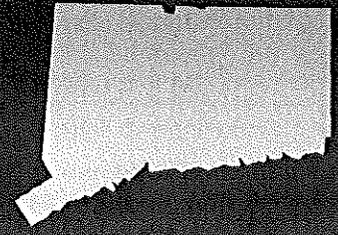


FISCAL POLICY CENTER

At Connecticut Voices for Children



Testimony Regarding Raised H.B. 6469: An Act Concerning Changes to the Annual Report of the Department of Economic and Community Development

Commerce Committee

Wade Gibson, J.D.

Senior Policy Fellow

February 28, 2013

Senator LeBeau, Representative Perone, Senator Frantz, Representative Lavielle, and distinguished members of the Committee:

My name is Wade Gibson. I am a Senior Policy Fellow in charge of the Fiscal Policy Center at Connecticut Voices for Children. The mission of the Fiscal Policy Center is to promote the best interests of Connecticut's young people in the state and federal budgets. **I am here to testify against provisions of Raised House Bill 6469 that would limit the public's access to information about how their dollars are spent on business assistance programs.**

We all know these are tough times. The Governor's proposed budget cuts scholarships for college students, reduces the EITC that benefits 200,000 children, and makes changes to HUSKY that threaten the health coverage of 40,000 parents. In times like these, we want to be sure every dollar of public resources is put to the very best use because that dollar could send a first-generation student to college, help a poor family with the heating bill, or give a working mother of three health coverage.

The proposed bill would eliminate crucial information the public needs to discern whether its tax dollars are put to the very best use in the state's business assistance programs. How many jobs do the subsidies create? What sort of jobs are they? High-wage jobs with health coverage, or low-road jobs with no benefits? These questions are critical: it makes little sense to spend \$100,000 to create a job that pays \$30,000.

It is already hard to tell whether business assistance programs work as advertised. We can never know whether, absent state subsidy, the company would have hired a new worker anyway. Business subsidies are not like most public spending where we can point to a specific class taught, bridge built, or highway patrolled because of public dollars.

We cannot know the real return on our public investment, and that is why in the past the Department of Economic and Community Development has provided information that helps make that clearer. If the business is growing, promises to create good jobs, and then creates those jobs, at least we know the state is supporting a company that is making Connecticut more prosperous.

The state's reporting on business assistance is now some of the best in that Nation. Room for improvement remains, of course: Massachusetts' Department of Revenue has begun to report every recipient and credit received

for a host of economic development tax credits. Rather than go back on our progress, we should continue our leadership in transparency.

The proposed bill would be a step back for transparency, and it would make it harder for citizens to discern whether their tax dollars are being put to the very best use. When public dollars are as scarce as they are now, we should be providing more—not less—information about how they are spent.

Thank you for the opportunity to testify today. I look forward to your questions.