

REBUILDING CONNECTICUT: NEXT STEPS

2022 POLICY
PRIORITIES



REBUILDING
CONNECTICUT



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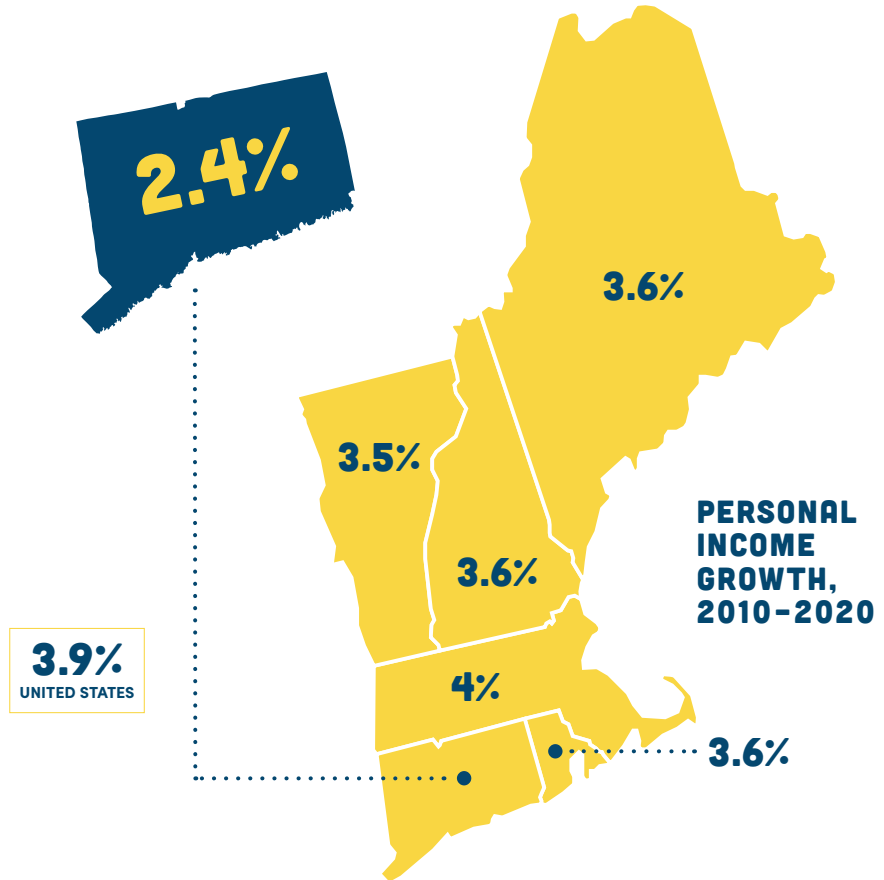
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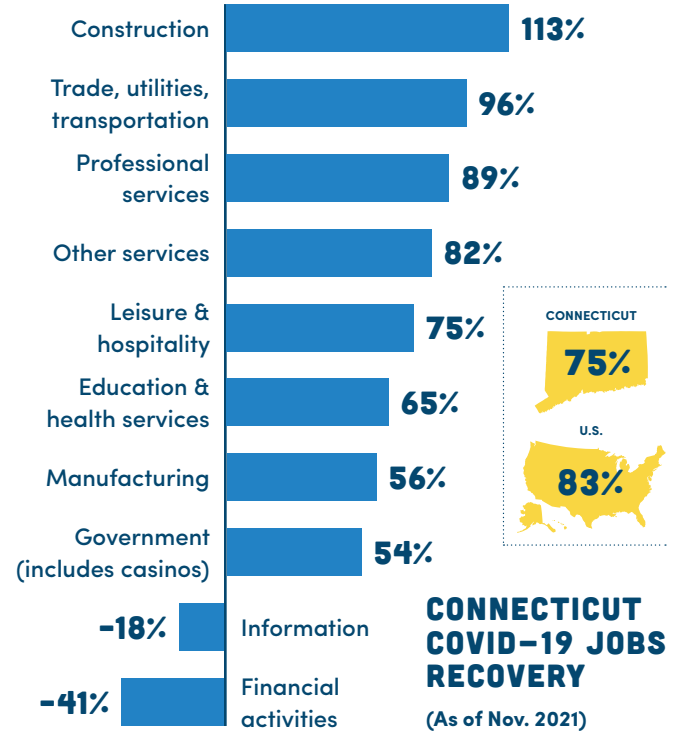
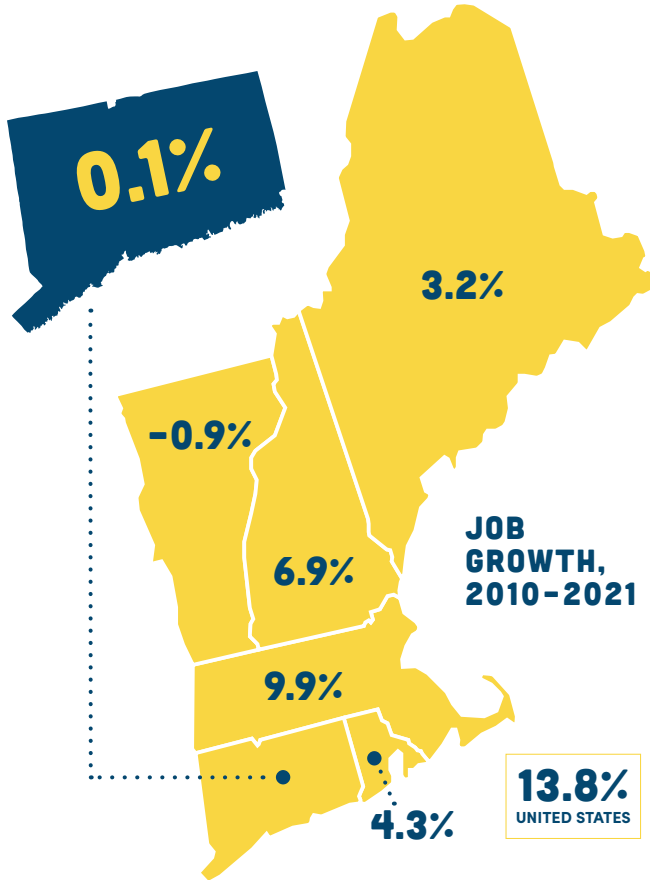
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TARGETING THE CHALLENGES AHEAD

As we enter the third year of the coronavirus pandemic, Connecticut faces a series of policy decisions that will determine the strength and viability of our economic recovery.

Our state has navigated the past two years better than most. Connecticut is a leader in managing the public health crisis, with one of the highest vaccination rates in the country.

The state's fiscal health is also one of the country's strongest, with a projected \$2.2 billion budget surplus this fiscal year, \$1.9 billion

the following year, and a reserve fund forecast to exceed \$5 billion by June 30—a fund that had a zero balance a decade ago.

Connecticut's once troubled Special Transportation Fund will likely hit a quarter of a billion dollars by the end of the fiscal year, with the Federal Infrastructure and Jobs Act expected to inject \$5.4 billion into the state over the next five years.

That healthy fiscal picture provides a platform to do much more than hold the line on taxes and pay down long term liabilities, presenting a tremendous opportunity to not only

rebuild in the wake of the pandemic, but develop a robust, vibrant economy.

The pandemic has exacerbated many of the structural issues that hobbled our recovery from the 2008–2010 recession, reinforcing the critical role policymakers will play in the coming months.

This is the year to address workforce challenges that have simmered for years and now represent the greatest threat to our recovery. Eighty percent of employers told CBIA's 2021 annual business survey they struggle to find and retain employees.

This is the year to implement comprehensive tax relief for both individuals and businesses, capitalizing on the recent influx of

new residents and companies to make Connecticut a true business destination.

Federal pandemic relief dollars have helped Connecticut navigate the past two years, and federal funds will continue to play a role, with those pending multi-year infrastructure investments a long overdue, much needed shot in the arm.

Connecticut employers also prioritize government spending reforms, and the administration's CREATES Report, which includes \$600 million-\$900 million in annual savings, must be a feature of this session.

We are grateful for the progress that we are making as a state in managing and navigating the pandemic. The 2021 legislative session, which saw the adoption

of a number of CBIA's policy recommendations, did much to position Connecticut for a strong recovery.

Our 2022 policy priorities represent the next step in that journey— solutions-based recommendations targeting the numerous challenges ahead, designed to sustain and build on the momentum of the past year.

We must continue the fiscal discipline of recent years that has seen revenue growth, a healthy rainy day fund, and recognition from Wall Street through upgrades to the state's credit rating.

Let's make sure we continue attracting residents and businesses to the state, taking full advantage of the competitive advantages neighboring states are giving us through their adverse tax policies.

Most importantly, let's continue working together to enhance the state's competitiveness, support and elevate small businesses, and fuel economic growth by nurturing businesses and the opportunities they create for our communities and all residents.

Rina Patel

Chair, CBIA Board of Directors

Chris DiPentima

President & CEO, CBIA

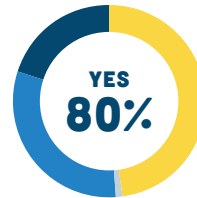
REBUILDING
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POLICY PRIORITIES



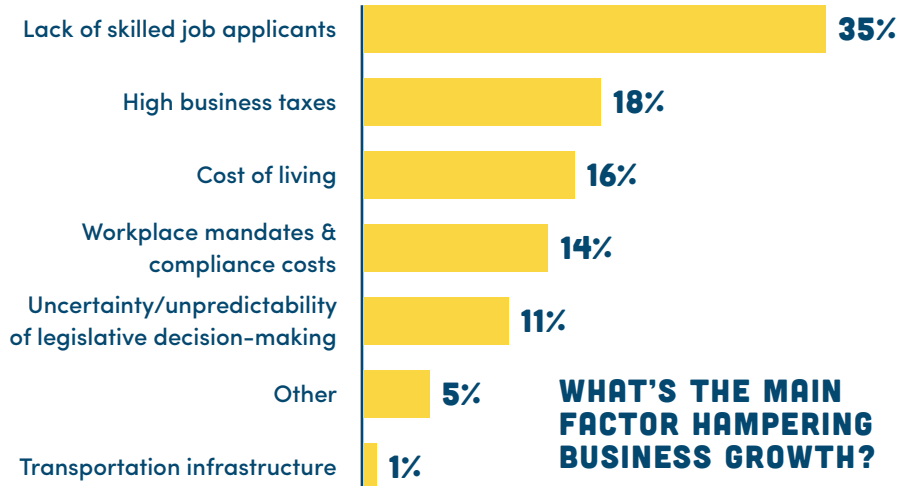
LABOR SHORTAGE

- ✓ Exempt workforce training programs from the state sales and use tax, helping employers retrain, reskill, and skill up current and new employees.
- ✓ Expand the state’s manufacturing apprenticeship tax credit program to include small and midsize manufacturers, left at a competitive disadvantage without access to this critical resource.
- ✓ Enhance workforce development efforts for incarcerated and returning citizens, including evaluating current programs for skill alignment and effectiveness and adding programs focused on high-need industries.



IS IT DIFFICULT TO FIND AND/OR RETAIN WORKERS?

- Finding only (48%)
- Both (31%)
- Retaining only (1%)
- No (20%)

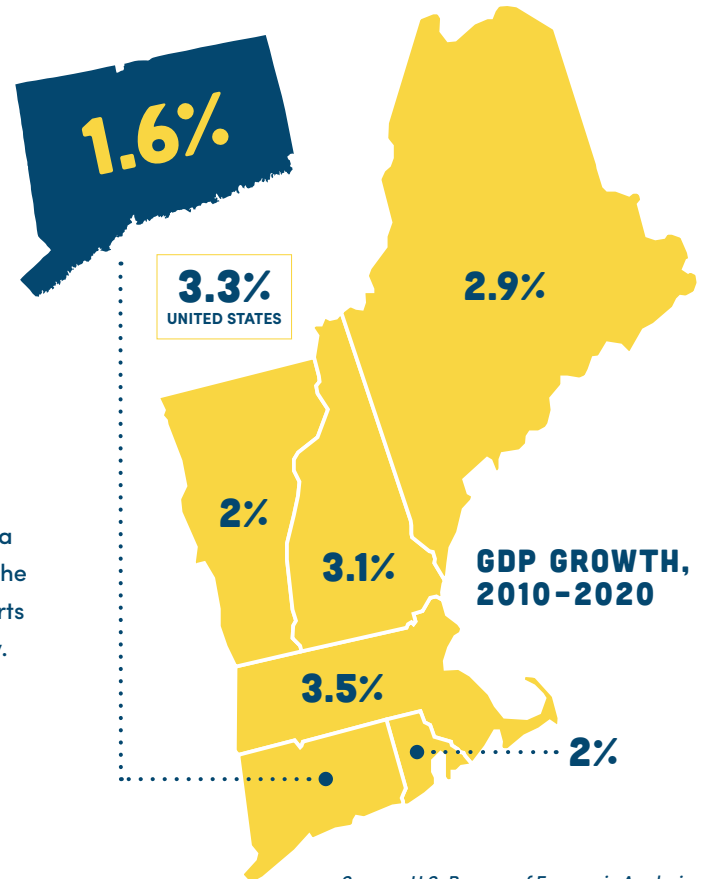


WHAT'S THE MAIN FACTOR HAMPERING BUSINESS GROWTH?



ECONOMIC DEVELOPMENT

- ✓ Leverage additional federal coronavirus relief funding to further lower the state unemployment fund's estimated \$1 billion debt, easing the burden on private sector employers and creating new opportunities for economic investment.
- ✓ Allow net operating loss carry forwards beyond 20 years, creating a more attractive investment climate by offsetting some of the risk faced by companies making significant investments in the state.
- ✓ Repeal the "temporary" corporate tax surcharge. Enacted as a short-term measure over a decade ago, the surcharge sends the wrong message about Connecticut's business climate and diverts between \$50 million and \$80 million from the state's economy.
- ✓ Support the development of more laboratory space and vivarium services for early and late stage biotech companies and avoid short-term measures such as drug price controls that impede economic growth and innovation.

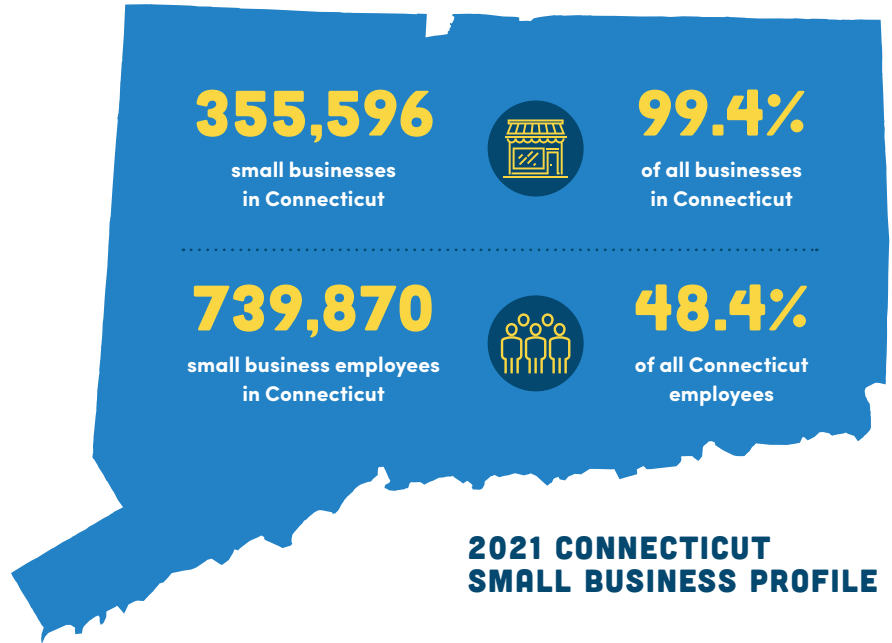


Source: U.S. Bureau of Economic Analysis



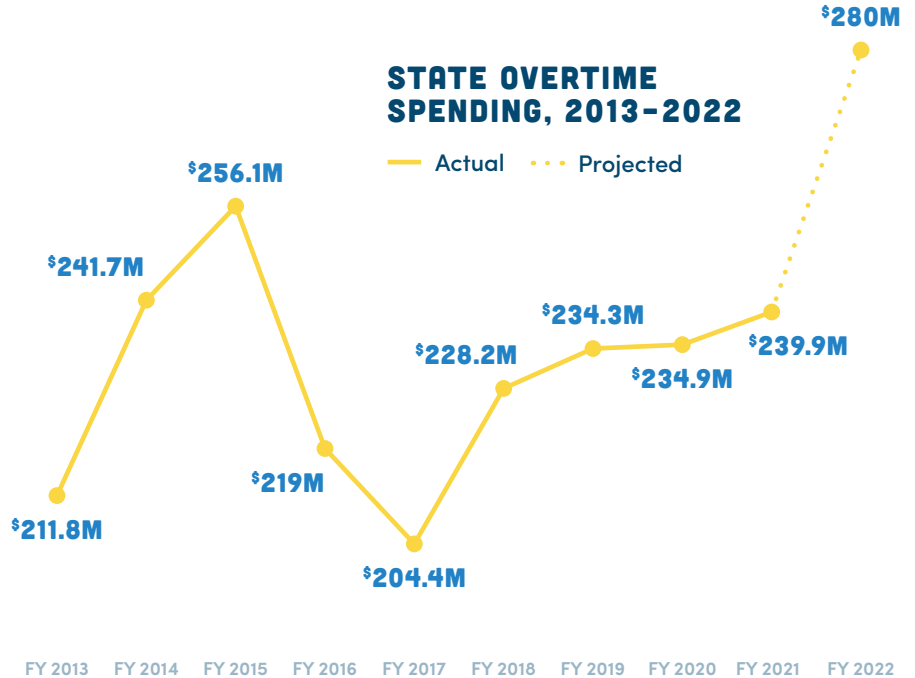
SMALL BUSINESS RELIEF

- ✓ Restore the pass-through entity tax credit to its original 93% level, or make it elective, saving Connecticut small businesses \$53 million annually.
- ✓ Exempt safety apparel and personal protective equipment from the sales and use tax, recognizing the high costs of those items and helping businesses maintain safe workplaces.
- ✓ Expand the R&D tax credit to small businesses, eliminating a competitive disadvantage and providing an incentive for smaller employers to invest in their employees and operations.



TAXPAYER ROI

- ✓ Modernize and streamline government operations by implementing broad-based technology solutions, eliminating duplicative functions, increasing telecommuting opportunities to reduce the state’s physical footprint, and cutting soaring overtime costs.
- ✓ Optimize the use of nonprofit organizations to deliver certain state services. Optimization could realize annual savings of \$150 million or more—according to the CREATES Report—while helping mitigate the expected wave of state employee retirements.



Source: State Office of Fiscal Analysis



INFRASTRUCTURE

- ✓ Expand private sector participation with infrastructure projects, including amending contracting statutes to allow the Department of Transportation greater flexibility and cost savings through outsourcing as well as greater transparency with prioritized planned projects and expected ROI.
- ✓ Evaluate and improve public transit services, reducing or eliminating underperforming, high cost lines and introducing competitive bidding to contracted operations, with potential savings of at least \$10 million to \$20 million.



\$306B

in goods are shipped to and from Connecticut each year through the state's transportation network



731,000

full time jobs in key industry sectors—including manufacturing, retail trade, and wholesale trade—are completely dependent on Connecticut's transportation system



62%

of Connecticut's major roads and highways are in poor or mediocre condition while



62%

of the state's bridges are at least 50 years old



The condition of the state's roads costs motorists

\$1.9B a year OR
\$711 per motorist

in additional repairs, increased fuel consumption, and accelerated vehicle depreciation

**REBUILDING
CONNECTICUT**

REBUILDING CONNECTICUT PLEDGES

The following members of the General Assembly—a bipartisan group representing both major political parties—signed the Rebuilding Connecticut pledge prior to the 2021 legislative session.

In signing the pledge, they support its package of common sense policies that will help Connecticut employers—particularly struggling small businesses—manage the high costs of navigating COVID-19 restrictions, create and retain jobs, and lead the state’s economic recovery and growth for the benefit of all residents.

STATE SENATE

State Senator	Towns Represented
Eric Berthel (R-Watertown)	Bethlehem, Bridgewater, Middlebury, Oxford, Roxbury, Seymour, Southbury, Washington, Watertown, Woodbury
Dan Champagne (R-Vernon)	Ashford, Chaplin, Coventry, Eastford, Ellington, Hampton, Pomfret, Stafford, Tolland, Union, Vernon, Willington, Woodstock
Paul Cicarella (R-North Haven)	Durham, East Haven, North Haven, Wallingford
Paul Formica (R-Niantic)	Bozrah, East Lyme, Montville, New London, Old Lyme, Old Saybrook, Salem, Waterford
Joan Hartley (D-Waterbury)	Middlebury, Naugatuck, Waterbury
Norm Needleman (D-Essex)	Chester, Clinton, Colchester, Deep River, East Haddam, East Hampton, Essex, Haddam, Lyme, Old Saybrook, Portland, Westbrook
Cathy Osten (D-Baltic)	Columbia, Franklin, Hebron, Lebanon, Ledyard, Lisbon, Marlborough, Montville, Norwich, Sprague
Heather Somers (R-Mystic)	Griswold, Groton, North Stonington, Plainfield, Preston, Sterling, Stonington, Voluntown
Kevin Witkos (R-Canton)	Avon, Barkhamsted, Canton, Colebrook, Granby, Hartland, Harwinton, New Hartford, Norfolk, Simsbury, Torrington

STATE HOUSE

State Representative	Towns Represented
Catherine Abercrombie (D-Meriden)	Berlin, Meriden
Raghib Allie-Brennan (D-Bethel)	Bethel, Danbury, Newtown, Redding
Mark Anderson (R-Granby)	Barkhamsted, Granby, Hartland, New Hartford
Harry Arora (R-Greenwich)	Greenwich
Jill Barry (D-Glastonbury)	Glastonbury
Whitt Betts (R-Bristol)	Bristol, Plymouth
Mitch Bolinsky (R-Newtown)	Newtown
Pat Boyd (D-Pomfret)	Brooklyn, Eastford, Pomfret, Union, Woodstock
Bill Buckbee (R-New Milford)	New Milford
Patrick Callahan (R-New Fairfield)	Danbury, New Fairfield, New Milford, Sherman

State Representative	Towns Represented
Vincent Candelora (R-North Branford)	Durham, Guilford, North Branford, Wallingford
Devin Carney (R-Old Lyme)	Lyme, Old Lyme, Old Saybrook, Westbrook
Jay Case (R-Winsted)	Colebrook, Goshen, Torrington, Winchester
Holly Cheeseman (R-Niantic)	East Lyme, Salem
Tom Delnicki (R-South Windsor)	South Windsor
Laura Devlin (R-Fairfield)	Fairfield, Trumbull
Jason Doucette (D-Manchester)	Glastonbury, Manchester
Mike France (R-Gales Ferry)	Ledyard, Montville, Preston
Robin Green (R-Marlborough)	Andover, Bolton, Hebron, Marlborough
Irene Haines (R-East Haddam)	Colchester, East Haddam, East Hampton
John Hampton (D-Weatogue)	Simsbury

State Representative	Towns Represented
Cindy Harrison (R-Southbury)	Bridgewater, Roxbury, Southbury, Washington
Greg Howard (R-Pawcatuck)	North Stonington, Stonington
Eleni Kavros DeGraw (D-Avon)	Avon, Canton
Kathy Kennedy (R-Milford)	Milford, Orange
David Labriola (R-Oxford)	Naugatuck, Oxford, Southbury
Jennifer Leeper (D-Fairfield)	Fairfield
Liz Linehan (D-Cheshire)	Cheshire, Southington, Wallingford
Kathleen McCarty (R-Waterford)	Montville, Waterford
Ben McGorty (R-Shelton)	Shelton, Stratford, Trumbull
Stephen Meskers (D-Greenwich)	Greenwich
Amy Morrin Bello (D-Wethersfield)	Wethersfield
Tammy Nuccio (R-Tolland)	Ashford, Tolland, Willington
Tom O’Dea (R-New Canaan)	New Canaan, Wilton

State Representative	Towns Represented
Cara Pavalock-D’Amato (R-Bristol)	Bristol
William Petit (R-Plainville)	New Britain, Plainville
Joe Poletta (R-Watertown)	Watertown, Woodbury
Jason Rojas (D-East Hartford)	East Hartford, Manchester
Caroline Simmons (D-Stamford)	Stamford
Jonathan Steinberg (D-Westport)	Westport
Donna Veach (R-Berlin)	Berlin, Southington
David Wilson (R-Litchfield)	Bethlehem, Litchfield, Morris, Warren, Woodbury
Kerry Wood (D-Rocky Hill)	Newington, Rocky Hill, Wethersfield
Terrie Wood (R-Darien)	Darien, Norwalk
David Yaccarino (R-North Haven)	North Haven
Tammy Zawistowski (R-East Granby)	East Granby, Suffield, Windsor

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