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**Senate Bill 843, An Act Implementing the Governor's Budget
Recommendations Concerning Social Services
Human Services Committee
March 3, 2009**

CCIA Position: Opposed (to sections 23 to 39)

Connecticut Construction Industries Association, Inc. (CCIA) represents the commercial construction industry in Connecticut and is committed to working to advance and promote a better quality of life for all citizens in the state. CCIA is comprised of more than 350 members that employ thousands of workers across the state. CCIA is an association of associations with nine divisions, including contractors, subcontractors, suppliers and affiliated organizations representing all aspects of the construction industry. CCIA has been actively engaged in state contracting reform and supports efforts to reform state contracting. CCIA seeks to ensure that the integrity of the contracting reform effort is preserved.

Senate Bill 843, An Act Implementing the Governor's Budget Recommendations Concerning Social Services, would, pursuant to sections 23 to 39, inclusive, of the bill, adopt a state false claims act. CCIA and a number of other organizations have consistently opposed a false claims act, which is directed at a small number of corrupt public officials and unscrupulous contractors or grant recipients. A false claims act places lawful, innocent contractors and hard-working people and nonprofit human services organizations which contract for state services in jeopardy. The bill would impose significant penalties on transactions in the government marketplace, and will virtually guarantee a dramatic increase in lawsuits asserted against innocent persons, *even if* a false claim is not committed. The state already has sufficient means to recover against unscrupulous contractors; it does not need to destroy legitimate businesses and nonprofit companies in this economy.

CCIA is **opposed** to the provisions adopting a false claims act in Senate Bill 843 and we respectfully request that, if the committee approves the bill it **delete sections 23 through 39, inclusive**. We understand that the false claims act has been projected to raise between \$1 million and \$2 million revenue annually. To arrive at those estimates, the state may be relying on the federal Deficit Reduction Act of 2005, which turns an anti-fraud statute into a revenue-generating device by providing a financial incentive to states to enact false claims acts similar to the federal False Claims Act. Effective January 1, 2007, the federal government will give 10% of the federal government's share of a recovery under a Medicaid enforcement action brought under such state's law that would otherwise have gone to the federal government.



CCIA disputes the state's revenue estimate figures that a false claims act would generate as grossly inflated. Indeed, we believe that, if enacted, a false claims act would lead to a revenue *loss* for the state as lawful state contractors are forced out of business (and sales and corporation tax revenue produced thereby is foregone), jobs (and income tax revenue produced thereby) are lost, the state bears a significant cost of administration and enforcement of the act, and is forced to provide replacement services otherwise provided by human services agencies and organizations that will be subject to false claims actions.

CCIA is mindful of the significant challenge lawmakers have in crafting a budget when revenues have declined so dramatically during the current economic recession. Perhaps more than any industry, construction contractors understand the dire circumstances of this economic downturn all too well. Nationwide, the construction industry has had to lay off close to 1 million workers since 2006. Therefore, it is not the time to impose on the industry a false claims act with its significant penalties and consequences for honest and reputable state contractors that contribute to the well-being of our state. Nor is it the time to impose a false claims act on honest and reputable nonprofit human services organizations when such organizations provide vital services to vulnerable segments of the state's population. The state should be doing everything it can at this critical time to create jobs, boost economic activity and support vulnerable recipients of human services organizations.

If you have any questions or would like additional information, please contact Don Shubert or Matthew Hallisey at (860) 529-6855.