



# 2020

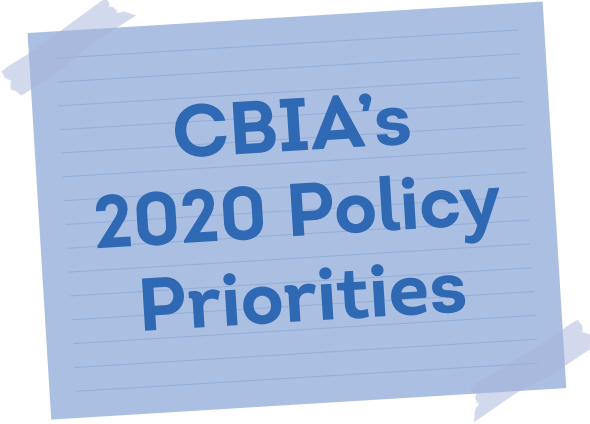
## POLICY PRIORITIES



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## CBIA's 2020 Policy Priorities

**C**onnecticut's economy has been on a long, slow climb since the last recession, which is now a decade ago. As has been well-documented, we have lagged in areas where we should lead, slowed by demographic and fiscal challenges.

Now that we're on the cusp of a new decade, it's time for policymakers to accelerate our growth by tapping into the collective expertise and passion that resides within the private sector.

If people believe that our best days are still ahead, as we do, then the opportunities before us cannot be wasted.

The private sector is engaged in policy matters in a way we haven't seen in a generation. Regardless of the issue, be it workforce, fiscal policy, energy, environment, transportation, economic development, or many others, business people are stepping up to help create policies

that will make Connecticut more competitive and provide more secure, well-paying jobs for our state's citizens.

The next few years will be pivotal in shaping our economic future. State government will experience an unprecedented number of retirements over the next several years, presenting a tremendous opportunity to reduce the cost of service delivery and potentially reduce the tax burden here. And military and commercial contracts with Connecticut manufacturers will continue to spur growth and create jobs if we can find the skilled workforce to fill those positions.

Our 2020 Policy Priorities identify steps Connecticut lawmakers can take to prepare for the economic expansion that our state sorely needs.

These measures include significantly cutting the cost of running state agencies and delivering services, adopting tax policies that promote economic growth, and shoring up education and training policies to meet the workforce demands of our employers.

CBIA and its members look forward to working with lawmakers to help create an atmosphere in which Connecticut can realize its unlimited economic future.



**Jennifer DelMonico**  
Chair, Board of Directors



**Joe Brennan**  
President & CEO

# STATE SPENDING & TAXES



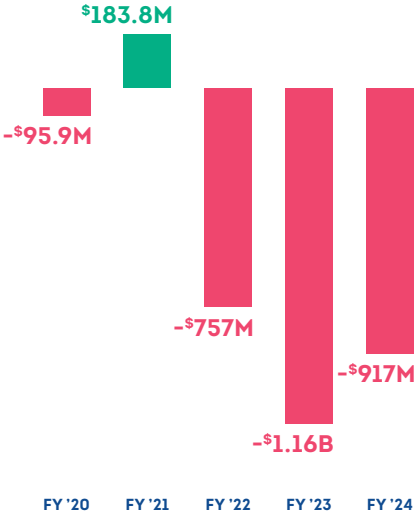
Connecticut needs predictable tax policies and a stable fiscal climate that will attract and foster the private sector investment that is key to economic growth. Stabilizing short- and long-term finances, including spending controls and reforms, will increase our competitiveness and drive Connecticut's economy. The projected surge in state employee retirements also presents an opportunity to further streamline operations and reduce the size and cost of government.

- > **Honor** the spending reforms adopted in the last two biennial state budgets to continue building the state's rainy day fund.
- > **Adopt** cost-saving collective bargaining reforms, including eliminating overtime and mileage as factors in state employee pension calculations.
- > **Prioritize** corrections reforms, home-based long-term care, Lean management principles, and expand nonprofits' role in delivering state services to prepare for anticipated state employee retirements.

While current budget constraints make tax reform difficult, Connecticut must address tax policies over the short-and long-term, including:

- > **Eliminate** the sales tax on employee training and data processing and reject any new efforts to mandate real time sales tax remittances.
- > **Restore** the pass-through entity tax credit to its original 93%—the 2019 reduction in the credit costs small businesses \$53 million annually.
- > **Restore** the R&D tax credit to support economic growth.
- > **Eliminate** the 10% temporary corporate surcharge tax originally enacted in 2009 as a temporary, three-year measure.

**RED INK:  
CONNECTICUT'S  
BUDGET OUTLOOK**  
(As of 12.11.19)



Source: Connecticut Office of Fiscal Analysis, Office of Policy and Management

# EDUCATION & WORKFORCE



Connecticut's highly-skilled, productive workforce is one of the state's strongest assets. We must continue expanding workforce development efforts across a number of key industries, including the state's resurgent manufacturing sector, to close a growing skills gap—and an alarming academic achievement gap—to ensure Connecticut meets the demands of the 21st century economy.

- > **Require** existing job-training programs and career pipelines to utilize state Department of Labor data in targeting middle-skill jobs in the state's most in-demand sectors.
- > **Create** incentives for schools to offer students more dedicated career pathways and work-based learning experiences, including adding more expansive language in the Student Success Plan statute.

- > **Ensure** all Connecticut Technical High School System schools provide modern instruction based on industry needs and create programs that allow flexible use of facilities, including evening classes to reach multiple generations.
- > **Support** legislation that incentivizes businesses to subsidize employee childcare costs.
- > **Enact** reforms that allow military spouses professional license recognition in Connecticut.

**WHERE DOES YOUR COMPANY CURRENTLY MAKE ITS GREATEST INVESTMENT?**



- Employee training (29%)
- New technology (16%)
- Property/facilities (15%)
- Recruiting qualified workers (14%)
- Other (10%)
- Other capital assets (8%)
- Research & development (8%)



# LABOR & EMPLOYMENT

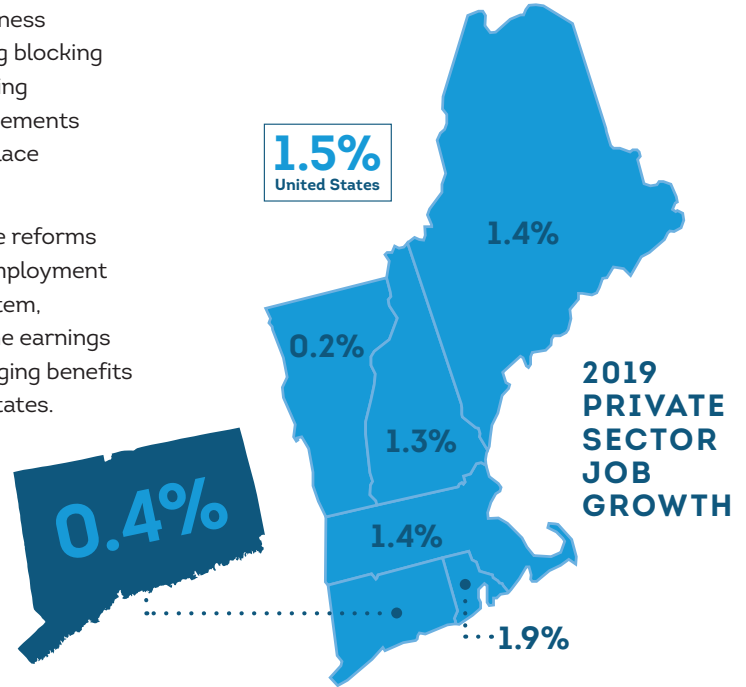


*Source: CNBC's 2019 America's Top States for Business*

If we want businesses to choose Connecticut to grow and expand, we must stop enacting mandates that are inflexible, increase business costs, and micromanage employer-employee relationships—burdens that do little to change perceptions about Connecticut's business climate. It's time to lift the unique legal and regulatory barriers that make Connecticut one of the costliest states in the country for business.

> **Protect** the state's smallest businesses by making the paid FMLA program optional for businesses with 30 or less employees, reinstating the time of service requirement to qualify for benefits, capping repeated usage of the program at 35 weeks over five years, and requiring intermittent leave be taken in full day increments.

- > **Reject** further efforts to control lawful business practices, including blocking proposals eliminating non-compete agreements and limiting workplace communication.
- > **Make** long-overdue reforms to the state's unemployment compensation system, including raising the earnings threshold and bringing benefits in line with other states.
- > **Reject** proposals imposing new penalties or undermining the workers' compensation system as an exclusive remedy.



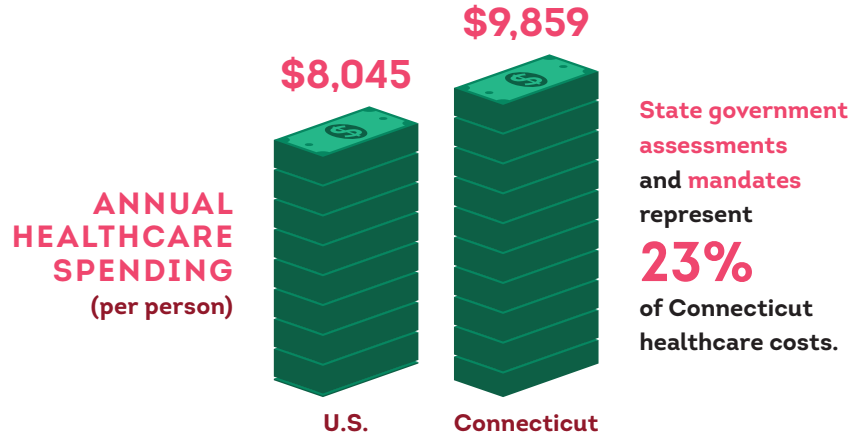
# HEALTHCARE



*Source: Kaiser Family Foundation*

Connecticut has the sixth highest healthcare expenditures in the country, making healthcare affordability a priority for businesses of all sizes. While state government imposes mandates, assessments, and taxes that contribute heavily to those costs, employers continue to find innovative options for their employees through a broad range of plan offerings.

- > **Reject** any proposal for a government-run health insurance program that puts a greater burden on taxpayers, erodes market competition, or hurts one of the state's largest employers and economic drivers.
- > **Support** legislation that allows small businesses the flexibility to choose from a variety of healthcare plan—including self-insured options—to find the best solution for their employees.
- > **Amend** the Health Benefit Review Program to require the Connecticut Insurance Department to conduct a cost-benefit analysis of any new state health benefit mandates.



# ENVIRONMENT



We are committed to striking a balance between economic development and environmental preservation. By streamlining permitting processes, providing greater transparency, utilizing technology, and updating regulations, the business community can work with state regulators to effectively maintain compliance in a manner conducive to driving job and economic growth.

- > **Revise** requirements for remediation, such as the Transfer Act and Remediation Standard Regulations, to encourage economic growth while protecting public health and the environment.
- > **Adopt** clear and concise spill-reporting regulations for future spills of common substances based on reasonable reportable quantities.

> **Develop** practices and protocols that ensure references in the state environmental regulations reflect the most recent version of federal rules.

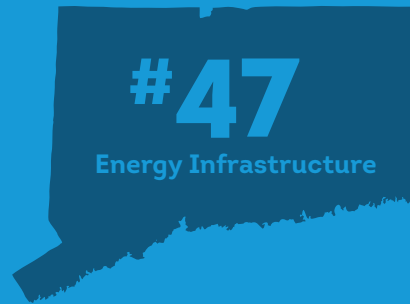
> **Develop** practices and protocols ensuring agency guidance helps businesses comply with existing regulations, ensuring it is not used to impose new obligations not specifically adopted under state law.

> **Convene** a stakeholders' working group to restructure the Department of Energy and Environmental Protection so the agency continues to meet public health, environment, and economic needs.



**WHAT'S THE MAIN FACTOR HAMPERING BUSINESS GROWTH?**

# ENERGY & TECHNOLOGY



Source: U.S. News Best States Rankings, 2019

Connecticut is one of the costliest states for energy and one of the most energy efficient. Our economy needs diverse, sustainable solutions that promote economic competitiveness balanced with climate change mitigation. Building on investments in clean and renewable energy sources while simultaneously reducing costs for businesses and residents remains a top priority.

> **Ensure** public transparency around the impact proposed energy policies will have on energy costs—either state only proposals or in conjunction with regional energy consortiums.

> **Adopt** policies that recognize the economic contributions of Connecticut companies that manufacture, generate, or distribute energy and the continued importance of natural gas transmission as a critical bridge fuel for meeting the state's needs for affordable, reliable energy.

> **Continue** directing funds for energy efficiency and clean energy projects to private, market-based approaches, reducing reliance on ratepayer subsidies and vulnerability to state budget pressures.

> **Guarantee** ratepayer funds earmarked for energy efficiency and clean energy investments are not diverted to other uses.

> **Reject** state policies that disadvantage business' ability to compete in the digital economy through the internet.

#1

**Highest energy costs in the nation (includes average monthly electricity, natural gas, motor fuel, and home heating oil costs)**



Connecticut energy costs are **62%** higher than the national average

6th

**Most energy efficient state in the U.S.**





# TRANSPORTATION



*Source: CNBC's 2019 America's Top States for Business*

Lawmakers must unite behind a transportation funding plan that provides the necessary resources to rebuild and modernize our infrastructure and move Connecticut's economy forward, while ensuring all transportation dollars are safeguarded and spent in an efficient, cost-effective manner.

- > **Ensure** that the funds in the Special Transportation Fund are used for transportation projects.
- > **Use** the private sector to speed planning and completion of priority transportation projects.

**CONNECTICUT  
TRAFFIC  
CONGESTION**  
(per person annually)

**HOURS LOST**

**CONGESTION  
COST**



**Bridgeport/  
Stamford**



**Hartford**



**New Haven**



# MANUFACTURING

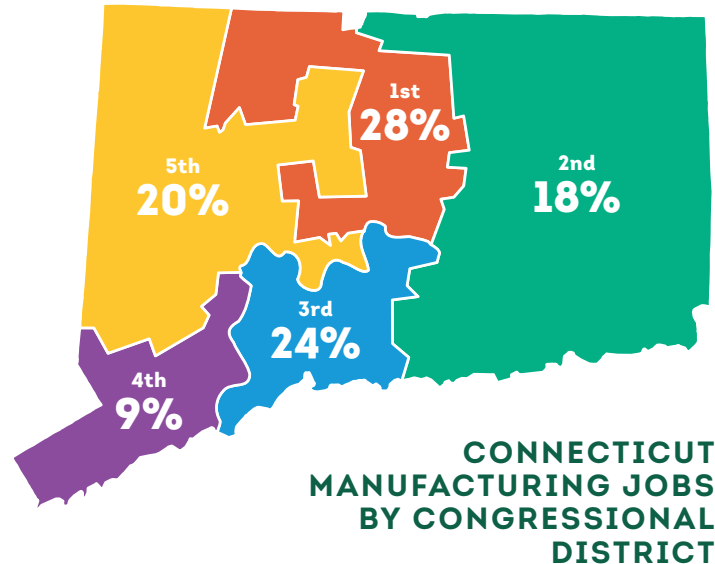


Source: U.S. Bureau of Labor Statistics

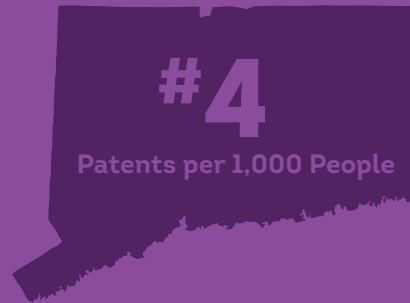
Connecticut manufacturing is among the state's leading sectors for job and economic growth, with the potential to drive even greater opportunities for at least the next decade. Realizing that enormous potential requires aggressively addressing the sector's growing shortage of skilled workers and reducing the state's high cost of business by lifting regulatory burdens and blocking new workplace mandates.

> **Provide** short-term funding for high-value Manufacturing Innovation Fund training programs while developing a long-term, sustainable plan to support future programs.

- > **Expand and promote** opportunities for experienced manufacturers to become full or part-time technical education teachers.
- > **Streamline or eliminate** inefficient or ineffective administrative burdens on manufacturers to increase productivity and competitiveness.
- > **Reject** costly new workplace mandates that diminish the competitiveness of Connecticut manufacturers.



# BIOSCIENCE

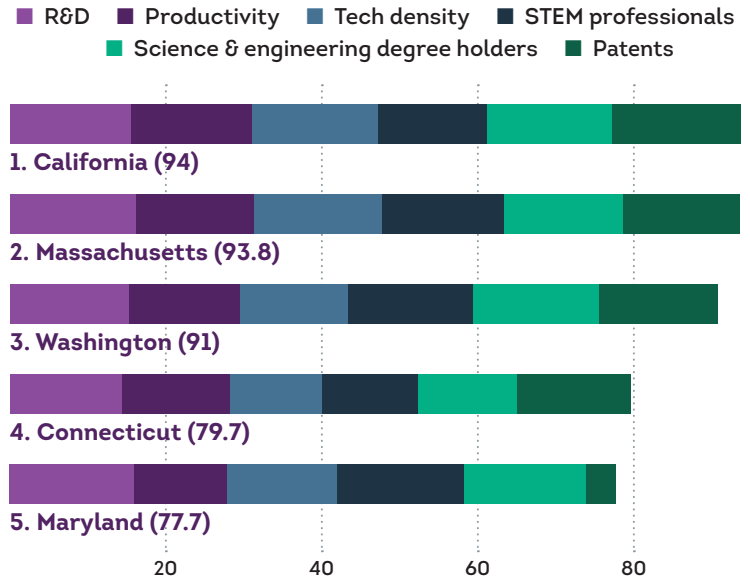


*Source: Connecticut Innovation's Bioscience Strategic Plan*

Connecticut's growing, multi-faceted biopharma sector plays an important role in Connecticut's economy. The Bioscience Growth Council educates policymakers about the unique nature of the life sciences industry, including the industry's rich rewards—new medicines, cures, highly innovative products, robust job creation—and its need for intellectual property protections, recovery of huge research and development investments, and protection from the inefficiencies of state-run healthcare programs.

- > **Reject** any government-run health insurance or medicine-purchasing program that further burdens taxpayers or patients, decreases access to treatment or medicines, increases costs by eroding market competition, or hurts our growing bioscience sector.
- > **Support** policies that encourage biopharma R&D, vaccine education, and childhood immunization.
- > **Promote** the construction of additional life science laboratory space, especially for start-up biotechnology companies.

## FIVE MOST INNOVATIVE U.S. STATES



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