Testimony of
Louise DiCocco, for the Greater New Haven Chamber of Commerce
Before the Finance, Revenue and Bonding Committee
Hartford, CT
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Good Day. My name is Louise DiCocco, testifying on behalf of the Greater New Haven Chamber of Commerce. The Chamber represents more than 2,000 job-creating employers, large and small, throughout the south central Connecticut region.

Thank you for the opportunity today to speak about **SB 946** An Act Concerning Revenue Items to Implement the Governor's Budget. We have seen the state's economic recovery taking hold in our area and among chamber members, and therefore are concerned about several aspects of the Governor's budget proposal.

Connecticut has done much to promote the growth of the state's bioscience and biopharma industry, which is certainly a major contributor to the economic vitality in the chamber's membership area. The General Assembly has specifically created certain tax credits as important incentives to encourage companies to locate, grow here and make investments in Connecticut.

These incentives include the:

- Research and Development (R&D) credit which fosters the ability of innovative companies to conduct research and experimentation in Connecticut (1%-6% credit)
- Fixed capital investment credit – which allows these innovators and others to install machinery & equipment in Connecticut (5% credit)

It is paramount to remember that only investments made in Connecticut are eligible to earn these incentives. The state incurs no cost until after a Connecticut investment is made; in practice, the revenues generated as a result of the investments have far exceeded the credits earned.

It is also very important to understand that research and development is a very long process, taking years from idea to implementation. So, too is most business planning a long-term process, with employers routinely looking years out to make their most prudent decisions about hiring, expanding, and increasing investments in the state.

Connecticut must stand by its commitments and provide a stable environment in which employers of all sizes and types have the confidence to make investments in their operations, their employees, and our communities.

Yet this proposal would reduce the value of critical investment incentives for research and development, capital purchases, and other key economic drivers. What's more, it would reduce the net operating loss carry-forward, an important tax mechanism to encourage investment in

Connecticut. And it would make permanent the 20% corporate surcharge that was scheduled to be eliminated this year.

We recognize the difficult challenge facing the Governor and the legislature in closing the budget deficit, but it's a far better course of action for the state to encourage the kinds of investments that lead to job creation.

The legislature can promote greater consistency, clarity, and fairness in state tax policy. We urge you to reject the Governor's increased revenue proposals, eliminate the Business Entity Tax, and encourage the Appropriations Committee to develop a budget that reduces costs and improves outcomes by adopting the recommendation of the Connecticut Institute for the 21st Century and others. This will help create a more predictable, fairer tax environment and a more competitive Connecticut economy.

Thank you for your consideration.