

STATEMENT OF

Roger A. Adams

Executive Director

The Chamber of Commerce, Inc.

Windham Region

Finance Committee

Public Hearing

Senate Bill 1

AN ACT CONCERNING THE PRESERVATION  
AND CREATION OF JOBS IN CONNECTICUT

March 1, 2010

Hartford, Connecticut

My name is Roger Adams. I am a resident of Mansfield, Connecticut residing at 282 Wormwood Hill Road. I am employed as executive director of the Chamber of Commerce, Inc., Windham Region where I have worked for over 30 years. I am here today to support certain provisions offered in Senate Bill 1 and to suggest some specific additions.

At the Chamber of Commerce, Inc. we have seen dramatic changes in the make-up of our regional economy in the past 30 years. The large industrial employers, with two notable exceptions, have dramatically downsized, merged, moved away or gone out of business. In the Windham area, we are a region of institutional employers and small businesses. We have Eastern Connecticut State University, UConn, Windham Hospital and Natchaug Hospital as four of our largest employers. In past economic downturns, state agencies in our region were still expanding at a rate which allowed assimilation of many workers losing industrial jobs. They are no longer in a position to absorb layoffs or to even provide meaningful hope of future opportunities.

With estimates that the current recession will result in 100,000 total jobs lost in Connecticut, it is our hope that small employers, where the vast majority of new jobs are being created, can help fill the void. The definition of "small business" varies widely depending on the purpose of the definition. In our 13-town Windham Region, small businesses employ closer to five or ten people than five hundred and they need loans closer to twenty to fifty thousand dollars than half a million.

In the past decade we have seen very successful small business revolving loan programs meeting the needs of small businesses through regional economic development agencies. These agencies in eastern Connecticut are the Northeast CT Economic Alliance in the northeast and seCTer (Southeast CT Economic Region) in the southeast. They have the ability to investigate, analyze and guide small businesses through business plans at much smaller levels than regional

banks and at levels well below those practical for the more successful community banks. As an example, in the past year, the Northeast CT Economic Alliance has handled nearly ¾ of a million dollars in revolving loan fund and Small Cities loans to 18 clients. These loans range from \$10,000 to \$50,000 and all are meeting expectations. These loans are in nine towns and cover businesses from restaurants to manufacturing.

If a new revolving loan fund is established, we urge that it be managed in a way that keeps it out of a central bureaucracy, and puts the premium on getting the dollars close to the street and managed in the regional economic development agencies. The regional agencies have boards made up of local professionals and staff with local ties and lending experience. They have very low operating costs as related to loan volume and a clear familiarity with their regions of the state. They do require some modest administrative fee resources, some of which can come from interest fees on the loans as they are paid back.

Method of payment for the revolving loan program in today's economy is a major challenge but one worth pursuing. A surcharge on the income taxes paid on certain large bonuses and bonding authorization are two methods that have been mentioned. I think it is critical to public confidence that, however the fund is established, it be unavailable to be swept into the General Fund for other purposes.

Finally, we are pleased to support the proposal for a two year suspension of the business entity tax. It is a fee viewed almost universally as an unjustifiable penalty on every business of every size. In addition, the establishment of a formal, regular review process to evaluate the impact of regulations on small businesses is long overdue.

Thank you for considering our recommendations.