



News from:
COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

FRIDAY, APRIL 28, 2017

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**COMPTROLLER LEMBO, OPEN GOVERNMENT ADVOCATES
PRAISE FINANCE COMMITTEE VOTE FOR ENHANCED
ECONOMIC DEVELOPMENT ANALYSIS**

Comptroller Kevin Lembo, joined by a broad coalition of open government advocates, praised the legislature's Finance, Revenue and Bonding Committee for voting unanimously in favor of Lembo's proposal to better analyze Connecticut's economic development investments so they bring the greatest return.

"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 we adopt best practices – beginning with how we analyze the success and failures of our economic development programs," Lembo said.

Lembo thanked the committee members, particularly committee leadership, for unanimous bipartisan support, as well as 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, 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 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."

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 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, “We applaud the Finance Committee 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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