

**Subject:** Monday Morning Group Update  
**From:** "Elizabeth Krueger" <Elizabeth.Krueger@cbia.com>  
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**To:** avonchamber@sbcglobal.net

## CBIA Monday Morning Group

February 21, 2011

Next meeting – Monday, February 28

**Connecticut Business Day** is scheduled for [Wednesday, March 9](#) – SAVE THE DATE and register today! In addition to a keynote speaker, the morning will include four issue break-out sessions: Energy/Environment, Labor, Tax/Budget and Small Business. More details to follow.

**Energy** (Kevin Hennessy)– Last week the Energy & Technology committee voted to approve **HB-6249** AA Establishing a Moratorium on the Siting of Wind Projects Until the Adoption of Regulations.

The committee also held a public hearing on utility issues.

This week, the committee has a public hearing on Thursday (2/24) on miscellaneous and telecommunications issues.

Rumors are that **SB-1**, this year's big energy reform bill, will have a public hearing on 3/8/11.

Please contact Kevin Hennessy a [Kevin.Hennessy@cbia.com](mailto:Kevin.Hennessy@cbia.com) for information regarding Energy.

**Environment** (Eric Brown)- There are several environmental-related bills that are being heard in public hearings this week of interest to the business community. On Wednesday, the Environment Committee will hold a hearing on **SB-210**: AA Prohibiting The Use Of Bisphenol-A In Thermal Receipt Paper And Increasing The Duties Of The Chemical Innovations Institute. This bill relates to a law passed last year where it was agreed the mission of the Chemical Innovations Institute would be limited to education and not advocacy. CBIA is opposing this bill.

On Thursday, the Commerce will hold a hearing on a number of environmentally related bills. Specifically:

- **SB-1019** AA Expediting The State Permitting Process
- **SB-1020** AAC Water Resources And Economic Development
- **SB-1021** AAC Licensed Professional Engineers
- **HB-6400** AA Streamlining The Department Of Environmental Protection's Stormwater General Permitting Process

CBIA anticipates testifying in general support of these bills.

Finally, the Commerce Committee is expected to hold a public hearing on March 8 concerning major brownfield reform legislation.

Please contact Eric Brown at [Eric.Brown@cbia.com](mailto:Eric.Brown@cbia.com) for information regarding Environment.

**GAE** (Kevin Hennessy)- The GAE Committee has a public hearing scheduled Friday (2/25) on miscellaneous bills.

Please contact Kevin Hennessy a [Kevin.Hennessy@cbia.com](mailto:Kevin.Hennessy@cbia.com) for information regarding GAE.

**Healthcare** (Eric George)– The Insurance Committee is holding a public hearing on Tuesday and they will be considering yet another cost-driving health care mandate (**SB-923** AAC Health Insurance Coverage and Certain Cancer Screenings).

Please contact Eric George at [Eric.George@cbia.com](mailto:Eric.George@cbia.com) for information regarding Healthcare.

**Judiciary** (Kevin Hennessy)– The Judiciary Committee has a public hearing Wednesday (2/23). One bill being heard includes, **SB-919** AAC the Unauthorized Practice of Law. The bill was proposed by the Chief's State's Attorneys' office and allows for the prosecution of

any formerly licensed attorney who continues to practice law after resigning his or her license or being disbarred or after having his or her license suspended.

We are more interested in Pat Dillon's proposed bill, **HB-5083**, AAC Prohibiting the Outsourcing of the Drafting, Review or Analysis of Legal Documents. This would expand the Unauthorized Practice of Law statute and negatively impact businesses and law firms.

Please contact Kevin Hennessy at [Kevin.Hennessy@cbia.com](mailto:Kevin.Hennessy@cbia.com) for information regarding Judiciary.

**Labor** (Kia Murrell)— Last week the Labor Committee raised and drafted **SB-988** AAC The Solvency of the Unemployment Compensation Trust Fund. This measure changes the method of calculating the unemployment compensation fund tax rate in order to address issues of Unemployment Trust Fund solvency. Connecticut is among many states dealing with the insolvency of state Fund and an impending increase of unemployment taxes on employers (the sole funding source for the Fund). S.B. 988 proposes to implement an aggressive new Trust Fund reserve goal. Essentially, that will set the bar for the trust fund reserves (ie, minimum balance) much higher than it is now to ensure adequate funding when the next recession and period of high unemployment occurs. A public hearing was expected to be held on the measure this week, but that has changed and we do not yet have a firm hearing date for it.

CBIA has serious concerns about raising the Fund reserve goal too high and taking needed capital away from businesses at a time when many can least afford it. Additionally, setting the Fund reserve goal too high may create a surplus ripe for sweeps by lawmakers seeking to help the budget deficit.

Here is a link to the bill: [SB-988](#). Please let us know your thoughts and voice your concerns

Please contact Kia Murrell at [Kia.Murrell@cbia.com](mailto:Kia.Murrell@cbia.com) for information regarding Labor.

**Spending & Taxes** (Bonnie Stewart)— Last week the Governor delivered his budget address to the General Assembly. OPM Secretary Ben Barnes followed up with presentations to the Appropriations and Finance Committees. The Office of Fiscal Analysis (OFA) summary of the Governor's budget proposal can be found at <http://bit.ly/fm6AZh>.

According to OFA, the budget calls for \$1 billion worth of employee concessions in each of the two fiscal years of the budget. It also includes net spending decreases of \$431.1 million in FY 12 and \$643.5 million in FY 13. The decreases are arrived at in a variety of manners including consolidations of state agencies. As proposed, OFA declared the Governor's proposed budget to be under the state's spending cap.

While the Governor has not yet achieved employee concessions, he did lay out a plan for achieving them. His suggestions to the state employee unions included a wage freeze, an increase in the hours worked per week, 3 furlough days, an increase in employee contributions for the State Employees Retirement System (SERS), capping COLA for Tier 2 and 2A SERS retirees, basing the Final Average Salary pension calculation on 5 years instead of 3 years for SERS Tier II and Tier IIA, and increasing medical premiums for both active and retired state employees by \$350.

OFA's summary provides greater detail on the proposed employee concession, state agency consolidations and recommended reductions in spending.

While we are working to accomplish more spending cuts to reduce the need for proposed tax hikes, the Governor has proposed \$1.5 billion in tax increases. OFA's summary also covers the Governor's tax package, but below are some specific measures we'd like to bring to businesses' attention.

Among the tax changes affecting businesses:

- Two-year extension of the 10% corporate income tax surcharge
- Increase in the personal income tax (most small businesses—S corporations, LLCs, etc.— pay tax on their business income through the personal income tax)
- Increase in the sales tax, and the removal of many sales-tax exemptions
- A throwback rule that will affect in-state manufacturers
- Increase in the premium tax on insurers
- A new tax on electricity generation

In addition, the governor proposes to lower the taxable estate threshold from \$3.5 million to \$2 million, and eliminate the \$500 property tax credit off the personal income tax.

Also included are increases in the gasoline tax, cigarette tax and alcoholic beverage tax.

To see an article on the tax package go to: [http://gov.cbia.com/issues\\_policies/article](http://gov.cbia.com/issues_policies/article)

[/how-proposed-tax-increases-will-affect-businesses](#) .

At the Monday Morning Group meeting on February 28, Pete Gioia and Bonnie Stewart will review the budget and tax package and answer any questions.

For more information on the state budget please contact Pete Gioia at [Pete.Gioia@cbia.com](mailto:Pete.Gioia@cbia.com). For additional information on the Governor's proposed tax package please contact Bonnie Stewart at [Bonnie.Stewart@cbia.com](mailto:Bonnie.Stewart@cbia.com).

**Transportation** (Eric Brown)- On Wednesday, the Transportation Committee is holding a public hearing that includes three bills of interests to our members.

We will be testifying in support of **HB-6139**, AA Increasing The Independence Of The Board Of Directors Of Bradley International Airport, and in opposition to:

- **HB-5391**, AAC The Redemption Of Scrap Metal
- **HB-5950**, AA Requiring Junk Dealers To Require Proof Of Identification Of Persons From Whom Property Is Received.

Last week, CBIA testified in support of exploring potentially conducting a limited institution of high-speed, electronic tolling as a means to complete Route 11, educate the public and policy makers on the impact of such tolls, and test the impact of toll-pricing on traffic flow on Routes 11, 85, 2 and 395. We emphasized that ultimately, we would not support this or any other tolling proposal without guarantees that the money derived from the tolls would solely be available for transportation purposes.

Please contact Eric Brown at [Eric.Brown@cbia.com](mailto:Eric.Brown@cbia.com) for information regarding Transportation.

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