



TOWN OF RIDGEFIELD
Office of the First Selectman

TESTIMONY 3/9/2016

FINANCE REVENUE AND BONDING COMMITTEE

HB 5995 - AN ACT CONCERNING THE RESEARCH AND DEVELOPMENT TAX CREDIT

SENATOR FONFARA

REPRESENTATIVE BERGER

SENATOR FRANTZ

REPRESENTATIVE DAVIS

MY NAME IS RUDY MARCONI AND I AM THE FIRST SELECTMAN OF RIDGEFIELD CONNECTICUT. RIDGEFIELD HAS BEEN HOME TO BOEHRINGER INGELHEIM NORTH AMERICA SINCE THE EARLY 70'S, OVER 40 YEARS AGO. AND AS I AM SURE YOU ALL KNOW, RIDGEFIELD IS DEFINITELY NOT THE HEART BEAT OF AMERICAN BUSINESS. ALTHOUGH OUR TOWN HAS GROWN SUBSTANTIALLY OVER THOSE FORTY PLUS YEARS WE HAVE HAD TO FIGHT TO MAINTAIN A PROPER BALANCE BETWEEN NON RESIDENTIAL (CORPORATE) TAX REVENUE AND RESIDENTIAL PROPERTY TAXES.

IN 2006 OUR ONLY OTHER SIZEABLE CORPORATE PARTNER, SCHLUMBERGER RESEARCH, CLOSED ITS DOORS AND MOVED TO CAMBRIDGE MASSACHUSETTS. LOST CORPORATE TAX REVENUE THEN WAS ABOUT \$300,000 PER YEAR! WE ARE ATTEMPTING TO REPLACE THOSE LOST REVENUES WITH AN AGE-RESTRICTED DEVELOPMENT AND SOME ADDITIONAL NON-RESIDENTIAL BUILD OUT.

IT IS NOT ONLY THE PROPERTY TAX REVENUE THAT HELPS US LOCALLY. I WOULD BE REMISS NOT TO MENTION THE COLLATERAL BENEFITS ASSOCIATED WITH THIS BUSINESS. EMPLOYEES SHOP AT OUR STORES, EAT AT OUR RESTAURANTS, BUY GAS FROM THE LOCAL STATION, AND ACTUALLY BUY HOMES IN OUR COMMUNITY. THE ECONOMIC DIVERSITY THAT SCHLUMBERGER BROUGHT TO OUR COMMUNITY IS GONE FOREVER! WE NOW HAVE AN OPPORTUNITY TO GAIN BACK THAT LOSS AND TO GROW OUR LOCAL ECONOMIES. FOR EVERY DOLLAR OF INVESTMENT, WE REALIZE ALMOST \$30 INJECTED INTO THE GREATER DANBURY ECONOMY.

OUR LAST REMAINING CORPORATE PARTNER, BOEHRINGER INGLEHEIM, IS NOW FIGHTING TO REMAIN. WITHOUT THE RESTORATION OF BADLY NEEDED R&D TAX CREDITS, ANY LIKELIHOOD OF BOEHRINGER INGELHEIM EXPANDING IN THE RIDGEFIELD/DANBURY AREA WILL BE LOST FOREVER AS WELL. PLEASE, WE NEED YOUR HELP!!

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BI'S FUTURE IN CONNECTICUT IS PROMISING. BUT IT WILL NOT BE IF WE DO NOT HAVE THE SUPPORT OF OUR LEGISLATURE. THE DEPARTMENT OF REVENUE SERVICES CONFIRMS THAT THE R&D TAX CREDIT PROGRAM PROVIDES A SIGNIFICANT RETURN ON INVESTMENT FOR CONNECTICUT. WHEN WILL HARTFORD BEGIN TO REALIZE THE COLLATERAL BENEFITS ASSOCIATED WITH THIS PROGRAM. A FEW STATISTICS FROM RIDGEFIELD:

- A. CITIES AND TOWNS HAVE ABSORBED SUBSTANTIAL REVENUE LOSSES FROM LITTLE OR NO REIMBURSEMENT FROM THE MACHINERY, EQUIPMENT AND BIOTECH EXEMPTION STATUTE CHANGE. THIS 2011 STATUTE CHANGE TO PERSONAL PROPERTY TAXES HAS COST RIDGEFIELD RESIDENTS \$1.9 MILLION DOLLARS ANNUALLY.
- B. ABATEMENT PROGRAMS AT THE LOCAL LEVELS HAVE KEPT COMPANIES IN CONNECTICUT AT LOCAL TAXPAYER EXPENSE.
- C. IN PARTICULAR, RIDGEFIELD TAXPAYERS APPROVED A SEVEN-YEAR ABATEMENT FOR A MAJOR EXPANSION OF ITS NUMBER ONE TAXPAYER--BOEHRINGER INGLEHEIM--TOTALING SOME \$380 MILLION IN RIDGEFIELD AND AN ADDITIONAL \$120 MILLION IN DANBURY. THIS DEVELOPMENT IS SPREAD OVER SEVEN TO TEN YEARS. RIDGEFIELD'S LOSS IN PROPERTY TAX REVENUE IS EXPECTED TO REACH \$9.5 MILLION OVER THE LIFE OF THE ABATEMENT OR \$1.4 MILLION ANNUALLY.
- D. HOWEVER THERE IS GOOD NEWS! OUR PROPERTY TAXES, AS A RESULT OF THIS INVESTMENT, WILL INCREASE SUBSTANTIALLY GOING FORWARD. THE LESSON: SHORT-TERM SACRIFICE FOR LONG-TERM GAIN!!

THIS APPROACH IS WHAT CONNECTICUT NEEDS. WE HAVE AN OPPORTUNITY TO SEND A POSITIVE MESSAGE TO BIOTECH COMPANIES TO EXPAND IN CONNECTICUT. THE TOWN OF RIDGEFIELD HAS MADE A COMMITMENT TO ECONOMIC DEVELOPMENT NOW IT IS THE STATE'S TURN. PLEASE SUPPORT HB 5995.

THANK YOU,

RUDY MARCONI, FIRST SELECTMAN
TOWN OF RIDGEFIELD