorized to augment and combine existing incentive and tax credit programs to attract business development projects that commit to creating:

- Not fewer than 200 new jobs within two years, or
- Making a minimum investment of not less than \$25 million that results in the creation of not fewer than 200 new jobs within five years.

If those conditions are met, the commissioner will be given discretion to override statutory limitations on the levels of direct financial assistance or tax credit program requirements for the first five. In order to fast-track job creation, the first five entities will be exempt from certain statutory requirements that can also delay the delivery of incentive packages.

The bill also would raise the dollar caps on certain tax credits so the state is not constrained in offering a full array of incentives. This includes:

- Raising the cap on the total credits that can be granted under the Urban and Industrial Site Reinvestment Tax Credit Program from \$500 million to \$750 million;
- Raising the annual cap on the Job Creation Tax Credit Program from \$11 million to \$20 million.

Hopefully, with these aggressive tools at our disposal we can turnaround what has been essentially two lost decades of job growth while reinvigorating the state's economy.

I would like to again thank the committee for the opportunity to present this testimony. I respectfully request the committee support this bill and I will be happy to answer any questions you may have.



Ronald F. Angelo Jr.
Acting Commissioner

State of Connecticut
Department of Economic and
Community Development

TESTIMONY PRESENTED TO THE COMMERCE COMMITTEE
March 8, 2011

Ronald Angelo, Acting Commissioner
Department of Economic and Community Development

SB 1001 AN ACT CREATING THE FIRST FIVE PROGRAM

Good morning Senator LeBeau, Representative Berger, Senator Frantz, Representative Camillo and members of the Commerce Committee. My name is Ron Angelo and I am the Acting Commissioner of the Department of Economic and Community Development (DECD). I appreciate the opportunity to appear before you to today to discuss the department's **support** for SB 1001, An Act Creating the First Five Program. This bill represents one of the many efforts Governor Malloy is proposing to encourage economic development in Connecticut.

This program will allow substantial financial assistance for up to five eligible business development projects in each of the next two fiscal years. The purpose of the program is to encourage business expansion and job creation throughout the state. Under this program, an eligible business development project will commit to creating at least 200 jobs within 24 months from the date the application is approved or invest at least \$25 million dollars and create at least 200 new jobs within five years from the date of such application.

The proposal also:

- Eliminates the matching requirements under the Manufacturing Assistance Act program;
- Eliminates the \$10 million cap requiring legislative approval;
- Eliminates the Urban and Industrial Sites Remediation Program's (URA) \$20 million threshold requiring legislative approval;
- Increases the cap for Urban and Industrial Sites Remediation program from \$500 million to \$750 million under this program;
- Increases the Job Creation Tax Credit program cap from \$11 million to \$20 million in any one fiscal year.

Once DECD has approved an eligible applicant to be one of the "First Five", we will certify to the Governor that the applicant has satisfied all of the eligibility criteria. All financial assistance awarded through the program will be with the written consent of the Governor.

Thank you for your time and consideration of my comments. We respectfully request your support for Senate Bill 1001.

H – 1118

**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2011**

**VOL.54
PART 27
8965 – 9294**

Absent and not voting 9

SPEAKER DONOVAN:

Bill is passed.

The Chamber will stand at ease.

(Chamber at ease)

SPEAKER DONOVAN:

The Chamber will come back to order.

Will the Clerk please call Calendar 619. 619.

THE CLERK:

On page 37, Calendar 619, Substitute for Senate Bill
Number 1001, AN ACT CREATING THE FIRST FIVE PROGRAM,
Favorable report of the Committee on Finance Revenue and
Bonding.

SPEAKER DONOVAN:

Chairman of the commerce, Representative Berger on
the floor, sir.

REP. BERGER (73rd):

Yes, good evening, Mr. Speaker. I move for
acceptance of the Joint Committee's favorable report
in concurrence with the Senate.

SPEAKER DONOVAN:

The question's on acceptance of the Joint Committee's

favorable report.

Will you remark?

REP. BERGER (73rd):

Yes. Senate Bill 1001, as before us, as a summary, the bill authorizes substantial financial assistance under existing economic development programs for business development projects that can create jobs, and are thus funds within specific time frames. I move its adoption.

SPEAKER DONOVAN:

The question's on acceptance. Remark further. Remark further. If not, staff and guests, please come to the well of the house.

Excuse me, Representative Berger, sorry.

REP. BERGER (73rd):

Yes, thank you, Mr. Speaker.

The Clerk is in possession of Amendment LCO 7604. I call -- I ask that he call it and I be allowed to summarize.

SPEAKER DONOVAN:

Will Clerk please call LCO 7604, which is previously designated Senate "A".

THE CLERK:

LCO Number 7604, Senate "A" offered by Senator
LeBeau.

law/lxe/jr/fst/gbr
HOUSE OF REPRESENTATIVES

755
June 7, 2011

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize. Any objection? Hearing none, Representative, you may proceed.

REP. BERGER (73rd):

Yes, thank you, Mr. Speaker.

The amendment before us is -- is really not substantive in its nature, but technical. I move its adoption.

SPEAKER DONOVAN:

The question's on adoption. Remark further? Remark father? Representative Crawford, remark further on the amendment? Any --

REP. CAFERO (142nd):

Mr. Speaker?

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Real quick. What is the effect of the amendment? Through you, Mr. Speaker. This is brand new to us.

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker.

There is -- the amendment in line 33 and statutes, and at commissioner discretion in line 73, inserts an open bracket, and in closing brackets to the lines 12 for -- after 12-217.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

And does it -- and through you.

Does it change the substance of the underlying bill?

SPEAKER DONOVAN:

Representative Berger.

REP. BERGER (73rd):

Yes, through you, Mr. Speaker.

It limits the increase in job creation tax credits to only those authorized under the general statutes, 12-217.

REP. CAFERO (142nd):

Thank you.

SPEAKER DONOVAN:

Representative Cafero.

REP. CAFERO (142nd):

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Care to remark further on the amendment? If not, let

law/lxe/jr/fst/gbr
HOUSE OF REPRESENTATIVES

757
June 7, 2011

me try your minds? All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

Opposed, Nay. Amendment is adopted. Remark further and the bill is adopted. Remark further and the bill is -- as amended. If not, staff and guests, please come to the well of the house. Members take their 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 a roll call, members to the Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Please check the roll call board to make sure your vote has been properly cast. If all the members have voted -- what's that? Representative Rigby, we'll wait for you. Looks like that's it. The machine will -- if everybody stays close to their desk for the next few minutes, I think it will be to everyone's advantage.

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

announce the tally.

THE CLERK:

Senate Bill 1001, as amended by Senate "A" in
concurrence with the Senate:

Total number voting	142
Necessary for passage	72
Those voting Yea	116
Those voting Nay	26
Those absent and not voting	9

SPEAKER DONOVAN:

Bill as amended is passed. Will the Clerk please
call Calendar 552.

THE CLERK:

On page 25, Calendar 552, Senate Bill Number 1207,
AN ACT CONCERNING OFFERS OF COMPROMISE, favorable report
of the Committee on Judiciary.

SPEAKER DONOVAN:

Representative Fox.

REP. FOX (146th):

Thank you, Mr. Speaker.

I move for the acceptance of the Joint Committee's
favorable report and passage of the bill.

SPEAKER DONOVAN:

Question's on acceptance of the Committee's

S - 627

**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2011**

**VOL. 54
PART 16
4951 - 5268**

mr/fs/jf/gbr
SENATE

4
June 3, 2011

Calling from Senate Calendar for Friday, June 3, 2011, Favorable Reports, Calendar page 7, matter marked "Order of the Day," Calendar Number 386, File 631, substitute for Senate Bill 1001, AN ACT CREATING THE FIRST FIVE PROGRAM; Favorable Report of the Committees on Commerce and Exports, and Finance, Revenue and Bonding.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Mr. President, and good afternoon.

THE CHAIR:

Good afternoon, sir.

SENATOR LeBEAU:

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

THE CHAIR:

On acceptance and passage, will you remark?

SENATOR LeBEAU:

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

First, I'd like to make a few remarks about the general -- generally what this bill does. As -- as I think everybody in the -- in the Circle knows, this is one of the Governor's major initiatives for this session, one of the two that we'll be talking about in the next few days, and it's -- it's called the First Five, and five because it authorizes substantial, economic development assistance under existing programs for projects meeting certain job criteria and investment goals. Those job criteria and investment

goals are 200 jobs within 24 months of a commissioner's approval or \$25 million of investment and 200 jobs within five years of the commissioner's approval.

Other projects can qualify for the First Five program if they -- if they can create 200 jobs in less than 24 months or invest 25 million sooner than five years. It also makes -- the bill also makes other programmatic changes. And one of the things that I think that we're concerned with in the Circle is it exempts projects from certain statutory funding limits under the Manufacturing Assistance Act.

And essentially what this bill does is it provides a lot of flexibility to the commissioner to really go out and make some -- make some bill moves for the state and bring in some substantial companies, in most cases that are already in existence, or to help certain companies that are here really grow in a significant way.

If this bill is passed and we're looking at the First Five -- we're looking at over the first two years -- we're looking at 2000 jobs created in the state; 2000 jobs, folks. And everybody here, I'm sure is aware of the latest job numbers that came out this morning from the federal government, very disappointed across the country, and certainly Connecticut is part of that.

And we have -- we have not been doing the kinds of job creation that we would -- we would like. This will provide -- and I'm a little shy to use the word

mr/fs/jf/gbr
SENATE

6
June 3, 2011

"stimulus" -- but this will provide some stimulus for certain companies that will be chosen by the commissioner and her staff to -- to do -- to really give this -- this impetus to really drive the economic wheel in Connecticut.

Two other things that the bill does, which are also very important, it increases the total amount of Job Creation Tax Credits from 11 million to 20 million, and Urban, Industrial Sites Tax Credits from 500 million to 750 million. And -- and those are necessary; and I'll -- if we had any questions on this, I'd be glad to go into more detail. Those are necessary because we're -- we're, in a sense, running out of room on -- on those programs to -- to -- to keep them alive. And they're -- they've been pretty successful, especially the Urban, Industrial Tax Credits.

Mr. President, the Clerk has an amendment, LCO Number 7604. May he call it and may I be allowed to summarize?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 7604, which will be designated Senate Amendment Schedule "A," as offered by Senator LeBeau, of the 3rd District.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Mr. President.

This -- this amendment is essentially technical in nature, provides a little bit more flexibility, and it -- I'd recommend that we -- I'd like to move the amendment and recommend its passage.

THE CHAIR:

On adoption?

SENATOR LeBEAU:

On adoption.

THE CHAIR:

Thank you, Senator.

Will you remark? Will you remark further on the amendment? Will you remark further on the amendment? If not, I'll try your minds. All those in favor of the amendment, please significant by saying, aye.

SENATORS:

Aye.

THE CHAIR:

Those opposed, nay? The ayes have it. The amendment is adopted.

Will you remark further on the bill as amended?

Senator LeBeau.

SENATOR LeBEAU:

I'm certainly willing to take questions, Mr. President. I think this is an excellent -- an excellent bill, a timely bill, something that -- that we need to do in the state to help generate jobs.

I know there's be a lot of discussion about what we do in the -- in this Chamber, about whether we're creating jobs or not creating jobs, but this is one bill we can -- we can, I think -- and I think

mr/fs/jf/gbr
SENATE

8
June 3, 2011

hopefully we can all get behind as a bill that, without any question, will help create jobs in the State of Connecticut.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you mark further on the bill as amended?

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

Good morning to you. Good afternoon to you --

THE CHAIR:

Good afternoon.

SENATOR FRANTZ:

-- I guess. I stand in favor of the bill, and I want to take a minute to thank the Governor for his input here but also to thank Senator LeBeau and his counterpart in the House for providing some very good leadership on this particular effort.

While this is a very expensive way to create jobs -- and my argument, universally, and throughout this session and the previous two years', previous session -- is that Connecticut should, in fact, be making much greater strides towards making our state much more competitive on the tax front. And -- and not just -- not just corporate tax; I'm talking about income tax and all of the other taxes that we face, having to do income, estate, corporate income, and as well as consumption taxes, because that's the very best thing that we could be doing to attract businesses to our

mr/fs/jf/gbr
SENATE

9
June 3, 2011

state.

Since we have had a tough time doing that, despite some magnanimous efforts to do so, we are facing numbers that we thought we would not facing here, at the national level, and that translates down into numbers that could be construed as even a little bit worse here in Connecticut. We know that there's at least an 18-month-to-24-month lag in job recovery, economic recovery in the State of Connecticut after the national economy has recovered. And that's -- that's a big thing to remember because the national economy has, in fact, not -- not recovered yet. We may be getting into a little bit of another sideways drift here.

But having said all that, this is a good initiative, and, again, the Governor is right on the money here, as is leadership of the Commerce Committee. And I think it will create a buzz. I think it does fit with the whole idea of Connecticut being open for business, and I am hopeful that it will create some critical mass as well.

Once we get a good flagship company in, such as we did recently here with Starwood, I think that you can -- you can bring some other companies in just by virtue of the fact that you've got perhaps an industry similarity with other companies that might consider coming here to the state.

Just a couple of quick questions of the proponent of the bill, Senator LeBeau.

Through you, Mr. President.

THE CHAIR:

Please proceed, sir.

SENATOR FRANTZ:

Thank you.

Through you, Mr. President.

Senator LeBeau, thank you, again, for your efforts on this bill and your overall efforts on economic development.

Could you tell the group if there is any sort of criteria that's alluded to in the bill's language having to do with what sort of company, what type of company, what type of employment, what type of product we're looking for, or is it just a general approach to bringing in companies with 200 employees or more?

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

As I understand the bill, Senator -- first of all, let me -- let me thank you, again, for your support and your help with everything we've done in the Commerce Committee; and Representative Fred Camillo, from the House. We've -- and -- and Jeff, Jeff Berger, from the House, also, our -- our -- our House Chair, and the Governor; we're working with the Governor's Office on this. Joe Oros -- oh, I see Joe over in the corner -- so that there are some people to thank. But since you started doing it, I thought I'd follow up on that.

I -- my understanding of the bill is pretty wide open in terms of the kinds of -- the kinds of

businesses that might come in. But I -- I -- I also know that there are -- there are certain kinds of businesses that create more jobs than others and that have more multiplier effects. And I also know of, actually, some negotiations that are going with the kinds of companies that you and I would like to see in the company, high-tech -- in the -- in the state. High-tech companies, companies that would make components of -- of high-tech energy producers, to say that in a broad way without divulging and breaking any confidences.

So -- so where -- where I -- I think it's a pretty broad, broad bill and will give the commissioner a lot of latitude, that's -- that's really the intent of it is to give her the latitude, give her the flexibility and to utilize the existing tools that we have to -- to create and recruit and expand business in the state, and I -- and to do her due diligence.

I mean, this is not -- this is not saying, hey, you know, just -- just come on in. I mean, there's still a due-diligence process. She's still dealing with state money, taxpayer dollars, in many cases, to help bring in those -- those companies. And I have a lot of confidence in our Commissioner of Economic Development to -- to do her due diligence, and -- and the people in the DECD, CDA, and CI, who are also charged in this bill to help her in that process.

SENATOR FRANTZ:

Thank you.

And through you, Mr. President.

I appreciate --

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

-- that answer.

And the pitch I would make to the Executive -- Executive Branch and also the Commissioner of DECD, Commissioner Smith, is that we look for sustainable jobs, the kind of jobs we were just talking about, higher-salary ranges in industries that don't -- don't pollute, don't detract from the overall appearance or the economy in any sense, if they were to come here, locate themselves here. Financial services is obviously a great one. Nanotechnology is another one. Film studio businesses is another one, so I'd put a pitch in for that. And I know the Senator would -- would probably put in the same type of -- of plea. And hopefully we will be at least consulted on how that program is going, as it gets underway.

And one last question, through you, Mr. President, for Senator LeBeau.

THE CHAIR:

Please proceed.

SENATOR FRANTZ:

Thank you.

Senator LeBeau, the urban redevelopment tax credits' portion goes from 500 million to 750 million. In your experience, do these -- do these benefits or tax credits, are they taken advantage of frequently

mr/fs/jf/gbr
SENATE

13
June 3, 2011

and do you see within the next 24 months of when this is enacted, the \$250 million in incremental tax credits, do you see that being used significantly?

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Through you, Mr. President.

Yes, I do. Appreciate the question.

And through previous -- previous authorization -- it's interesting that this urban industrial tax credits in the past, it's an old program and for a long time those tax credits sat around and were not used. We had some changes, a couple of years ago, and that -- as a matter of fact, last year as a part of the job's bill -- we also made some -- some additional changes. And we are really beginning to use those.

About 70 percent, a little over 70 percent of the existing tax credit authorization of \$500 million has been used up; \$356,900,000. And that has been happening in it recently.

And, as you know, Senator Frantz, one of the beauties of the -- the tax credit is that we get the company to come in based upon the contract to give their urban industrial sites tax credit. And then the payoffs, I believe, are in the first three years, zero, zero, zero; then 10, 10; then 20, 20, 30, I believe, if that adds up to a hundred percent. I hope it does. But it's -- but it -- but it doesn't get paid off until -- until -- I might have missed a 10 there -- but it doesn't get paid off until a full ten

mr/fs/jf/gbr
SENATE

14
June 3, 2011

years goes by. Meanwhile, we've had those jobs in the state operating, people paying taxes, people paying local property taxes in communities, people having jobs, all the good that comes with -- with a job that you're fully aware of. So, yes, number one, it is -- the program is being used. That's why we're -- we want to expand it by \$200 million.

And, number two -- at \$250 dollars -- and -- and yes, it's a -- it's a great program that is really working right now.

SENATOR FRANTZ:

Terrific. Thank you for that answer.

And through you, Mr. President.

THE CHAIR:

Senator Frantz.

SENATOR FRANTZ:

Thank you, Mr. President.

I -- I am done with my questioning. I'd just like to say if you're watching this or in the Chamber at this point, you'll notice that you have a Chairman here who has unusual passion and a devotion to the whole process of economic development, and it's a pleasure to work with him. And for that reason, but more importantly the reason that this bill does have some merit, it will kick-start economic development and job growth in Connecticut, regardless of what's happening with the macroeconomy, because of its benefits.

And I stand in -- in favor of it and -- and urge my colleagues to vote for it as well.

mr/fs/jf/gbr
SENATE

15
June 3, 2011

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Kane.

SENATOR KANE:

Thank you, Mr. President.

Listen, just a quick note on the bill. It's no secret that I've been quite a critic of this Legislature and the Administration when it comes to business and it comes to taxation and regulation, but this is one of those bills where it really did a very good job, so kudos to Senator LeBeau and Senator Frantz of the Commerce Committee and the Administration for putting this forward. This is what we need. We need to spur the economy. We need to spur job growth. We need to create incentives for businesses to come into Connecticut, expand their businesses and create jobs. So I tip my hat to those who put this bill together.

This is the kind of thing, as a business person, I'm looking for, and the people that I deal with on a daily basis in our local Chambers of Commerce and beyond are looking for, is to grab employers and to grab companies to come into the state and provide the kind of jobs that we need necessary. So I will be in support of the bill.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further on the bill as amended?

mr/fs/jf/gbr
SENATE

16
June 3, 2011

Senator Suzio.

SENATOR SUZIO:

Thank you, Mr. President.

First, I do want to congratulate Senator LeBeau and -- and the members of the Commerce Committee for bringing forward the -- the Governor's proposal. We certainly do need some kind of stimulus to get Connecticut going again, creating jobs and -- and getting our economy back on track.

If I may, through you, Mr. President, to Senator LeBeau?

THE CHAIR:

Please proceed, sir.

SENATOR SUZIO:

First, again, thank you, Senator LeBeau for your leadership.

What is the maximum number of companies that can benefit from the Governor's program as proposed?

Through you, Mr. President?

SENATOR LeBEAU:

Through you --

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

-- Mr. President. Through you, Mr. President.

The maximum number of companies, as the bill is currently written, is ten companies. It's called First Five, and it's the first five in the first year, starting July 1st, and then it's another five in the second year, second fiscal year. So there's a

mr/fs/jf/gbr
SENATE

17
June 3, 2011

possibility of ten, and I would love to see the -- I think you would love to see the ten -- I'd love to see the ten. And I'd -- I wouldn't mind. And -- and, actually, the part of your leadership came to me and said I'd like to see a lot more than that; maybe we can expand this bill if we need to. And I -- I would love to see that happen, too.

SENATOR SUZIO:

Thank you.

And through you, Mr. President.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Maybe we should have a program, the 300 or something like that, because we sure could use a -- a few hundred companies starting up jobs.

Through you, again, Mr. President.

Could you, Senator LeBeau, give us a little more-detailed explanation of the, quote, substantial financial assistance that might be given under this program to the companies that do qualify? I understand it, and not only as financial assistance in the form of loans, but, again, tax credits, and so through the President, if I may ask you to give a little more detail -- detailed explanation of that.

THE CHAIR:

Senator --

SENATOR LeBEAU:

And through you Mr. --

THE CHAIR:

mr/fs/jf/gbr
SENATE

18
June 3, 2011

-- LeBeau.

SENATOR LeBEAU:

Through you, Mr. President.

The -- I think we're looking at millions of dollars here. I mean, we're not talking about -- I mean, if we look at around the country, we see in terms of bringing corporations in and corporations that have substantial employment; 200 jobs is certainly substantial. You're looking at 5, 10, 15, 20 million dollars, somewhere in that range, on a -- on a per-company basis, possibly a -- possibly less, 2, 2 or 3 million dollars, but you're looking at millions of dollars worth of aids. And the aid could come in a, as you said, in a variety of ways. It could come in loans at a reduced rate through CDA or DECD. They could come in helping with education and helping to pay for those costs, if certain skills are needed and employees need to be upgraded in terms of their skills. It could come in terms of technical assistance through CI or -- or perhaps some of the -- some of the programs that they have, as particularly if we're in -- in the area of new products and new product development. That -- that would be appropriate through Connecticut Innovations. So those are the kinds of and variety of different things.

And -- and Senator Frantz mentioned the kind of jobs that we're looking for. I mean, certainly we know, we're -- we're not looking -- this is not, we're not -- I mean I -- I mean my advice to the Administration would be, no, we're not looking retail

mr/fs/jf/gbr
SENATE

19
June 3, 2011

here, we're looking for good, permanent jobs. We're looking for jobs in the kinds of industries, the nonpolluting financial industry, high-technology industries, energy producing, and I would even say as he -- as he did, the firm industry that -- that really can help to give a boost to the -- to the Connecticut economy in a -- in a substantial and long-term way. That it's -- this is not coming in and leaving; this is coming in and staying and really building our economy, giving our young people opportunities.

SENATOR SUZIO:

Great; and thank --

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Through you, Mr. President.

I notice that the OFA analysis has an estimated financial impact of a half-a-million dollars in 2012, and 1.8 million in Fiscal Year '13, yet the -- the tax credits which companies would be eligible for wouldn't start for at least three more years. So could you give a little more explanation of -- it's not clear to me reading the OFA analysis -- how they came up with that number or what it's attributable to?

Through you, Mr. President.

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Through you, Mr. President.

mr/fs/jf/gbr
SENATE

20
June 3, 2011

Most of that \$500,000 is attributed to the -- the Job Creation Tax Credit, which is -- and it's interesting that you're talking right now to Senator Slossberg, because this was Senator Slossberg's idea, which she brought out about five or six years -- six or seven? Senator Slossberg, six, seven years ago? Six years ago.

SENATOR SLOSSBERG:

Seven.

SENATOR LeBEAU:

Seven years ago; okay, you're counting your thump too.

Seven years ago we started working on this and tried to implement this. We had a couple of whiffs at the ball and then we -- we -- we got it. And then we've been improving it and we've been expanding it. It's very -- and -- and that essentially is you bring in a job. Today, you bring in a job and as a company; Suzio Financial comes --

SENATOR SUZIO:

Oh, I like that one.

SENATOR LeBEAU:

Comes, comes to Connecticut and creates five jobs. And you can get a portion of the income tax paid by those employees refunded back to your company to help. And so it's a net win for the state. We still continue to get -- maintain the job, number one.

Number two, some of the tax money, but we're -- but it's an -- it's an incentive to help grow jobs along those lines. And it's -- so that is the, as I'm

mr/fs/jf/gbr
SENATE

21
June 3, 2011

reading the fiscal note, that is the short -- why the -- the short-term cost in not very high.

Over the long term on some of the other programs, at the out-years, it -- it could grow out, clearly because some of those tax credits will come due that we have -- we'd have to give back to the companies who do create those jobs.

And, by the way, one other thing to mention, that the claw-back provisions are still applicable here. If -- if -- were you going to ask me about that?

SENATOR SUZIO:

You've -- you --

SENATOR LeBEAU:

Okay.

SENATOR SUZIO:

-- anticipated. You --

SENATOR LeBEAU:

The (inaudible) --

SENATOR SUZIO:

Great minds think alike.

SENATOR LeBEAU:

The -- the claw-back provisions are still applicable. If -- if people do not come through, if companies do not come through with -- with their promises, the contract they sign with the state, then we can literally go in and claw back a percentage of what they -- what they did not do. And that has kept -- that has kept companies in the state.

Unfortunately, we've lost a couple of companies that we helped -- helped aid. But they all waited

until the claw-back provisions were -- ran out.

SENATOR SUZIO:

Well, I want to --

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Thank you.

Thank you, very much; I have no further questions for the Senator.

I do want to make a few comments and then propose what I think might be an amendment and an improvement. You know, I like the idea. Anything to stimulate job creation and business growth, revitalization of our economy, I think is -- is something we ought to be supporting. My reservations just about this program would be just that, number one, it's -- it's going to benefit only ten companies, as it's currently structured, and Connecticut has over 92,000 companies that are registered to do business in the State of Connecticut.

And, furthermore, it primarily will benefit large companies because the requirement is to add at least 200 jobs. So while I applaud it, we know we're in a -- we're in a -- in an economic quagmire right now and in a period of job stagnation that I think would be better if we had a broader program that could potentially reach not just 10 companies but maybe 10,000 companies.

And with that in mind I would like to propose an amendment. Mr. -- Mr. President, the Clerk has an

mr/fs/jf/gbr
SENATE

23
June 3, 2011

amendment, LCO Number 8116. Will the Clerk please call the amendment?

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO 8116, which shall be designated Senate Amendment Schedule "B." It's offered by Senator Suzio, of the 13th District.

THE CHAIR:

Senator Suzio.

SENATOR SUZIO:

Mr. President, I move adoption of the amendment by roll call and seek leave to summarize.

THE CHAIR:

On adoption, will you remark?

SENATOR SUZIO:

Thank you, Mr. President.

The amendment that I'm proposing would be added to -- it won't detract anything from what the Governor's proposal is, but it would be added to it -- and what it would do is it would instruct the State Treasurer to take upwards of up to a-billion-and-a-half dollars of State Pension Fund money and authorize the State Treasurer to use that money to purchase the SBA-guaranteed portion of loans made to small businesses, pursuant to the Small Business Administration program. Those would be full-faith and credit obligations of the U.S. Government, so that they would be absolutely and perfectly the safest investment that the pension money can be put into.

Typically those obligations, there's a secondary market for those obligations, and they do carry a very high return on investment, particularly in light of the low risk associated with them.

This would enable the state to -- there's currently, as I said, 92,000 businesses registered to do business in the State of Connecticut. Of those 92,000 businesses, 89,500, roughly, employ fewer than 250 people. And so it would broaden the potential pool of businesses that could benefit from the program. It would make it a much broader pool, from ten to thousands of companies. It would be aimed at the small business community, which is the largest generator of job growth in the State of Connecticut.

Moreover, most of the those businesses are family owned, and they're owned by families that live in the communities where their businesses are located, so they're pillars of the community and they're people who -- whose -- that growth of their business not only benefits the community in terms of employment but they tend to put their money back into the community in various ways.

So I believe that this will not detract from the Governor's proposal but actually expand it terrifically and, again, be reachable to thousands of businesses all over the state.

You know, we -- we have to be worried about when we go and we extend those programs to large companies, one of the problems is that large companies become a source of vulnerability to the community. When a

company like Pfizer picks up and moves and takes a thousand jobs with it, that can be very devastated to a community. On the other hand, when we have a company that's employing 50, 60 or 70 people, God forbid, and they do fail, but when they do, it's not devastating to the community, itself. So I -- I think it's more prudent policy as well.

And we want to -- we not only want to create jobs, ladies and gentlemen, we want to preserve jobs. Because it's not enough to just create 2000 more jobs under the Governor's program, while 10,000 jobs, more jobs leave the state because businesses close down. This program would be aimed at giving financial support to the community that's already loyal to the State of Connecticut, has been here. It's the most loyal part of the business community to the state; it's its family owned businesses who not only make their living here, they live here in the communities. So it's -- it's a program that I think is going to benefit people who are certainly most worthy of it and deserving of it. And I -- I think preserving the jobs that they've already created, to me, is a very important consideration, because we don't want to be on a treadmill, creating new jobs but losing some jobs at the same pace. So I want to reiterate that.

The -- the other benefit is the State Pension Fund money, itself, would be greatly benefited because it's a high rate of return and a low risk, because it's a full-faith and credit obligation of the United States Government. Why not take State Pension Fund

mr/fs/jf/gbr
SENATE

26
June 3, 2011

money and put it back in the State of Connecticut where it can benefit not only the owners of businesses but people who work in those businesses as well?

So I hope that my colleagues around the Circle here will see the wisdom of expanding this and making it attractive and complementing the Governor's program. And I welcome and encourage your support.

THE CHAIR:

Thank you, Senator.

Will you remark?

Senator LeBeau.

SENATOR LeBEAU:

Thank you, Mr. President.

Senator Suzio, I -- I don't want to play a game with you, in terms of asking you for the fiscal note on this, because I have the fiscal note. So I'm just going to mention what's in the fiscal note is that the -- the amendment has no fiscal impact because the Office of the State Treasurer already has the ability to make this type of investment. So if --since you're authorizing them to do it, it's redundant to what currently exists in the law, so I would reluctantly oppose -- oppose the amendment.

But I would -- I do want to say I think it's a -- a good amendment in a -- in a sense of putting us in the right direction. I -- and I -- and but to go further, which I think is really the intent to, in a sense, mandate that the Treasurer make these kinds of investments is -- is a little different amendment. And that would make it much more difficult.

mr/fs/jf/gbr
SENATE

27
June 3, 2011

And not having the Treasurer's people brought into this, and to have them discuss it, and also the -- the -- the State Retirement Board. They would of -- want of, I'm sure, have some input on this, as would the -- the state employees and -- and their representatives. So I would reluctantly oppose -- oppose the amendment.

And I think you asked for a roll call, so I won't have to do that.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further on the amendment? Will you remark?

Senator McLachlan, remark further on the amendment?

A roll call vote has been ordered.

Mr. Clerk, please announce the pendency of a roll call vote.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted?

The machine will be locked.

The Clerk will announce the tally.

THE CLERK:

mr/fs/jf/gbr
SENATE

28
June 3, 2011

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

Total number voting	36
Those voting Yea	13
Those voting Nay	23
Those absent and not voting	0

THE CHAIR:

The amendment fails.

Will you remark further on the bill as amended?

Senator Meyer.

SENATOR MEYER:

Thank you, Mr. President.

Colleagues, this bill is already having a good effect. I want to share with you that I -- I used to be a -- a lawyer, and I -- I got a call last fall from a client about locating a major European manufacturer in the United States. They wanted to have an American headquarters, and they were looking at three states, Minnesota, North Carolina, and Connecticut. And as -- and this would be a company that would qualify for the First Five program. We're looking at several hundred employees in a major manufacturing operation.

And I introduced them to DECD and the commissioner at that time and -- and then to the new commissioner and -- and the -- and the staff of DECD. They're looking primarily, as I've told the Senate President, at -- at his -- his city, the City of Norwalk. And -- and one of the enticements to this company was our explanation to them of the First Five program and what that would do in the way of credits

mr/fs/jf/gbr
SENATE

29
June 3, 2011

for them. So as we compete with North Carolina and Minnesota, this bill, even in bill form, is actually having a good -- a good effect. I -- I think it would be unfair to reveal the name of the company because it's still in negotiation, but it's in very active negotiation.

I just got off the phone this afternoon with Deputy Commissioner Ron Angelo, and he told me that the negotiations are going well and hot and heavy. So we're very much in the ball game, and we're in the ball game, in part, because of this bill.

And, Senator LeBeau, I want to thank you for introducing it and articulating it so well.

Thanks, Mr. President.

THE CHAIR:

Thank you, Senator.

Senator Cassano.

SENATOR CASSANO:

Thank you, Mr. President.

I rise to speak in behalf of the bill, and just a couple of brief comments. I mentioned, I think last week, a little about statistics. Well, one of those that I like is that in quality of life issues, Connecticut is always in the top three to top five, and there's a lot to be proud of, living in the State of Connecticut. And it's also attractive to those who live elsewhere. And you can't help but repeating that when you look at quality of life, location is such a big factor, and that makes a difference to businesses coming.

mr/fs/jf/gbr
SENATE

30
June 3, 2011

The reality is it costs money to open a business. I think with the bill passed last week, the UConn initiative, the potential of somebody coming in under this program near UConn, knowing it's coming, is a real possibility. All of us who sit around the table or the large majority of us has some city in our town along a river that has a brown field's issue. And think about brown fields' credits combined with this opportunity, there's really a chance for us to -- to bring in new industry and new jobs and a new quality of -- of life or in addition to our quality of life, as we know it.

The Governor, in his program, said that Connecticut is open for business. I think that we've got to emphasize that point. We still have some things that we have to do in the business world. There's no question that there's -- we'd -- have to be some changes, but this a tremendous start. And I personally hope the Governor gets stuck at the position where he has to come back to us and say it's got to be the first ten this year and the first ten next year, as opposed to ten in two years.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further on the bill as amended?

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, speaking in support of the bill as

mr/fs/jf/gbr
SENATE

31
June 3, 2011

amended, I again wanted to commend Senator LeBeau for his work on this issue in the -- in the Commerce Committee and the Governor for introducing this -- this concept.

And I think the important thing or the -- one of the important things is that it is the first five, meaning that there is a time-is-of-the-essence quality to this, which is important in terms of trying to find businesses that are willing to make a commitment to Connecticut, sooner rather than later.

We are now, of course, facing difficult times, as we have been for years, and it is important that while we pursue long-term economic development, it's also important that we spur developments that can occur quickly, to start to show results quickly, to help get us underway with the kind of -- of recovery and stimulation that is -- that is critical. So the opportunities for this will, in fact, I believe, get the attention of people who were contemplating action but wondering what might be the right time to move and whether Connecticut might, in fact, be the right place.

This will, in fact, help to tilt things in our direction, because it does reflect the -- the substantial, practical commitment that the Governor has been talking about in terms of the state being open for business and finding opportunities to welcome and incentivize. So I think this is a -- a beginning of the process to, in effect, get us on the right track in a timely way with the sense of urgency that

mr/fs/jf/gbr
SENATE

32
June 3, 2011

we all share, that we've all spoken about, and that we all feel. And this is a practical way to begin to deal with that issue.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further?

Senator McKinney.

SENATOR MCKINNEY:

Thank you, Mr. President.

And I do rise in support of the bill before us, but if I could, through you, ask Senator LeBeau some very quick questions?

THE CHAIR:

Please proceed, sir.

SENATOR MCKINNEY:

Thank you.

Senator, again, I -- look, I think we all hope that the First Five turns to the first 50 and the first hundred, and as I mentioned to Senator Leone, the focus needs to be on job creation. Hopefully, we won't forget about the companies in-state already. We want them to expand here rather than elsewhere, not just about attracting people to move in the state. But I do notice that the bill before us exempts these projects from the legislative approval process that currently exists with respect to financial assistance.

And through you, Mr. President, what would be the rationale for exempting these projects from the legislative approval process?

mr/fs/jf/gbr
SENATE

33
June 3, 2011

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Thank you. Thank you, Mr. -- Mr. President.

I would think, very simply, that it'd give the commissioner flexibility; number one. And number two, so the commissioner can -- can do a handshake and can say yes, we can do this; and there's no question that it will happen for this limited number of projects.

SENATOR McKINNEY:

Thank --

THE CHAIR:

Senator McKinney.

SENATOR McKINNEY:

Thank you.

The -- the second change is that we currently have a cap on total financial assistance that a project may receive, which is 50 percent of the total project costs or 90 percent if the project is in a targeted investment community, towns with enterprise zones, as you obviously well know. We exempt these five from that cap as well.

Through you, Mr. President.

Could you please explain why we would do that?

THE CHAIR:

Senator LeBeau.

SENATOR LeBEAU:

Through you, Mr. President.

Again, to have -- to give the commissioner -- through you, Mr. President, the -- to give the

mr/fs/jf/gbr
SENATE

34
June 3, 2011

commissioner flexibility, and there may be certain industries that may be the kind, exactly the kind of industries we want to get, and we might want to go above that 50 percent.

SENATOR MCKINNEY:

Thank you, Senator.

THE CHAIR:

Senator McKinney.

SENATOR MCKINNEY:

I appreciate it, again, Mr. President.

And that's all my questions. Thank you, Senator.

Again, Mr. President, I do stand in support of this but I do think it's a mistake to exempt from legislative approval. I, without knowing the answer, and I appreciate the answer, the only good answer that I could think of was to give the commissioner some flexibility.

But I just want to remind the Chamber, it wasn't that long ago when, Mr. President, you obviously were on one side, others were on another side, where a -- a previous Commissioner of Economic and Community Development decided to give the Diageo Company a significant amount of financial assistance to move from Stamford, Connecticut to Norwalk. But the reality was it was to keep them here in Connecticut.

Any time we engage in these kind of investments, we don't know with certainty whether we're going to be right. We can't tell with certainty whether a company who is in Connecticut says, Hey, we're thinking about leaving; give us some money to stay, if they're really

mr/fs/jf/gbr
SENATE

35
June 3, 2011

serious about leaving. We have to trust the economic development professionals we have to know what's happening in that industry, with that company, with the place they might go, what the reality is -- of the move is, and base it on their base -- best judgment.

But I do think -- I do think the legislative oversight process is important. And I -- and I apologize, but I just can't let this go. It -- it was the Mayor of Stamford, himself, Dan Malloy, who said we need oversight. We need openness. We need honesty. It was Dan Malloy, at the time when Diageo was thinking about leaving Stamford, Connecticut and got money from the State of Connecticut, who decried the lack of legislative oversight and the lack of openness and the lack of sunshine. So here we have his first major economic development initiative, and he takes away all that legislative oversight. It's ironic. It's perhaps hypocritical.

Again, I'll stand in support of this, but -- but I remember a time, with a Republican Governor, where this Legislature in the majority wanted that legislative oversight, and now we're giving it up. I hope when there's a new Governor -- and sometime there will be, whether it's 4, 8, 12, 16, 20 years from now, there will be. Whether that Republican be -- whether that Governor be Republican, Democrat or third-party, that we want to have the same rules for all, because this is -- this is pretty interesting. And, again, just because it's fun, there definitely needs to be oversight, honesty, and openness, quote, unquote, from

mr/fs/jf/gbr
SENATE

36
June 3, 2011

the former-Mayor of Stamford, Dan Malloy.

In closing, I -- I also need to reflect a little bit on Senator Meyer's comments; he's exactly right. Things that we do here -- things that we do here impact business. And this is an initiative that's gotten very good public relations and our DECD and Catherine Smith, who I think will do an excellent job, are very vocal about; and that's good. We're marketing the state.

But Senator, it works both ways. Things that we do here can help for good and things that we can do here for hurt. And, in fact, we just learned the other day that a company in Branford, Connecticut is leaving for Providence, East Providence, Rhode Island, because of mandated paid sick leave and a lack of response from our DECD. They filed an application with our DECD in January, under the current Administration, and they haven't heard back. They filed in Rhode Island and they heard back and got prequalified for grants within less than 30 days.

So while this is a positive step, many of the old problems in DECD have not be fixed, and -- and -- and that process was and continues to be an impediment to business growth in the State of Connecticut.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator.

Will you remark further on the bill as amended?

Will you remark further on the bill as amended?

If not, Senator LeBeau.

mr/fs/jf/gbr
SENATE

37
June 3, 2011

SENATOR LeBEAU:

If there's no objection, I'd move this to the Consent Calendar. We have an objection on it.

THE CHAIR:

There's objection.

SENATOR LeBEAU:

Thank you.

THE CHAIR:

Mr. Clerk, please announce the pendency of a roll call vote.

THE CLERK:

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

THE CHAIR:

Have all members voted? Have all members voted? If all members voted, please check the board and make sure your vote is accurately recorded. If all members have voted, the machine will be locked.

And the Clerk will take the tally.

THE CLERK:

Motion is on passage of Senate Bill 1001, as amended by Senate Amendment Schedule "A."

Total number voting	36
Those voting Yea	32
Those voting Nay	4
Those absent and not voting	0

THE CHAIR:

mr/fs/jf/gbr
SENATE

38
June 3, 2011

The bill passes.

Are there any announcements or points of personal privilege? Any announcements or points of personal privilege?

If not, Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, if the Clerk might call next the item on Calendar page 13, Calendar 490, Senate Bill 929.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calendar page 13, Calendar Number 490, File Number 796, substitute for Senate Bill 929, AN ACT CONCERNING CLOSING THE ACADEMIC ACHIEVEMENT GAP; Favorable Report of the Committee on Education, and Appropriations.

The Clerk is in possession of an amendment.

THE CHAIR:

Good afternoon, Senator Stillman.

SENATOR STILLMAN:

Mr. President, good afternoon.

THE CHAIR:

Good afternoon, madam.

SENATOR STILLMAN:

I -- I move the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

On acceptance and passage, will you remark?