Joan McDonald
Commissioner

DECD

State of Connecticut
Department of Economic and
Community Development

TESTIMONY PRESENTED BEFORE THE COMMERCE COMMITTEE

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SB 390 AN ACT CONCERNING TECHNICAL CHANGES TO ECONOMIC DEVELOPMENT STATUTES.

SB 391 AN ACT CONCERNING THE INSURANCE REINVESTMENT ACT.

Good Morning Senator LeBeau, Representative Berger, and members of the Commerce Committee. My name is Rick Robbins and I am here this morning on behalf of Commissioner McDonald. It is a pleasure to be here and I thank you for giving us the opportunity to speak in **support** of Senate Bill 390 and Senate Bill 392.

The first bill is **Senate Bill 390** ***AN ACT CONCERNING TECHNICAL CHANGES TO ECONOMIC DEVELOPMENT STATUTES.*** This bill makes technical changes to the existing Manufactures Assistance Act (MAA) by consolidating and clarifying certain sections and eliminating obsolete sections.

The economic development needs and challenges faced by the state today and those anticipated for the coming years are not the same as those that faced the state when MAA was first enacted. The proposed changes to this chapter are designed to modernize this important program so that the state will be better positioned and equipped to address the economic development needs and challenges of today and those anticipated for the near future.

The department would respectfully request one amendment to the current version of the SB 390 and that is to add back in language regarding the repeal of section 32-4a of the general statutes. The reason for this repeal of this statute is in order to addresses the concerns raised by the Auditors of Public Accounts regarding preferential treatment with regard to purchasing goods or services from or through the Connecticut Economic Research Center (CERC). This statute is not needed in order to contract with CERC and therefore we would request that it be repealed.

The next bill is ***Senate Bill 391 AN ACT CONCERNING THE INSURANCE REIVESTMENT.*** This bill makes technical changes to one definition in the Insurance Reinvestment tax credit program in an effort to more clearly define what is an "eligible insurance or insurance related business". DECD believes the definition in its current form is too broad.

Currently an eligible insurance business is defined as one that is "engaged in the business of insuring risks or of providing services necessary to the business of insuring risk." This definition could be interpreted to include a wide variety of businesses, including a physical fitness facility or eatery that is established within a building that has primarily insurance tenants.

While these may be necessary businesses, DECD does not believe them to be associated with the original intent of the act, but due to the limited discretion the Commissioner maintains under this program, they would be eligible businesses by which a fund manager can claim a credit against.

Thank you for your consideration, I would be happy to answer any questions you may have.