



CONNECTICUT BUSINESS & INDUSTRY ASSOCIATION

**Testimony of Kia F. Murrell
Assistant Counsel, CBIA
Before the Committee on Labor and Public Employees
Hartford, CT
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**S.B. 711 AAC Elimination of State Financial Assistance
for Companies that Reduce Retirement Benefits**

My name is Kia Murrell, Assistant Counsel for Labor & Employment matters at the Connecticut Business and Industry Association (CBIA). CBIA represents more than 10,000 companies throughout the state of Connecticut, ranging from large corporations to small businesses. We believe that S.B. 935 will have a negative impact on economic development in the state by discouraging companies from starting, growing or doing business with the state government. Therefore, we oppose this legislation.

S.B. 935 proposes to eliminate state financial assistance to businesses (i.e., state contractors) that reduce employee retirement benefits during the term of their contract(s) with the state. State "financial assistance" includes loans, grants, guarantees and tax abatements and a reduction in benefits can be any decision that negatively impacts retirement benefits. If an organization eliminates or reduces any retirement benefit, the full amount of financial assistance received plus a 5% penalty must be repaid to the providing agency.

Companies often make necessary financial decisions that both directly and indirectly affect employee retirement benefits. In the same way an individual periodically adjusts his or her own retirement accounts, businesses make those same decisions to positively impact company finances in accordance with their fiscal priorities and objectives. That is why it is both unfair and impractical to penalize a company for such actions, especially during one of the toughest economies in history.

Over the life of a typical retirement account, its performance will peak and dip with the economy and other factors beyond the owner's control. Penalizing corporate investment decisions that inadvertently impact retirement benefits may discourage some companies from starting, growing and/or pursuing state contracts that would benefit state residents and state economy. Simply put, this is no area for legislation.

For the aforementioned reasons, we oppose S.B. 935.