



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

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**COMPTROLLER LEMBO CALLS FOR ENHANCED ANALYSIS OF  
ECONOMIC DEVELOPMENT AND JOB CREATION PROGRAMS**

Comptroller Kevin Lembo announced a legislative proposal that would improve the state's analysis of whether hundreds of millions of dollars in economic incentives provided to businesses are fulfilling their intended purpose for the sake of all businesses and taxpayers.

The legislation is similar to a proposal that Lembo proposed last year, which received unanimous bipartisan legislative support and approval by both the House and Senate, but was ultimately vetoed by the governor.

Lembo said the law is essential to fully assess whether the state is deploying economic incentives in a way that ensures the maximum benefit for all businesses and the broader state economy.

“Rule number one is to let data drive our decisions – especially concerning our state economy,” Lembo said. “When hundreds of millions of dollars and resources are at stake, the state must have the ability to best evaluate whether these investments are actually promoting economic development and growing the kind of jobs essential to our state.

“To conform to best practices, Connecticut must change the way we evaluate and conduct economic development.”

Lembo's proposal would authorize the state Auditors of Public Accounts to establish a professional advisory committee to evaluate economic incentives. The proposal would also expand the current scope of evaluation to include all business incentive programs, including tax credits, tax abatement, loans, grants, and any other business assistance meant to encourage economic development.

Lembo said the proposal would streamline reporting requirements to focus on the most important information relevant to what the legislature needs to make informed decisions.

Those requirements should include:

- A description of each program and its goals,
- The fiscal impact to the state,
- The economic impact and progress toward its goals,
- The efficiency and effectiveness of administering each program and recommendations,
- Recommendations on continuing, modifying, or repealing the programs, and
- Recommendations on additional data collection that would better support these evaluations in the future.

For efficiency, Lembo also proposes that the evaluations occur every year, rather than every three years, and that each year the evaluation addresses one-third of the incentives, so that in any one year resources can be focused on those incentives.

And finally, the legislation would require a public hearing early in the session to allow the evaluating committee to present its report and recommendations to the legislature and to the public.

“A public hearing will ensure an open and inclusive process that provides an opportunity for the public and all businesses, including those receiving assistance – and those hoping to receive assistance – to be heard,” Lembo said.

Current law places the state Department of Economic and Community Development (DECD) in the awkward position of evaluating the programs that they simultaneously administer and publicly promote, Lembo said. Connecticut is one of only two states that charge its economic development agency with evaluating the programs that they administer.

DECD would continue to provide the data and economic modeling required by the advisory committee to complete the report.

“DECD has done an admirable job analyzing the programs it oversees, but it can be challenging for an agency to fairly evaluate the programs it promotes and administers,” Lembo said. “An unbiased assessment of the performance and administration of tax credit and abatement programs has in other states resulted in opportunities for savings.”

Lembo highlighted an example in New Jersey where it was discovered that the administration of an Urban Enterprise Zone program involved 135 state employees at an estimated annual cost of \$6.4 million.

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