



Joan McDonald  
Commissioner



State of Connecticut  
Department of Economic and  
Community Development

**TESTIMONY PRESENTED TO THE COMMERCE COMMITTEE**  
**March 5, 2009**

*Joan McDonald, Commissioner*  
*Department of Economic and Community Development*

**HB 6369 ACT CONCERNING ECONOMIC DEVELOPMENT AND JOB CREATION**

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Good morning Senator LeBeau, Representative Berger, and members of the Commerce Committee. My name is Joan McDonald and I am the Commissioner of the Department of Economic and Community Development (DECD) and Chair of Connecticut Innovations (CI). I appreciate the opportunity to appear before you this morning to discuss the Governor's recommendations outlined in **HB 6369 AN ACT CONCERNING ECONOMIC DEVELOPMENT AND JOB CREATION**.

A global economic crisis is unfolding before our eyes. While it may be impossible to understand this recession's scale and scope now, we do know it will stimulate profound economic changes. Many industries will be transformed and jobs will be lost, but opportunities for new industries will emerge.

The challenges ahead may be daunting. However, this can be an exciting time for all of us in government, and particularly in economic development. We can help guide the state through economic turmoil and into recovery. We can help make lasting changes and positively impact the way business and government work in an integrated fashion.

I believe today's economic condition has created a positive turning point for the state's economic development efforts. As members of the Commerce Committee, you are all aware that DECD is the lead state agency for economic development. Its total business assistance portfolio of more than \$167 million has leveraged an additional \$1 billion in private funds. However, I believe the agency's true impact should be gleaned not only from the investments made but also from the results. DECD has helped create and retain 24,904 jobs for Connecticut. Moreover, the companies we have invested in have, in total, exceeded their employment obligations. We must build on this record of achievement.

Governor Rell has shown she is committed to improving the state's business climate by proposing to double next year's allocation for the Manufacturing Assistance Act, DECD's primary funding mechanism. HB 6369, the bill before you today, will be a complementary piece to helping DECD in fulfilling its mission.

One issue the business community consistently singles out for improvement is the delivery of business services. HB 6369, as proposed by Governor Rell, signals to the business community that the state is serious about making economic development more efficient and more business-friendly.

This bill will strengthen DECD's position and capabilities by making it the single point of contact for business assistance, streamlining services, and fostering a more unified approach in all aspects of the state's development, such as tourism, growing "green" jobs, and responsible development.

I will begin with the proposed merger of the Connecticut Commission on Culture and Tourism (CCT) into DECD. As some of you no doubt remember, culture and tourism duties were the domain of DECD before CCT was created in 2003. There are many reasons why this merger makes sense.

- First, culture and tourism are significant economic drivers in this state. In fact, as of 2005, these areas had more than 171,000 total jobs and contributed more than \$14 billion in gross state product.
- Second, DECD has considerable experience in evaluating tax credit programs that include economic impact analyses. DECD can enhance existing tax credit programs currently administered by CCT, like the film and historic buildings credits, and evaluate the return on investment of taxpayer funds.
- Third, DECD will serve as the clearinghouse for clients and policymakers on all projects and processes, such as on film tax credit agreements. Presently clients have to work with two entities, fill out two applications, etc.
- Fourth, administrative cost savings can be achieved by eliminating the duplication of core support services like human resources, payroll, communications, and government relations.
- And finally, this merger will be a seamless transition because DECD has had a hand in infrastructure investments at tourist attractions throughout the state — an effective marriage of the investment and promotional sides of tourism into one cohesive unit.

Now I will discuss the proposed merger of the state's quasi-public economic development organizations, the Connecticut Development Authority and Connecticut Innovations. As the Commissioner of DECD and the Chair of CI, I believe this consolidation is the right strategy at the right time.

HB 6369 will keep many of the organizations' existing programs, consolidating them under the umbrella of the proposed Connecticut Economic Innovation Authority (CEIA). These entities would operate as two subsidiaries of the CEIA under the direction of one board. The DECD commissioner would serve as the board's chair to coordinate state and the quasi-public economic development efforts. This will reduce the duplication of core support services, as well. This legislation builds on the strengths of the individual programs administered by CI and CDA and will give us greater flexibility in the deployment of our financial assistance programs.

Such a merger will help Connecticut stay competitive, as this is a similar approach taken in other states. Our competitors in New York, Rhode Island, Massachusetts, and New Jersey have a single quasi-public economic development agency.

Another critical provision of HB 6369 transfers several programs from the Office of Workforce Competitiveness (OWC) and the Small Business Innovation Research (SBIR) Office to DECD. DECD is well positioned to take on new responsibilities like the job training functions related to the film industry and the nanotechnology programs, and anticipates a seamless transition. This move will consolidate these responsibilities with the internal structure that already exists within DECD.

Finally, the bill calls for a centralized and streamlined Economic Development Services Portal. Presently, each agency has its own website and domain. This bill proposes that DECD establish a single web portal to coincide with the goal of establishing a single point of contact for businesses. This is critical if we are to compete in the global marketplace. A common application form and process for financial assistance will be developed so that businesses only go through one intake process, as well as reduce any duplicative efforts. We anticipate cost savings from limiting necessary paperwork.

In closing, I would like to reiterate my belief that it is critical that we restructure our economic development delivery system. Streamlining the state's economic development infrastructure and delivery system will be vital to our job creation and retention efforts, which continue to be Governor Rell's top priority. The proposals in HB 6369 represent the bold, forward-thinking approach that is needed to bolster Connecticut's status as a pro-business state.

Thank you for your consideration of my comments. I'm happy to answer any questions you may have and look forward to working with the committee on this issue.

