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Good afternoon Senator Fonfara, Representative Berger and distinguished members of the Finance, Revenue and Bonding Committee. My name is Seth Ruzi and I serve as Vice President of Global Residential Operations & Associate General Counsel for Starwood Hotels & Resorts Worldwide, Inc. I am here today to testify in **OPPOSITION** to SB 946 - An Act Concerning Revenue Items to Implement the Governor's Budget.

Nearly five years ago I had the honor and privilege of addressing your Joint Finance Committee concerning the plan to relocate Starwood Hotels to Connecticut. That Committee was considering a proposal to induce Starwood to bring its worldwide headquarters to Harbor Point in Stamford, promising 813 new jobs to the State.

I praised at the time the professionalism of the State and DECD. Having done economic incentives work in multiple states, I was impressed how the Connecticut program required Starwood to actually generate State revenues before receiving back a portion as URA Tax Credits.

I noted at the time the incremental benefits recognized when a company such as Starwood relocates its headquarters, in hiring local contractors, employees frequenting local businesses, and even how the center of gravity for employee residences would shift from White Plains to Stamford.

Today, Starwood Hotels has been acknowledged by our Governor as a true economic success story for Connecticut. Starwood employs over 1,200 people at our Stamford headquarters, and we have further extended our lease term and increased our premises from an original 250,000 SF to over 375,000 SF. Our capital commitment to our headquarters has well exceeded anything originally contemplated. Starwood has delivered on its promise.

Personally, when I spoke in 2010, I was a lifelong New Yorker. Today I am a proud resident of Stamford. Both attorneys that have reported to me since 2010 were New York City residents ... one is now in Greenwich and the other is moving to Stamford. The fellow who presented with me in 2010 was a New Jersey resident. He left the company; his replacement is from Trumbull. The incremental benefits we discussed are real.

Starwood's move to Connecticut and the resulting revenues to the State would not have occurred but for the State's agreement, and I quote, that Starwood would have "the absolute right to sell, assign or otherwise transfer" the URA Tax Credits.

While we appreciate the financial challenges facing the State and the difficult task that Governor Malloy and you, the Legislature, face in dealing with these challenges, we believe it is neither fair to Starwood nor economically wise for Connecticut to impair the marketability of the URA Tax Credits. The credibility of a state's economic development program, once lost, is hard to recover.

I note that two years ago the State impaired Starwood's ability to continue to sell our URA Tax Credits to insurance companies. We had to go out and find a new buyer class. Now the State wants to impair our ability to sell to the new buyers. This should not be a shell game where each time we find a buyer for the tax credits, Connecticut curtails our ability to sell to that buyer.

I take exception to the recent characterization of the use of URA tax credits as a "tax loophole." How can Connecticut issue tax credits, and then criticize their use? Connecticut designed this tax credit program in order to increase State revenues by luring companies like Starwood to Connecticut, and grants the credits only after greater State revenues are achieved. Not a "loophole;" these credits are Connecticut holding up its end of its successful business deal.

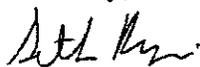
Finally, some at the State might say that limiting to 35% the amount of corporate tax liability that can be offset by URA Tax Credits does not impair the marketability of the credits. Then why do it? No. Let's be clear. The sole reason for the proposed change is to cause a portion of the issued credits to go unused.

Starwood is proud to be a member of the Connecticut community. Not only have we established our worldwide headquarters here, Connecticut is home to many of the 1,200+ people employed at our headquarters. We pay our taxes, we perform our obligations and we embrace our role in the community. We ask that you remember the agreement made to bring us to Connecticut, that you remember Connecticut's primary promise in our incentives agreement is the providing of the URA Tax Credits, and you remember these credits are effectively funded by revenues generated by Starwood's fulfillment of its commitment to the State. It would be absolutely wrong for Connecticut, having gotten the benefit of the deal from Starwood, to not be willing to perform on its end.

Starwood respectfully requests that you modify SB 946 to preserve the existing ability of entities to utilize the URA Tax Credits.

Thank you.

Sincerely,



Seth Ruzi