

## ***TESTIMONY SUBMITTED TO THE LABOR COMMITTEE***

*February 17, 2011*

*Ron Angelo, Acting Commissioner  
Department of Economic and Community Development*

### ***SB 935 AN ACT CONCERNING ELIMINATION OF ECONOMIC DEVELOPMENT FUNDS FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS***

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The Department of Economic and Community Development (DECD) offers the following information in **opposition** to *SB 935 AN ACT CONCERNING ELIMINATION OF ECONOMIC DEVELOPMENT FUNDS FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS*.

The department believes that this bill will make Connecticut a less attractive environment in which to do business. Connecticut already ranks among the top states for the cost of health care, utility rates, and taxes. Companies will not be willing to expand or relocate in state, especially since they are unable to predict what the future holds for their business. Businesses must operate in a predictable environment. Proposing legislation such as this directly impacts job creation decisions that companies will ultimately make.

As Connecticut seeks to climb out of the recession, it is important that businesses have the flexibility to make job creation decisions even if they require assistance from the state. This is one of the many reasons why we cannot add any more administrative burdens that would put Connecticut in the position of being business unfriendly such as proposed under SB 935.

The department would also raise the following issues/concerns with regard to the bill as it is currently written:

- 1) How will the program be monitored?
- 2) What would constitute "financial assistance" and does this include job-training programs?
- 3) The cost of compliance for both DECD and the client (businesses) will increase.
- 4) What happens if a company is hit by financial troubles due to increased competition or economic downturn?
- 5) The potential impact of this legislation could result in layoffs or companies moving to a more competitive environment out of state.
- 6) Tax Abatements are administered through the Department of Revenue Services and the local municipal tax collector.

While the department understands the intent of this proposal, we would respectfully point out that these measures will have a cost, and because of that additional cost, businesses are less likely to come to Connecticut for assistance. In addition, this proposal increases the chances that businesses would be more likely to default when they do accept state assistance because it does not allow for flexibility.

We would urge the committee to not take favorable action on this proposal in order to keep the state competitive during these uncertain economic times.