

Schupp & Grochmal, LLC
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Chairmen and Ladies and Gentlemen of the Commerce Committee:

My company manages Funds authorized by the Insurance Reinvestment Act. We use tax credits to entice insurance related businesses to make Connecticut their home. I am here to speak against Sec 5 of HB 5357.

Imagine that you bought a \$1 million life insurance policy from one of our Connecticut insurance carriers to protect your young family. Then the unthinkable happened.....your young spouse died. Upon making a claim, the insurance company told you that they would not pay, that they had changed the rules after making a promise to you. So you and your young family lose the house and are turned out into the street.

That, ladies and gentlemen, is what Sec. 5 of HB 5357 is asking me to do to Connecticut companies that we have funded according to the promises of the Connecticut Legislature. If the promise of the legislature to these companies is broken, we face lost jobs and people on the streets. Companies may fail due to lack of our funding. We promised them a stream of funding over a period of years to execute their business plans. If our promised funding disappears, we all know that finding alternate funding in these times is next to impossible.

The statute allows the investors in our funds to claim Connecticut Tax Credits providing that the insurance businesses we invest in locate in space that has gone unoccupied for at least twelve months and that they create enough new Connecticut jobs. The statute was sunset in 2000, so no new funds may be formed and no additional investors may use the statute as of that date. Statute availability for use by grand-fathered funds expires on December 31, 2015.

Tax Credits are earned over a ten year period, none in the first three years, 10% in years 4,5,6 and 7 and 20% in years 8, 9 and 10. The program is back end loaded with a significant delay up front, as it should be. The suggestion to kill the statute retroactively breaks promises. The suggestion to kill the statute at this point in time for future deals lacks common sense. Why would you kill an incentive to bring new jobs to Connecticut when, if we were to make a new investment in 2010 and the company leased dormant space and created jobs, credits would not be claimed until 2014, hopefully long after Connecticut's economic recovery.

It is suggested that the Insurance Reinvestment program has been underutilized. Ironically, no executive branch agency or legislative staff has ever contacted us for advice about how Connecticut might increase its insurance sector employment. We would hope that DECD would look at us as a customer where they might partner with us