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**Concerning H.B. 5426 An Act Concerning Reports on Business Tax Credit and  
Abatement Programs**

**March 12, 2012**

Senator Daily, Representative Widlitz, Senator Roraback, Representative Williams and Members of the Committee:

Thank you for the opportunity to express my support for *H.B. 5426 AAC Reports on Business Tax Credit and Abatement Programs*. As a member of the Business Tax Credit and Tax Policy Review Committee, I especially appreciate the bill's efforts to increase the tax credit information reported by the Department of Economic and Community Development (DECD) every three years. This bill will greatly enhance the ability of the Business Tax Credit and Tax Policy Review Committee (the Committee) to analyze the effectiveness of tax credits by providing greater access to data.

Annually, hundreds of millions of taxpayer dollars are deferred from collection and, instead, invested in state tax credit programs established to promote business development and job creation. The Committee is charged with reviewing these programs to ensure they are fulfilling their public policy goals. If they are not, the state should take the necessary steps to modify the specific tax credit or possibly eliminate it altogether.

H.B. 5246 will aid the Committee in conducting a meaningful assessment of the effectiveness of each tax credit by requiring DECD to demonstrate that the tax credit is meeting the state's economic strategic plan.

The bill requires DECD to report on the geographic location of those entities receiving credits, and if they are located in distressed communities. This information will equip the Committee with the necessary data to assess whether or not the tax credit program

is addressing the state's strategic objective of providing economic opportunity to all our businesses, including those in distressed municipalities.

H.B. 5426 also requires DECD to conduct a comparative analysis of Connecticut's state tax credit program against other states – providing an opportunity for the Committee to evaluate whether our state is economically competitive in this area.

Finally, requiring DECD to report in more detail the status of each enterprise zone investment will enable the Committee to better assess the program's success.

In 1982, Connecticut was the first in the nation to establish enterprise zones. The designations were awarded to distressed areas in order to encourage investments and economic growth. Since then, we have not revisited these early designations to determine if the communities still meet the eligibility requirements as enterprise zones. H.B. 5246 requires DECD to make these determinations, as well as report on the types and amounts of state financial assistance provided in each zone. This additional information will help the Committee assess the effectiveness of the enterprise zone program and determine what types of investments are the most likely to achieve the overall economic goals.

With significant taxpayer dollars invested in these business and job-creating initiatives, our state tax credit programs must be monitored closely to ensure their success. I strongly support this legislation and look forward to continuing to work with you and the Business Tax Credit and Tax Policy Review Committee.

Thank you for your consideration.