

Subject: Monday Morning Group Minutes
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CBIA Monday Morning Group

March 28, 2011

Next meeting – Monday, April 4

Commerce (Lou Bach)- Last week Commerce finished its committee work and voted bills out.

The Manufacturers' Reinvestment Fund bill (**HB-6584**) was sent to the floor with substitute language that fixed a rather egregious problem with the proposal as originally written. The bill allows manufacturers to invest in a tax-deferred fund for up to five years, using disbursements to purchase equipment, facilities, or to invest in workforce development. This measure rewards those who make a commitment to growing their businesses in the state and makes it easier to do so. We expect that this legislation will be passed.

SB-842, the Job Impact Statements bill, was sent to Appropriations. This bill mandates that future legislative proposals with the potential to affect jobs in the state must include a report analyzing that impact, positive or negative. As how a fiscal note indicates a measure's likely cost in dollars, a proper job impact statement should indicate a measure's cost in jobs.

We are concerned that the bill's proposed budget for additional staff at the Office of Fiscal Analysis won't be enough to hire a seasoned business economist with the requisite skills in economic modeling. In deference to these concerns, substitute language offered by the committee nonetheless focuses on the minor issue of how many proposals can realistically be analyzed each year by limiting the volume of bills to which an impact statement may be appended. The quality of those limited number of studies remains in question.

Without the appropriate staff, the measure adds little value and may generate inaccurate assessments of a bill's potential impact on employment in the state. The more we learn about this issue the more convinced we become that the capabilities of the proposed analyst will make or break this concept. If an impact statement is arrived at inaccurately, it will be a waste of resources.

Please contact Lou Bach at Louis.Bach@cbia.com for information regarding Commerce.

Education (Lou Bach)- Last week Education and Higher Education finished their committee work and voted bills out of committee.

The Education Committee had a big week, voting out several measures dealing with Connecticut's worst-in-the-nation achievement gap and the reform efforts currently underway to close it. The two biggest bills were:

SB-1106 was voted out to the floor and would create a consolidated Department of Early Education and Child Development which we feel is the right way to make early childhood services more effective, efficient, and less costly. Unfortunately, the bill was saddled with a controversial section that would make family childcare providers state employees and create a new collective bargaining unit within the state. What's more, those who choose not to organize – like the grandmother who cares for her grandchild and a neighbor's child during the day – would still be required to pay union dues. Governor Malloy has indicated that he does not support creation of a new agency at this time, which allows us to make recommendations aimed at crafting the appropriate language for this bill.

SB-1160 mandates the creation of model teacher performance evaluation systems and the addition of a new method of terminating ineffective teachers. Many groups including CBIA worked to include language that would require a "preponderant weight" of any evaluation to be placed on student outcomes. The suggested changes were not included in the substitute language, however before being voted to the floor an amendment was added to include student growth and development as "a factor" in such evaluations. While a baby step, it is a step in the right direction.

Please contact Lou Bach at Louis.Bach@cbia.com for information regarding Education.

Energy (Kevin Hennessy)– The committee's JF deadline was last week. Things went as expected.

- **SB-1176** which imposes the only generator tax in the country passed 12-9 with bipartisan opposition. The tax will be passed on to ratepayers via increased electric rates in Connecticut. The bill received a lot of negative national attention.
- **SB-1** increases programs and spending in hopes of reducing electric rates. The bill was approved 17-5 the bill will be negotiated as it moves along – the Ranking Members voted for it as a sign of good faith.

Please contact Kevin Hennessy at Kevin.Hennessy@cbia.com for information regarding Energy.

Environment (Eric Brown)– With the committee's JF deadline past, we are primarily focused on 6 bills:

SB-210 is a bad bill that changes the purpose of the Chemical Innovations Institute at UCONN, created last year, into an advocacy organization that would be required to submit a list of 10 chemicals to the legislature each year for legislative consideration.

SB-1116 was modified by the Environment Committee in a manner that would make Connecticut the only state to require labeling of certain types of foods.

On the upside, there are several environmentally related bills we are working on in a supportive role:

- **SB-1020** would scale back DEP's authority with respect to adopting stream flow regulations
- **SB-6386** would establish economic goals for the new Department of Energy and Environmental Protection
- **HB-6526** would reform environmental liability and provide other incentives to attract private-sector investment in brownfield revitalization.

Please contact Eric Brown at Eric.Brown@cbia.com for information regarding Environment and Land Use.

Healthcare (Eric George)– Last week marked the one year anniversary of federal health reform. Aside from the myriad of other changes to the nation's healthcare system, one of the most noteworthy changes is that all states are now required to set up new health insurance marketplaces in their respective states.

Connecticut has already begun this process by considering several bills related to the creation of Connecticut's exchange. CBIA strongly supports **SB-921**, which has already been approved by the Insurance Committee. This legislation would bring all stakeholders to the table to establish the new board of directors that would operate Connecticut's new exchange. It also would do so in a way that promotes the private market.

Unfortunately, another bill (**SB-1204**) would do just the opposite and exclude anyone with genuine healthcare experience from serving on the board. **SB-1204** is currently before the Public Health Committee and the committee's JF deadline is this Friday.

Please contact Eric George at Eric.George@cbia.com for information regarding Healthcare.

Judiciary (Kevin Hennessy)– The Judiciary Committee has hearings this week on non-business issues (domestic violence, family, juvenile justice and court operations).

Appropriations hearing this Thursday – CBIA is supporting **HB-6520** AAC Results Based Accountability and **HB-6519** AAC Medicaid Savings.

Please contact Kevin Hennessy at Kevin.Hennessy@cbia.com for information regarding Judiciary.

Labor (Kia Murrell)– This week should be very quiet on the Labor front in that most Labor bills are still awaiting referrals to other committees.

The only bill with likely to see activity this week is **HB-6595** AAC the Commission on Human Rights and Opportunities (CHRO) now before Appropriations and subject to a public hearing on Thursday. The bill was introduced by CHRO to address inefficiencies in the EEO claims process. Insofar as several legislators have issues with the agency and the timeliness of its work, this bill was submitted by the agency itself to address the same.

Several other Labor bills are now out in file copy with a mixed bag of results in the fiscal notes that CBIA will analyze further as committee referrals are made.

Last week CBIA held a seminar on Unemployment Compensation featuring the Dept. of Labor Commissioner and others. There were more than 80 attendees and audience feedback was great. The materials distributed at the seminar are now available online at: <http://cbia.com/govaff/pdf/2011/ucsystem.pdf>

Please contact Kia Murrell at Kia.Murrell@cbia.com for information regarding Labor.

Spending & Taxes (Bonnie Stewart)– Today the Finance Committee is holding what is expected to be their last public hearing this session. The four bills that CBIA will be focusing in on include:

- **SB-1213** clarifies the standard of proof in most tax cases as a preponderance of the evidence. (CBIA supports)
- **SB-1214** makes numerous improvements to the nonresident contractor section of the tax statutes to clarify responsibilities and liabilities of parties doing business with nonresident contractors. (CBIA supports)
- **SB-1218** makes numerous changes to the tax statutes including adopting a procedure to require businesses to prove they don't owe any outstanding taxes prior to receiving any permits or licenses from any state agency. (CBIA has concerns with this measure in its current form. We've proposed a number of changes to DRS and are waiting for a response.)
- **HB-6628** increases uncertainty and adds to the administrative burdens of businesses and the state by imposing mandatory unitary combined reporting of corporate taxes. (CBIA opposes)

There are also a number of property tax measures that originated in the Planning and Development Committee that CBIA is concerned with at this time. I will report on those in detail next week.

Budget and Tax Package update - The Appropriation and Finance committees are still planning to have their sections of the state fiscal package approved by their committee by April 20th. The House and Senate still plan on taking up the final measures on May 6th.

Please contact Bonnie Stewart at Bonnie.Stewart@cbia.com for information regarding spending & taxes.

Transportation (Eric Brown) - CBIA is supporting this committee's efforts to reform the governance structure at Bradley International Airport through **SB-925** and **SB-1003**.

We are also supporting **HB-6200** which authorizes tolls for the funding of new highways or expansions of existing highways.

Please contact Eric Brown at Eric.Brown@cbia.com for information regarding transportation.

For other information, check out "[Inside the Capitol](#)," CBIA's public policy blog.