



*News from:*  
**COMPTROLLER KEVIN LEMBO**

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**COMPTROLLER LEMBO, OPEN GOVERNMENT ADVOCATES  
SUBMIT TESTIMONY THAT URGES ENHANCED ANALYSIS OF  
ECONOMIC DEVELOPMENT INVESTMENTS**

Comptroller Kevin Lembo, joined by a broad coalition of open government advocates, submitted written testimony today urging support for legislation that would enhance Connecticut's analysis of the efficiency and effectiveness of the state's economic development investments.

"Connecticut can and should be one of the most economically competitive states in the nation – but that can only happen if we adopt best practice in how we analyze the success and failures of our economic development programs," Lembo said.

"The state provides hundreds of millions of dollars in economic incentive programs to Connecticut businesses every year for the purpose of advancing economic development and job creation," Lembo said. "The state owes it to businesses and all taxpayers to fully analyze the return on investment that these sizable and important programs actually deliver in order to assess whether such resources are fulfilling their intended purpose or, if not, whether state funds would be better deployed to other economic development or infrastructure investments.

"Connecticut is now one of only two states in the nation where the success of economic development programs is analyzed by the same agency that administers the programs. An unbiased assessment of the performance and administration of these programs has in other states resulted in opportunities for savings.

"We have partnered with both the Auditors of Public Accounts and the Department of Economic and Community Development, who have worked closely with us to come to

mutual agreement on the bill's language, and we thank Auditors John Geragosian and Robert Kane, as well as DECD Commissioner Catherine Smith for their efforts," Lembo said.

House Bill 7316, An Act Concerning Evaluation of Business Assistance and Incentive Programs, would improve how Connecticut analyzes the success and failures of its economic development investments in several ways. It will streamline the reporting requirements, while expanding the scope of reporting to include all business assistance and incentive programs. It will subject business assistance and incentive programs to performance reviews by the Auditors of Public Accounts and require the Auditors to review the analysis and reporting performed by DECD on such programs – providing necessary independent oversight.

The legislation would also require specific legislative committees to hold public hearings to discuss the results of the evaluations and receive input from stakeholders.

The streamlined report will focus on the most pertinent information, Lembo said, including economic impact of each program, the extent to which it is meeting statutory and programmatic goals, and the efficiency with which the program is being administered.

Lembo said, "These incentive programs reduce tax revenue at both the state and local level, and increase state borrowing. It is essential that the legislature review their impact and make informed decisions about the continuation, expansion or elimination of each program. The changes proposed in this legislation will help our state make data-driven decisions about tax credit and abatement programs, ensuring that we are focusing state resources toward their highest and best use.

A broad coalition of open government advocates and organizations submitted testimony in support of the legislation.

On behalf of The Pew Charitable Trusts, Robert Zahradnik, Director of Policy, State Fiscal Health, said, "In Connecticut, as in many other states, business incentives are both a primary economic development tool and a major budget commitment. For that reason, The Pew Charitable Trusts' research shows that studying the results of incentives is a vital step for states to create jobs, raise wages, help businesses to grow, and to maintain a balanced budget. Pew supports H.B. No. 7316 because this legislation would ensure that lawmakers have the information they need to determine which incentives are working, which are not, and how to make improvements."

Derek Thomas, Fiscal Policy Fellow at Connecticut Voices for Children, said, "Unlike general fund spending on education, roads, and other spending on the building blocks to a healthy economy, business tax breaks lack transparency. Once on the books, they can remain

for years, or even decades, without scrutiny. A more efficient, transparent, and fair budget process would include regular reviews of all economic development incentives to ensure that tax expenditures are yielding the promised economic development benefits. Just like spending, business tax breaks should undergo regular scrutiny to determine their effectiveness.”

Joe Horvath, Assistant Policy Director at Yankee Institute for Public Policy, said, "Good economic policy is broad-based and does not favor single businesses, or even industries. This bill would help provide state officials with critical information in determining which economic development programs fail to provide the returns promised, an important step to ending waste and cronyism in Connecticut."

Daniel J. Klau, President of the Connecticut Council of Freedom on Information (CCFOI), said, "CCFOI is very pleased to support this legislation that enhances public confidence in the effectiveness of economic development investments.”

Lori Pelletier, President of the CT AFL-CIO, the voice of more than 220,000 workers, said, "The Connecticut AFL-CIO has long advocated bringing greater transparency and accountability to spending on business tax breaks. State government spends hundreds of millions of dollars per year on business tax breaks that are not subject to any scrutiny or review. We deserve to know if these expenditures are creating decent jobs and generating broad-based economic growth, especially at a time when cuts to public sector jobs and services are proving to be a drag on economic growth.

“We appreciate and support Comptroller Lembo’s effort to shine much-needed light on Connecticut’s economic development policies. Our union members will be urging their legislators to do the same.”

Tom Swan, Executive Director of Connecticut Citizen Action Group, said “In these tough times, it is more imperative than ever that we account for every dollar. HB 7316 allows for us to review the efficacy of business assistance programs, which have lacked any real accountability previously.”

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