



News from:
COMPTROLLER KEVIN LEMBO

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COMPTROLLER LEMBO: IMPROVE TRANSPARENCY IN ECONOMIC ASSISTANCE PROGRAMS

Comptroller Kevin Lembo announced legislation today that will establish greater transparency surrounding the hundreds of millions in dollars invested every year in economic assistance programs.

Lembo will testify before the General Assembly's Finance Committee at 10:30 a.m. on Monday in support of House Bill 6566, An Act Concerning Transparency in Economic Assistance Programs.

The bill would establish at least three new mechanisms to improve transparency in state finances – starting with a publicly accessible online database for all state tax credit and economic assistance programs.

The bill would also require regular “tax incidence analysis” reports to determine the distribution of the state’s tax burden, and it would improve public access to vital state financial documents -- building on Lembo’s transparency efforts on “Open Connecticut” (www.osc.ct.gov/openct), a website he recently launched to make state financial documents more publicly accessible.

“As a state, we provide hundreds of millions of dollars in business assistance every year – in the form of loans, grants, tax credits and abatements,” Lembo said. “Meanwhile, the state’s economy continues to struggle, unemployment remains stubbornly high and we face significant budget challenges.”

This bill does not favor or disfavor any particular economic assistance program, Lembo said. It would simply provide a vital mechanism to measure the success and value of these programs so that policy makers have the means to make informed investments.

“Providing this information to the public will improve the state’s investment strategy,” Lembo said. “Programs that are working will have accessible data to reinforce their value

and programs that don't can be identified and the funds repurposed toward more productive uses.

“In this environment we must make every effort to ensure that the dollars we spend – or forego – in an effort to generate greater economic output are well spent.”

Specifically, this bill will create a searchable database where the public can simply and easily perform searches to answer the questions:

- Who is receiving the assistance?
- What type of assistance are they receiving?
- What is the value of the assistance provided?
- What is the purpose of the assistance?
- What are the anticipated results – jobs, investment and economic impact?
- What are the actual results?

“Increasing the data available will allow for better long-term strategic decision making,” Lembo said.

Lembo first called for greater economic development transparency in December 2011. Soon after, Governor Dannel P. Malloy created the Business Tax Policy Task Force of which Lembo was a member. The task force, chaired by Department of Revenue Services (DRS) Commissioner Kevin Sullivan and Department of Economic and Community Development (DECD) Commissioner Catherine Smith, met with businesses, tax professionals and other interested parties to determine the best mechanism to ensure effective business tax policy.

The recommendations, which Lembo largely supported, included the creation of a searchable database at the DECD and to provide additional regular analysis of the state's tax system at the DRS. Currently, Maine, Minnesota and Texas already perform regular tax incidence analysis.

“I am hopeful that Connecticut will become the fourth state to do so – and remain at the forefront of state transparency efforts,” Lembo said.

“This bill builds on those recommendations and is designed to increase access to and the utility of information available to the public about the state's economic assistance programs, tax structure and state financial documents.

“Combined, these initiatives move Connecticut in the right direction, by providing policy makers and the public greater access to information about our state's economic development efforts, tax structure and budget. With the passage of this bill, Connecticut will remain on the forefront of state transparency efforts. The result will be a more responsive and effective government.”

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