



Connecticut **Business & Industry Association**

Testimony Of
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Labor and Public Employees Committee
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My name is Kevin Hennessy. I am a staff attorney for the Connecticut Business and Industry Association (hereinafter "CBIA"). CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. The vast majority of our member companies have fewer than 50 employees.

CBIA supports the intention of **HB 7032**, *An Act Concerning the Retention of Jobs in Connecticut and the United States*. However we oppose **HB 7032** because rather than retaining state jobs, we believe the bill will reduce cost-effective competition, hinder trade, and harm job growth.

In today's global economy, protectionist measures do not work. Instead of creating jobs in Connecticut, the passage of **HB 7032** will likely reduce the number of states and foreign countries that will do business with Connecticut companies.

Specifically, **Sections 1, 2, 3 and 4** all send the negative message that Connecticut does not to be part of the global economy.

Section 1 will require the Governor to identify and report all state contracts in which the services are performed or the goods are manufactured outside of Connecticut or the United States. The purpose of such a measure is to ultimately increase the number of state contracts being awarded to Connecticut companies. However, coupled with other sections of the bill, this section sends the message that Connecticut does not want to operate in global economy. Rather than encouraging trade and growth, this section will discourage other states and countries from trading with Connecticut.

Section 2 will require each state contract proposal to disclose the location where the services under the contract will be performed. Further, this section will allow for criteria for the awarding of state contracts that consider the economic impact to Connecticut and, all other things being equal, for preference for services performed in the United States. Again, this sends a negative message from Connecticut. It tells foreign companies that Connecticut does not want to work with them. This will likely negatively impact the amount of foreign countries that are willing to work with Connecticut companies.

Section 3 calls for potential state contractors, in privatization contracts worth \$100,000 or more, to make "reasonable efforts" to originate or provide such services within the United States. If "reasonable efforts" are not made, such contractors are subject to enforcement remedies. Unfortunately, the proposed bill does not define "reasonable efforts." Moreover, reasonableness to one person can be quite unreasonable to another. This lack of clarity and the preferential treatment for United States contractors is bad for Connecticut companies that want to compete in the global marketplace.

Section 4 is another favoritism clause that will harm Connecticut companies that want to compete internationally. Rather than maintaining the current law which allows preferential treatment for Connecticut companies, this section calls for the preferential treatment of companies who produce goods or services manufactured or supplied in the United States. Again, this will negatively impact Connecticut companies trying to compete globally. If we close off trade routes, other countries will retaliate by doing the same to us.

Ensuring that our state laws recognize the economic importance of protecting the ability of Connecticut companies to compete, not only the state, but also the national and the global marketplace is imperative. Currently, Connecticut is home to approximately 1,200 foreign companies and it exports approximately \$8 billion of Connecticut made products annually. If Connecticut chooses to adopt protectionist measures, it is likely that players in the global economy will choose not to continue to do business with or in Connecticut.

Former Federal Reserve Chairman Alan Greenspan and former Clinton administration labor secretary Robert Reich have said that the keys to growing United States companies are "innovation, research and development and training," not protectionist measures. CBIA agrees. Rather than adopting protectionist measures in the name of "retaining jobs," Connecticut's legislature should focus on tried and true economic growth measures such as reducing costs, developing a skilled workforce and creating a dependable infrastructure.

HB 7032 is a protectionist measure that will harm Connecticut in the global economy. Therefore, we urge you to reject **HB 7032**.