



State of Connecticut

SENATE

STATE CAPITOL
HARTFORD, CONNECTICUT 06106-1591

SENATOR L. SCOTT FRANTZ

MINORITY WHIP
THIRTY-SIXTH DISTRICT

TOLL FREE: 800-842-1421
OFFICE: 860-240-8800
FAX: 860-240-8306
E-MAIL: Scott.Frantz@cga.ct.gov

RANKING MEMBER
COMMERCE COMMITTEE

MEMBER
APPROPRIATIONS COMMITTEE
PROGRAM REVIEW &
INVESTIGATIONS COMMITTEE
TRANSPORTATION COMMITTEE

Date: February 24, 2009

To: Senator Prague
Representative Ryan
Senator Guglielmo
Representative Noujaim
Members of the Labor Committee

From: Senator L. Scott Frantz

Re: *HB 5248, An Act Concerning the Legislature's Impact on Employment in the State.*

Good Afternoon Senator Prague, Representative Ryan, Senator Guglielmo, Rep. Noujaim, and members of the committee. I am L. Scott Frantz, Senator from the 36th district. I am here today to testify in favor of *House Bill 5248, AN ACT CONCERNING THE LEGISLATURE'S IMPACT ON EMPLOYMENT IN THE STATE.*

In this time of economic crisis, when businesses both small and large across our state are facing pressures from all sides to defy the odds and succeed, we, as a legislature, need to be cautious in our approach and our actions so as to not tip the scales in a way that will negatively impact employers. The businesses of Connecticut are dealing with a greatly weakened economy, slowed sales, tightened credit markets, and a shrinking consumer confidence level. Many are struggling to retain workers, to make payroll, to stay afloat. We need to reach out to them, to help them, and at the very least, to not harm them further, whether intentionally or not.

It is the recognition of our ability here in the General Assembly to impact businesses through our actions, or inactions that is the impetus of this bill. In our good faith efforts to pass new laws, we often come up against another law – the law of unintended consequences. This maxim states that whenever an action is taken, there will be impacts that were not foreseen. Laws passed with the very best intentions can often result in unanticipated hardships -- a recent example was the attempt to get all municipal public meeting minutes and agendas placed on town websites. This well intention law, to create greater access to public information, was seemingly innocuous. But after passage, we learned that it was forcing smaller towns to hire new employees, or to simply shut down existing municipal websites because they could not abide by this mandate. So, our attempt to create greater public access to certain documents actually ended up making that access more difficult in some small towns where websites were shuttered. That was not the anticipated result when the law was enacted.

That sort of unseen impact happens all too frequently. In order to prevent it, or to at the very least, to minimize it, we need to have all the pertinent facts and data before we pass new laws. It is always wiser to have more information, not

less, when making an important decision. In light of that, this bill would require that any proposal passed by the legislature contain a job impact statement. Such a statement would include information regarding the potential effect on employment as well as unemployment, including the number of jobs lost or gained and shall, where possible, identify the additional costs to the employer per employee created by the bill. In this economy, with businesses facing all sorts of struggles to survive, we cannot risk passage of any proposals that will create unforeseen hardships for those businesses that will result in the loss of precious jobs in our state.

To provide an example of unintended consequences, and I stress that this is only a hypothetical and in no way testimony against a certain proposal, let me use Senate Bill 711, AN ACT CONCERNING THE ELIMINATION OF STATE FINANCIAL ASSISTANCE FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS. I use this bill only because it is on today's Committee meeting agenda and is familiar to the members. This bill has a worthy and admirable goal of protecting the benefits of retirees. But, if in this economy, a company struggling to stay afloat is forced to temporarily reduce retiree benefits, they must automatically pay back any and all state funds that they have received, plus a penalty. For that struggling company, paying back all that funding could put them out of business – with the unintended result of not only the retirees we seek to protect losing all their benefits, but the current employees losing their jobs and benefits as well. So in our efforts to protect those who might need our help, we may unintentionally create a climate or a situation where something worse may occur.

This session, we have recognized the need for more information into the consequences of our actions by requiring racial impact statements on any proposal that will impact our prison population. The data contained in these reports will offer guidance to us if we ponder changes to the criminal justice laws. With the troubles we as a legislature are facing, and the problems our businesses and employers are dealing with in this economic climate, we need all the guidance we can muster so as to not create harm when we merely want to help.

Thank you for your time and consideration.