



News from:
COMPTROLLER KEVIN LEMBO

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**COMPTROLLER LEMBO SAYS “NEW ECONOMIC REALITY”
WARRANTS VOTE AGAINST \$22 MILLION IN STATE MONEY
FOR HEDGE FUND**

URGES SHIFT IN ECONOMIC STRATEGY TO BENEFIT ALL CT BUSINESSES

Comptroller Kevin Lembo, at today’s state Bond Commission meeting, voted against providing \$22 million in state bond funding to Bridgewater Associates, a Connecticut hedge fund that manages more than \$130 billion in global investments.

Lembo said that, while he has been accepting of prior bond packages that provide state assistance to private industry, this case stands out as the state now faces a new economic reality – and Connecticut must reevaluate its approach to economic development.

“It is undisputable that Connecticut faces a new economic reality – one that warrants reevaluation of our economic development strategy, especially as the state faces ongoing cuts to services and the layoff of thousands of employees,” Lembo said. “Despite my general reluctance about the state picking winners and losers, I have been willing to cautiously support economic assistance to private companies – but the size, scope and nature of this particular proposal stands out and meets a new threshold that compels me to vote against it.

“While state funding of private enterprises may sometimes be necessary – in certain cases and after careful evaluation – I believe we have an obligation as a state to focus our economic strategy and resources on investments that benefit *all* Connecticut businesses.

“As I always try to do, I reached this position only after reviewing data and non-partisan research – evidence clearly demonstrating that such narrowly focused economic incentives not only have little to no benefit to states and other localities, but may even actually be detrimental to overall broader economic growth.”

Lembo highlighted reports, including one by the non-partisan [Institute on Taxation and Economic Policy](#) that found tax incentives are “costly for states” and “a drag on national economic growth.”

“In recent years, I have advocated – at a minimum – that our state improve transparency and evaluation surrounding the millions in tax incentives provided to select businesses to ensure that they are fulfilling their intended goal of creating new jobs through independent and thorough analysis,” Lembo said.

“Our economic development strategies should be smarter, broader and more efficient – designed to create a landscape where all businesses can enjoy the benefits of sound infrastructure and stable state finances. While I may continue to support such targeted incentives – again, only after close scrutiny and consideration – it is time to reign in such bonding costs, especially as state debt service costs increase each year.

“It is important to note that companies such as Bridgewater Associates are essential to Connecticut’s economy – but, rather than narrowly target state resources to such businesses, the state should focus on collaborating with these companies to identify sound tax policies and investments that benefit them and all state businesses, large and small.”

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