



News from:
COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

THURSDAY, JUNE 8, 2017

Contact: Tara Downes
860-702-3308
Tara.Downes@ct.gov

**COMPTROLLER LEMBO, OPEN GOVERNMENT ADVOCATES
COMMEND LEGISLATURE FOR UNANIMOUS SUPPORT OF
MORE COMPETITIVE ECONOMIC DEVELOPMENT ANALYSIS**

Comptroller Kevin Lembo, joined by a broad coalition of open government advocates, praised the state Senate today for unanimously supporting Lembo's proposal to better analyze Connecticut's economic development investments so they bring the greatest return.

The economic development analysis has received unanimous support from both chambers of the General Assembly and now requires a signature by the governor, Lembo said.

"The state provides hundreds of millions of dollars in economic incentive programs to Connecticut businesses every year with the hope that it will grow the economy and create jobs," Lembo said. "The state owes it to businesses and all taxpayers to fully analyze which programs are working and which ones are not. Scarce state resources should be focused on only the most effective economic development and job-growth programs.

"Connecticut can only realize its great economic potential if it adopts best practices – beginning with how it analyzes the success and failures of our economic development programs," Lembo said.

Lembo thanked all legislators in the House and Senate for unanimous bipartisan support – particularly Finance Committee co-chairs, Sens. John Fonfara and Scott Frantz and Rep. Jason Rojas, as well as ranking member Rep. Christopher Davis. Lembo also thanked the state Auditors of Public Accounts – John Geragosian and Robert Kane – and Department of Economic and Community Development Commissioner Catherine Smith, for working to reach mutual agreement on the bill's language.

House Bill 7316, An Act Concerning Evaluation of Business Assistance and Incentive Programs – if signed by the governor – will 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 the 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.

A broad coalition of open government advocates and organizations submitted testimony in support of Lembo’s proposal.

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.”

Lori J. Pelletier, President of the Connecticut AFL-CIO, said, “With the unanimous passage of this bill in both the House and Senate, Connecticut’s citizens will finally have light shined on the hundreds of millions of dollars the state hands over to businesses each year. It’s imperative for the public to know if these expenditures are creating the good jobs and generating the economic growth that was promised. And if we find that some of these tax breaks are no longer benefiting the state, we need to take immediate corrective action especially at a time when vital public services are being threatened.

“We urge Governor Malloy to sign this bill and bring a level of transparency that Connecticut taxpayers deserve.”

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, "Connecticut is in need of sound economic policy that creates a climate of job growth. Good data is necessary to separate policies that work from policies that don't. In order to set our priorities as a state, we need evidence that will allow us to measure our successes and mitigate any failures. This bill advances the cause of evidence-based policymaking."

Daniel J. Klau, President of the Connecticut Council of Freedom on Information (CCFOI), said, “CCFOI is very pleased that the General Assembly passed this important bill, which enhances public confidence in the effectiveness of economic development investments by making them more transparent. We urge the Governor to sign the bill into law when it reaches his desk.”

Tom Swan, Executive Director of Connecticut Citizen Action Group, said, “We applaud the Senate for advancing legislation that will result in greater accountability in our economic assistance programs. During these tough fiscal times, we must account for every dollar and this is an area that the state has not been acting as responsibly as we need it to be.”

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