

February 22, 2021

Commerce Committee
Legislative Office Building
300 Capitol Avenue
Hartford, CT 06106

Re: House Bill 6440: An Act Establishing the JobsCT Tax Rebate Program
House Bill 6467: An Act Concerning the Small Business Express Program

Dear Members of the Commerce Committee:

AdvanceCT appreciates the opportunity to submit this letter in support of measures that will function as important tools in Connecticut's business retention and recruitment toolkit. We believe the proposed bills reflect best practices in economic development and are well-aligned with the state's inclusive economic action plan.

AdvanceCT is a business-driven nonprofit with a mission to grow the Connecticut economy through business formation, retention, recruitment and expansion. Bringing business, government, higher education and nonprofits together to create high-impact solutions, AdvanceCT has committed to making Connecticut a leading state in inclusive economic growth and job creation. We work in close partnership with the State of Connecticut Department of Economic and Community Development.

House Bill 6440

States are increasingly examining their return on investment with respect to financial incentives and are using this data to adjust the components of their programs. The proposed JobsCT Tax Rebate Program is an example of a return on investment data-based program.

The JobsCT Program incorporates a number of current best practices in incentive structuring, including:

- Structure is based on an analysis of, and designed for, return on investment
- Specific, measurable results are required
- Design aligns with, and supports, a broader economic development plan
- Ongoing performance measurement is called for

We note that the proposed JobsCT Program contains all of these best practice components:

- It is based, in part, on an analysis of the investment per job created, and is forecast to represent between \$5,000 and \$10,000 per job created, in contrast to previous investment levels averaging over \$18,000 per job (Department of Economic and Community Development analysis)

Implementing high impact and inclusive economic development solutions for Connecticut.

- It ties incentives to specific measurable targets such as the numbers of jobs created and the wage levels of those jobs, requiring companies to report results and meet ongoing eligibility goals
- It aligns with the state’s inclusive economic action plan in a number of ways. For example, by directing investment into focus industries and emerging strengths like advanced manufacturing, financial services, insurance, life sciences and information technology, the JobsCT Program benefits both the current Connecticut economy and the economy of the future
- It supports the plan’s inclusivity and equity focus by encouraging investment in opportunity zones and distressed municipalities, both key geographies under the action plan
- Inclusivity is also promoted by providing for flexibility in wage levels for groups such as the disabled, chronically unemployed, those with criminal records and others, consistent with the action plan’s approach
- Finally, the JobsCT Program’s “earn as you grow” structure provides for ongoing performance measurement. Businesses must submit data on the number of new FTEs and their wages. The DECD Commissioner, in consultation with the Department of Revenue Services, State Comptroller and Auditors of Public Accounts must report annually on the expenditures of the program and the number of jobs created and maintained

In sum, we believe the proposed JobsCT Tax Rebate Program reflects current best practices in the design, use and measurement of financial incentives.

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The proposed Small Business Express Program (EXP) is also well-aligned with the state’s inclusive economic action plan, which calls for promoting credit access through a loan guarantee program with a focus on minority-owned enterprises and dedicated technical assistance and sources of capital. We note that the EXP was created as a temporary program. Because small business credit is now more widely available, and credit decisions are more appropriately made by the private sector, it is advantageous for the state to work with financial institutions to provide capital to disadvantaged business owners.

In summary, we support both the JobsCT Tax Rebate Program and Small Business Express Program as proposed; they effectively leverage the state’s resources, incorporate economic development best practices and are designed to achieve inclusive economic growth.

Sincerely,



Peter L. Denious
President & CEO

Implementing high impact and inclusive economic development solutions for Connecticut.