

**Testimony of Kia F. Murrell
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Before the Committee on Labor and Public Employees
Hartford, CT
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**S.B. 181 AA Requiring the Standard and Prevailing Wage be Paid to Certain
Employees of Employers who Received Financial Assistance from State
Economic Development Entities**

Good Afternoon Senator Prague, Representative Zalaski and other members of the Committee. My name is Kia Murrell and I am Associate Counsel at the Connecticut Business and Industry Association (CBIA) representing more than 10,000 companies throughout the state of Connecticut.

S.B. 181 requires any business receiving financial assistance from a state economic development agency to pay the standard wage to its employees in the food, building, property or equipment services job functions. It further requires that any business contracting with that company also pay the prevailing wage to their employees. If the companies fail to pay the prevailing wage, then the full amount of any financial assistance received plus a penalty of five per cent (5%) of such amount must be repaid to the state agency. For purposes of this proposal, "financial assistance" includes, but is not limited to, all forms of loans, grants, guarantees and tax abatements.

We believe that S.B. 181 will have a significant negative impact on economic development by discouraging companies from doing business with the state government. Therefore, we oppose this legislation.

In the past, the legislature has considered measures to penalize companies receiving state financial assistance who employ workers out of the state and country; change employee retirement benefit plans; and other routine business practices that are taken every day to allow companies to compete in a tough economy. However, S.B. 181 surpasses those previous measures in its wide-sweeping and far-reaching impact.

Labor costs are often the most expensive investment that businesses make, and Connecticut companies provide some of the best compensation and benefit packages in the nation. Yet, today's tough economy has shown that employee salaries and benefits must be flexible in order for companies to survive and thrive. That's why legislation requiring that the prevailing wage be paid to direct employees and those of a contractor's employees is so damaging. Many

Connecticut employers would find it difficult to bid on and take advantage of state financial assistance if it comes at such a high price.

It is both unfair and impractical to penalize a company for such actions, especially during one of the toughest economies in history. S.B. 181 will 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. 181.