



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

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*Your Home
Is Our
Business*

February 23, 2017

To: Senators Frantz and Hartley, Representative Simmons, Co-Chairs
Representative Yaccarino, Ranking Member
Members of the Commerce Committee

From: Bill Ethier, CAE, Chief Executive Officer

Re: **Qualified Support for ~~SB 128~~; and Support for SB 399, SB 623,
SB 818, HB 5226, HB 5583, HB 5584 and HB 7063**

The HBRA of Connecticut is a professional trade association with about eight hundred (800) member firms statewide employing tens of thousands of CT's citizens. Our members, all small businesses, are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry and to consumers. We build between 70% to 80% of all new homes and apartments in the state each year and engage in countless home remodeling projects.

There are a host of positive business and economic development bills on today's agenda. We commend the leadership of the Commerce Committee for bringing these and other bills forward and strongly support your efforts to improve the business climate in CT.

The home building industry is a bell-weather for the economy. We not only depend on a strong job market for our buyers but also produce ourselves significant jobs and economic growth. Our members have their collective finger on the pulse of the economy. They talk with prospective buyers and renters as often as they can find them. They know who is moving in and who is moving out, and what their customers are thinking about CT. And, today, CT is not in good shape. While there are any number of positive things to say about CT, from our overall quality of life, picturesque hills, shoreline and ample open spaces, our strategic location in the northeast economic corridor, workforce productivity, and excellent educational and health care institutions, home building in CT is on life support. See the housing permit chart below for where our industry sits relative to the past thirty seven years of permit data. Last year, 2016, was the lowest number of 1&2 family home permits issued since 1980. It's a reflection of the things that are not positive in CT.

Many of the bills today are small steps to improve the business environment, and we urge their passage. While all these bills will help, CT really needs major reform to its regulatory, tax and fee structure to gain business' attention and interest, build business confidence once again, and ensure CT is and will be a great place to start and grow businesses of all types.

Our comments on just a few of the bills before you follow:

Vision: "Building CT's Economy, Communities and Better Lives One Home at a Time"
Mission: "Using Effective Advocacy and New Knowledge to Solve Our Member's Problems."

Qualified Support for SB 128, exempting start-up companies from state regulations for the first two-years of operations. While the intent of this proposal is to encourage start-ups, which we support because new companies produce jobs, which in turn can produce home buyers, we would prefer an approach that helps all businesses permanently. Repeal nuisance fees and taxes, such as the \$50 annual report to the Sect of State, license fees that are not associated with competency exams or requirements, and the business entity tax. Also, why cannot the state produce a comprehensive “new business application” where you fill out all your pertinent information once and DRS, DOL, Sect. of State and any other relevant agency produce from it their business ID and tax numbers? It would streamline and make simple the process of starting a business.

Support SB 399, requiring a cost-benefit analysis and economic impact statement for proposed legislation. Just like the important fiscal analysis on state and municipal budgets done by OFA, the impacts, pro and con, of legislation on the economy and job growth are just as, if not more, important.

Support SB 623, providing tax incentives to develop brownfields. Cleaning up contaminated properties is a difficult hurdle to put these properties back into productive use. Tax incentives to those willing to take some risk to redevelop brownfields would be a great investment that will help communities across the state.

SB 818, Suspending Admin Penalties for Certain Regulatory Violations. This bill is at least the third time this concept has been proposed (see HB 5500 from 2016, and HB 5431 from 2014; see also this session, HB 5087 in the GAE Committee). We hope this time, this concept can be adopted into law.

Our members must often obtain, and of course comply with, a variety of state agency permits in order to pursue housing development. Depending on the particular community that is to be built, our members need permits or other regulatory approvals from DEEP (variety of environmental permits), DPH (water and sewage treatment), DOT (OSTA approvals), DECD (state housing assistance), DAS (building and fire codes) and OPM (state plan of conservation and development, Incentive Housing program). Our businesses are also regulated by DCP (contractor licenses and registration programs), DOL (labor laws, UC, workers comp) and, of course, DRS (taxes).

Often, the regulations with which we must comply and the permits themselves issued pursuant to regulations are lengthy and complex. **Many businesses, especially small businesses that do not have teams of lawyers, engineers and regulatory compliance staff, need education about regulatory and permit requirements more than regulatory commands and controls.** For certain first-time violators who take remedial measures to completely correct violations, state agencies should treat the occurrence as a “teaching moment” without penalizing the offender. This is a reasonable, rational approach that will improve the relationship between state agencies and the regulated community.

Support HB 5226, mandating implementation of the Learn Here, Live Here program. We supported this program as it provides an incentive for young people who study here to stay and build a life in CT. You passed the program. But it does no good to anyone sitting on a shelf. It’s past time it was implemented.

Support HB 5583, expanding investment eligibility under the angel investor tax credit program. Angel investors are a critical component in the continuum of financing options for many businesses to obtain the capital they need to get started or succeed in growing. The current law encourages angel investing by providing a tax credit, yet the tax credit is limited to only investments in certain businesses. While the business types in the current tax credit law are exciting, high technology industries, the law essentially picks them as winners, while all others are by default deemed losers. Other industries, though, can also produce jobs and significant returns to our economy, yet many suffer from the inability to obtain adequate financing. All should be encouraged through our tax policies. Angel investors themselves can sort out the winners and losers, and we support repealing the limits on business types eligible for this particular tax credit.

Support HB 5584, creating a small business hotline. One of the most challenging things to figure out about starting a new business or keeping a small business going is how to start, where to go, and what to do. A variety of resources exist to help start-ups and existing small businesses, from the Small Business Administration to various business organizations. But even these resources may be unknown to many business owners. A small business hotline that provide answers and links to other resources, well publicized to be “top of mind” for any entrepreneur, can go a long way to foster business growth in CT.

Support HB 7063, requiring plain language description and compliance requirements of proposed regulations. This requirement on state agencies will help small businesses and the general public better understand what are often voluminous and highly detailed and complex state regulations.

We urge you to support all of these bills and help further improve the regulatory environment in Connecticut.

Thank you for the opportunity to express our views on this important topic.

