



Joan McDonald
Commissioner



State of Connecticut
Department of Economic and
Community Development

TESTIMONY SUBMITTED TO THE COMMERCE COMMITTEE
February 10, 2009

Joan McDonald, Commissioner
Department of Economic and Community Development

**HB 5922 AN ACT CONCERNING COMMITMENTS OF RESPONSIBLE
CORPORATIONS**

The Department of Economic and Community Development (DECD) offers the following comments concerning House Bill 5922 *An Act Concerning Commitments of Responsible Corporations*.

As many of you know, DECD's mission is to attract and retain jobs in Connecticut. This job is complicated by the fact that many businesses perceive the state to be unfriendly to business. Any additional legislation that would reinforce this anti-business perception only reduces the opportunity for job growth in our state.

While proposed House Bill 5922 appears on the surface to be very noble, the reality is that it will drive businesses and jobs away. With tight financial markets and fierce competition between states, many of the companies that are contemplating expanding or relocating in our state view the need for state incentives as an absolute necessity. Virtually all of these businesses have a broad range of compensation plans arrived at as a result of competition in a free market economy and based upon the complexity of the individual's duties and the demands of the position.

As part of DECD's evaluation of any financial assistance project we consider a number of factors including the types of jobs, the industry growth trends and projections, the financial strength of the company, capital investment, tax revenues, salary's and benefits offered. In addition, DECD undertakes a comprehensive economic analysis of each project prior to offering benefits to ensure that the long-term economic return to the state clearly outweighs the value of any financial assistance offered. In most cases the value of the economic return exceeds the investment by factors of in excess of 10 to 1. This issue is bigger than pay, it is about the income generated to the state by these CEO's and companies. Job creation and retention and the tax revenue that goes with it are the very reasons that the state would invest in a business. Limiting the salaries of the executives will diminish the direct and indirect returns to the state.

We are constantly seeking to attract and retain the operations of Fortune 500 companies, finance and insurance companies, and bio-tech firms to our state. Many of these companies have CEOs with compensation plans well above the limits proposed by HB 5922. Establishing a maximum compensation level for CEO's will only hurt Connecticut because they are the ones who ultimately decide whether or not a company will relocate or expand in Connecticut. By passing this bill you will be stifling free enterprise at a time when we need it most. Now is the time to be exploring options on how to best help companies grow and expand in Connecticut, not downsize and relocate.

Thank you for your consideration of these comments.