



State of Connecticut

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Testimony
Commerce Committee
Senator Len Fasano
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Proposed Senate Bills 619, 620 and 623

Senator Frantz, Senator Hartley, Representative Simmons, Representative Yaccarino and members of the Commerce Committee, thank you for the opportunity to testify in favor of three proposed bills today.

Bills Regarding the First Five Plus Program:

Senate Bill 619 and **Senate Bill 620** would provide more transparency and oversight of the state's First Five Plus Program managed by the Department of Economic and Community Development. If our state, through DECD, is going to be awarding hundreds of millions of dollars through the First Five Plus Program, we need to take steps to ensure that such money is wisely spent and that there is a strong return on the state's investments. The importance of the need for proper oversight is highlighted by a recent Auditors of Public Accounts report on the DECD which found a general lack of attention to record keeping, a lack of enforcement of agreement requirements, inadequate administrative controls over projects, and failure to adhere to assistance agreement requirements. The department failed to follow internal controls, monitor spending, or make sure excess funds were returned to the state, especially in light of the problems that exist within the department and the difficulty that lawmakers have faced when seeking information from the department. These two proposed bills intend to shine more light on the agency and the programs it manages.

Senate Bill 619 An Act Concerning Reporting and Legislative Oversight of the First Five Plus Program is intended to increase oversight of DECD's First Five Plus Program by requiring the department share more information with the legislature. The proposal would require DECD submit an annual report to the legislature on projects funded through the First Five Plus Program that includes the number of jobs created, the impact on the economy, and the net rate of return to the state for the entire first five plus portfolio, taking into account all loans that have been forgiven and all tax credits that have been allowed. Based on the net rate of return, this proposal also would require DECD to make needed recommendations to modify the First Five Plus Program and require the legislature to hold a public hearing and vote on any recommendations offered by DECD.

Senate Bill 620 An Act Increasing Legislative Oversight of the First Five Plus Program and the Urban and Industrial Site Reinvestment Program would require legislative approval for First Five Plus Investments. Under the urban and industrial site reinvestment program, this proposal would require legislative approval to award tax credits exceeding \$20 million over a two year period. For all non-biotech projects, this proposal would require legislative approval for credits exceeding \$10 million over two years. By requiring legislative approval, there will be greater vetting of all projects that benefit from First Five funding. When such large amounts of funds borrowed with taxpayer dollars are awarded, we need to make sure there are proper protections in place that give taxpayers a voice in how their money is spent.

7/7 Brownfield Redevelopment Proposal

I also would like to provide testimony today in support of **Senate Bill 623 An Act Establishing the 7/7 Program to Encourage the Redevelopment of Brownfields and Underutilized Property**. This is a proposal that I have discussed in previous years which I believe is an important first step to strengthening Connecticut cities and providing innovative ways for new opportunities to flourish.

One of the most important ways we can help our cities is by encouraging businesses to grow jobs and invest in a workforce to fill those new positions. In order to thrive, a city needs a vibrant economy with a healthy job market and an eager well trained workforce. The 7/7 Brownfield Redevelopment Program seeks to address these needs by reforming how the state incentivizes brownfield remediation in urban areas and combining business incentive programs with a requirement to invest in education and job training in local high schools and community colleges.

To develop viable communities with economic growth, a reduction in blight and simultaneous increase in the value of taxable property, the 7/7 Program would simplify the administrative process and offer a tax incentive package to employers willing to invest in new development on brownfield property. For redeveloping a brownfield site and agreeing to specified employment commitments and partnerships with local schools, employers would receive 100% exemption from the state income, sales and use, or corporation business taxes generated at the revitalized property for 7 years. For contaminated property the employer will also be able to deduct 60% of the remediation cost over the 7 years following the 7 year 100% tax exemption.

The 7/7 Brownfield Redevelopment Program would be connected to a Pipeline for Connecticut's Future. Within this "pipeline" system, participating businesses would be required to meet specified employment commitments and partnerships with local schools to qualify for tax relief incentives. This would include a requirement to work with local school districts and community colleges to develop a curriculum to train students specifically for local job opportunities at that business. This program would allow companies to fill vacant positions in their workforce with an employee trained specifically for that job while providing direct employment opportunities for Connecticut youth.

This program would be modeled after the initiative that is currently underway in towns like Wallingford and the Platt Technical High School in Milford where local manufacturers are working collaboratively with the superintendent of schools in a joint effort to help students who may not be interested in attending college to graduate with a specific, manufacturing related career path in mind and ultimately to be employed by the participating companies. The programs entail both industry-specific class time as well as cooperative work placements. In addition to the work performed at the local high schools, these programs also provide incubator space for entrepreneurs to work collaboratively and innovatively with students.

It's important that we recognize that not all students will go to college or pursue an advanced degree. But they should still have the opportunity to attain a good paying, highly skilled job. By developing opportunities for students to focus on career paths as early as possible, we can help show all students their value, their talents and their potential to be successful right here in Connecticut. By combining these programs with redevelopment incentives, we can form a unique partnerships between businesses and schools to bring new opportunities to our cities, to our workforce, and to future generations.

Len Fasano
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