



STATEMENT OF AT&T CONNECTICUT

Regarding Raised Senate Bill No. 570 An Act Concerning Telecommuting Before the Joint Committee on Energy and Technology March 5, 2008

Proposal:

Raised Senate Bill No. 570 seeks to encourage greater telecommuting by providing property tax exemptions on new investments in broadband equipment and tax credits for companies which allow employees to telecommute.

Comments:

AT&T supports the intent and language of Senate Bill No. 570. Further development of Connecticut's high speed Internet infrastructure will enhance Connecticut's quality of life and economic competitiveness by facilitating efficient business options like telecommuting. Tax incentives have proven highly effective in promoting high speed Internet deployment as well as in promoting innovative ways of doing business, such as telecommuting.

The bill as drafted correctly recognizes that encouraging greater telecommuting requires addressing both the availability and quality of broadband service, as well as the willingness of businesses to encourage telecommuting. To the extent that quality broadband service is available to Connecticut workers, such workers have the opportunity, under the appropriate circumstances, to perform most or all of their normal work functions from their homes. A viable telecommuting option can reduce highway congestion and commuting time, thereby increasing quality of life and economic efficiency.

For a broadband provider like AT&T, deploying, maintaining, and upgrading a state of the art high speed Internet network represents a tremendous investment. When considering new investments, AT&T examines a number of factors to determine the appropriateness of a specific investment, including, of course, the expected financial return on investment. The tax credits included in Senate Bill 570 would help to mitigate the effects of Connecticut's property tax system for telecommunications property which can hinder investment in the new equipment necessary to deploy and maintain sophisticated communications services like a high speed network. In short, AT&T welcomes the legislature's recognition that continued high speed Internet deployment benefits from public private partnership.

With respect to Section 2 of the bill addressing telecommuting, the bill might be strengthened by providing a tax credit based on the specific number of company employees telecommuting, rather than by providing a flat \$2,000 credit per company as currently proposed. AT&T would also note that Connecticut tax law caps the use of credits to 70 percent of a company's liability under the Connecticut corporate income tax. Many of the larger companies which might make telecommuting available to their employees would see no benefit in this new tax credit because of the cap. In order to achieve the maximum benefit of Senate Bill 570, AT&T suggests that the committee

consider allowing these credits over and above the cap. AT&T would appreciate the opportunity to work with the committee to address these concerns.

Conclusion:

AT&T supports the passage of Raised Senate Bill No. 5682 and urges the committee to adopt it with amendments as appropriate.