



Department of Economic and
Community Development

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Catherine H. Smith
Commissioner

Finance, Revenue and Bonding Committee
Monday, March 11, 2013

RE: HB 6566 - AAC Transparency in Economic Assistance Programs

Senator Fonfara, Representative Widlitz and distinguished members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to allow the Department of Economic and Community Development (“DECD”) to submit testimony related to H. B. 6566, An Act Concerning Transparency in Economic Assistance Programs.

DECD is in opposition to H.B. 6566, which requires DECD, in collaboration with the Department of Revenue Services (“DRS”), to develop and maintain a searchable database on DECD’s web site. The purpose of the database would be to post information about economic development projects.

We oppose this bill for a number of reasons. Currently, DECD is required to produce an annual report under C.G.S. 32-1m and post the report on its web site. Much of the information outlined in H.B. 6566 is duplicative to this annual report. Items such as information on who the financial assistance was provided to and their location; the source of the financial assistance, their employment obligations and whether those obligations have been met are already included in the report. There is also information in this bill that DECD believes can already be obtained on its web site, including descriptions of our programs that are used specifically for the purpose of marketing our economic assistance programs.

Most importantly, DECD believes that the requirement to disclose the economic benefits derived from each project would create a competitive disadvantage for the state in its negotiations with existing companies within Connecticut and with any new companies that may consider relocating to the state.

While we have concerns about this bill, DECD supports transparency related to the work that we do and we have begun early discussions on creating a searchable format for our annual report. As you know, the state is also pursuing an E-portal system that will better align the sharing of information between state agencies and the public. In addition, the state has also taken a proactive approach by establishing the Business Tax Task Force which is committed to improving information around the tracking of state tax credits and



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a working group has already been formed comprised of representatives from DECD, DRS, and OPM.

In conclusion, we are certain that this legislation will have an adverse impact on the state's budget, since there would be the need for new staff to conduct the economic impact analysis on each project. We currently conduct a REMI analysis on all companies within a portfolio, but this bill would require DECD to conduct a REMI on every project including Small Business Express Deals. With that number expected to hit over a 1000 by the end of the year, DECD has neither the personnel nor the resources to comply with this legislation.

Thank you again for the opportunity to submit testimony in opposition to HB 6566.