



CONNECTICUT'S TURNING POINT

CBIA's 2016 Agenda for Connecticut

Connecticut's Turning Point

This is a defining moment for Connecticut, a time to pursue and achieve our enormous economic potential and reclaim our place as a top competitive state.

In 2015 we saw welcome glimpses of a clearer focus on growing our economy, creating jobs, and increasing Connecticut's competitiveness.

CBIA led the call to make state government more sustainable and more effective, despite the recurring disappointment of state budget deficits.

And we saw how even the suggestion of bipartisanship can have a powerful impact on making progress.

Through it all, Connecticut has continued to be envied as a state deep in talent, innovation, and productivity.

Now it's time to overcome the things that have held us back and commit to achieving our potential as a top state for jobs and economic growth.

We've seen some promising first steps, but the time for small steps is over. Let's get started. Please join us.


Joe Brennan
President & CEO


Bob Sobolewski
Chair, Board of Directors

CBIA'S 2016 GOVERNMENT AFFAIRS AGENDA

02

SUSTAINABLE STATE SPENDING & TAX POLICY

Expand economic growth and business confidence by reforming state government, reducing the cost of services, and stabilizing long-term state finances.

04

BUSINESS LAW

Put Connecticut employers on a level playing field with business standards in other states and cut through unnecessary red tape.

06

EDUCATION & WORKFORCE TALENT

Replenish Connecticut's hallmark skilled workforce by expanding, enhancing, and increasing access to the talent pipeline.

08

ENERGY

Reduce the state's high energy costs through expanded access to cleaner, more diverse, and more efficient energy.

10

ENVIRONMENTAL & REGULATORY REFORM

Put Connecticut on an even playing field by making regulations consistent with U.S. and other states', fairly apply them, and justify their need before adoption.

12

HEALTHCARE

Make healthcare more affordable and accessible for all by reducing costs, eliminating hidden charges, and focusing on value and quality.

14

LABOR & EMPLOYMENT

No more first-in-the-nation workplace mandates until Connecticut is first in the nation in job growth.

16

TRANSPORTATION

Maximize one of the best strategic locations in the U.S. by transforming the state's infrastructure as much as state and federal resources will allow.

Connecticut's Ranking

#47

Source: Ranking the States by Fiscal Condition, Mercatus Center, George Mason University, 2015

SUSTAINABLE STATE SPENDING & TAX POLICY

Without a sustainable state budget and stable fiscal climate, Connecticut will face an uphill climb to achieve the state's enormous economic potential. Stabilizing short- and long-term state finances, putting Connecticut on a sustainable spending plan that taxpayers can afford and requiring more efficient delivery of services will drive our economy and increase our competitiveness.

WHY IT MATTERS

Stable state finances can provide the bedrock foundation giving employers the confidence to create jobs and expand investments in Connecticut's communities and future.

“ The state's enduring fiscal crisis and lackluster business climate will be a topic of conversation—and a key component of decision making—in boardrooms throughout the state. ”

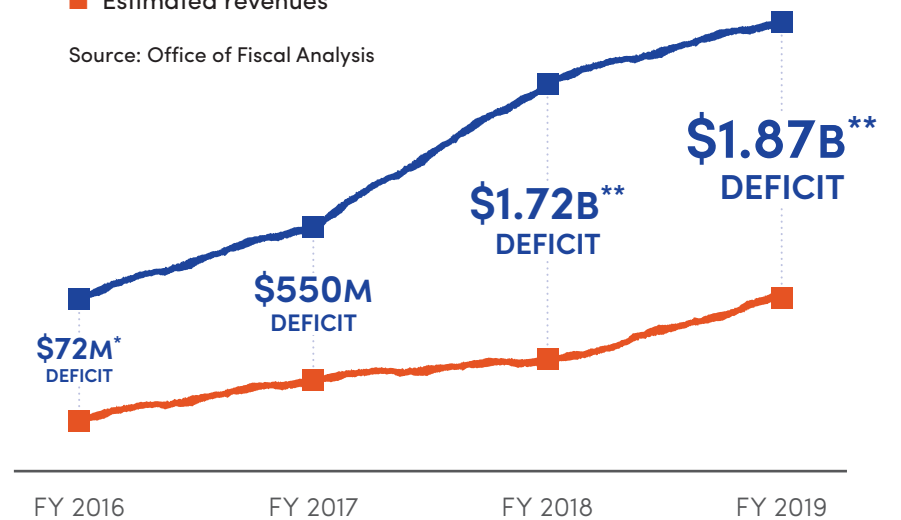
Hartford Business Journal | January 25, 2016

- › **Restore** the state's spending cap to its original design and abide by it; formally ratify the cap into the state constitution
- › **Implement** sustainable state budget reforms, such as
 - **Increasing** the percentage of people in long-term home-based healthcare
 - **Continuing** to reduce the nonviolent corrections population
 - **Transferring** all social service direct programming to qualified nonprofit organizations
 - **Modernizing** state information technology systems
- › **Use** zero-based budgeting and focus on delivering the core functions of state government
- › **Promote** tax policy that encourages business investments, jobs, innovation, and productivity

Estimated Budget Gaps Ahead

■ Estimated spending
■ Estimated revenues

Source: Office of Fiscal Analysis



* Updated Jan. 25, 2016, Office of Fiscal Analysis

Deficit amount of \$7 million, according to the Office of Policy and Management

** May not reflect adjustments from the Dec. 2015 special session

Connecticut's Ranking

#22

Source: Overall rankings of state liability systems 2008-2015, U.S. Chamber for Legal Reform

BUSINESS LAW

Being a more competitive state means putting Connecticut's employers on a level playing field with businesses from other states. It's also important to cut through unnecessary red tape whenever possible to make Connecticut a more desirable state in which to live, as well as organize and conduct business.

WHY IT MATTERS

Connecticut is a noted launching pad for innovators, job creators, and entrepreneurial visionaries; ensuring a fair and positive climate for business law will create the environment that can attract and keep them here.

“ Connecticut [must] project a clear message that it... welcomes new businesses and will do what it can to support the growth of its existing business sector... ”

Connecticut Law Tribune | January 2016

- › **Update and revise** the Connecticut limited liability statutes based upon the Revised Uniform Limited Liability Company Act (ULLCA)
- › **Continue** basing statutory corporate law on the Model Business Corporation Act (MBCA)



Connecticut's Ranking

#4

Source:
Best States
for Business,
Forbes, 2015

EDUCATION & WORKFORCE TALENT

One of Connecticut's top competitive advantages has always been a highly skilled workforce. But it's now becoming a talented and aging workforce—with businesses expecting over 10% of their workers to retire in the next few years. We need to ensure a continuous and equally capable talent pipeline.

WHY IT MATTERS

Achieving real economic opportunity—for every individual, employer, and employee in Connecticut—starts with providing a solid educational foundation.

“ Aging Population Poses Opportunities, ” Challenges for State's Future

Hartford Business Journal | April 20, 2015

- › **Promote** legislation supporting programs designed to expand the skilled workforce to meet the needs of Connecticut industries, within existing allocations
- › **Require** a comprehensive study of the educational mandate structure, with a view toward identifying and eliminating any mandates that are significant hindrances to the efforts of local districts to increase student achievement
- › **Provide** incentives for voluntary interdistrict collaboration and eliminate barriers to these efforts
- › **Preserve** and fully implement the 2012 education reforms to help close Connecticut's achievement gap and expand the talent pipeline



54%

of Connecticut employers not finding the right talent

Source: 2015 CBIA Public Policy Survey

Connecticut's Ranking

#47

Source: The 50-State Index of Energy Regulation, Pacific Research Institute, 2014

ENERGY

Connecticut still has some of the very highest electricity costs in the U.S., which hurts our economic competitiveness. While continuing to work on expanding opportunities for clean energy and incorporating energy efficiency into our homes and businesses, Connecticut must also make cost reduction the top energy policy priority, and delay or reject well-intentioned proposals that will increase upward pressure on electricity prices.

WHY IT MATTERS

High energy costs weaken the ability of many Connecticut businesses, especially manufacturers, to expand their products, services, and even workforces.

“ Bipartisanship Sparks Energy Results in Legislature ”

CBIA Government Affairs Report | June 12, 2015

- › **Continue** to work with other New England states to build electricity and natural gas infrastructure that will reduce regional electric costs and make it easier to transport renewable energy throughout the region
- › **Ensure and demonstrate** that ratepayer subsidies for energy-efficiency incentives create a net economic benefit for all ratepayers and support efficiency among customers with diverse fuel sources
- › **Evaluate** all energy recommendations and proposals, including those from the Governor's Climate Change Commission, for their potential impacts on cost, reliability and Connecticut's economic competitiveness



\$5.4 billion

Added energy costs to New England households and businesses



\$12 billion

Potential lost disposable income



167,600

Potential lost jobs

Costs of Neglect

Added costs to New England households and businesses from failure to expand the region's energy infrastructure by 2020.

Sources: La Capra Associates and Economic Development Research Group; study commissioned by the New England Coalition for Affordable Energy.

ENVIRONMENTAL & REGULATORY REFORM

Connecticut's Ranking

#33

Source: America's Top States for Business, Business Friendliness Ranking, CNBC, 2015

CBIA and our E2: Energy & Environment Council are pressing state policymakers to keep regulations consistent with federal requirements and those of competing states, ensuring regulations are based in law and applied consistently, understanding the potential impacts of proposed regulations on businesses, and developing innovative educational tools to maximize compliance.

WHY IT MATTERS

Connecticut's regulatory climate has often been cited in national rankings as harmful to the state's competitiveness, which risks jobs, innovation, and growth.

“Regulatory Environment Has More Impact on Business than the Economy, Say U.S. CEOs”

Forbes | August 2014

- › **Create** an expedited regulatory updating process to ensure that specific regulations incorporating federal rules reference the latest version of those rules
- › **Establish** a non-adjudicatory process for assessing potential business impacts prior to releasing a Notice of Tentative Determination to issue a new or revised general permit
- › **Adopt** procedures that promote consistent interpretation of regulations and address businesses' concerns when companies believe they are being regulated merely by guidance or being negatively impacted by inconsistent regulatory interpretations

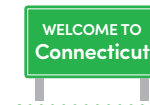
Top 3 Factors Impacting Business Investment Decisions in Connecticut

1



Business Costs

2



State Business Climate

3



Regulations & Mandates

Source: CBIA Public Policy Survey, 2015

Connecticut's Ranking

#10

Source: America's Health Rankings, United Health Foundation, 2014

HEALTHCARE

High healthcare costs are major factors in every household and business budget. Making the situation more difficult are hidden costs in the state budget, as well as more government healthcare mandates. Focus needs to stay on reducing true healthcare costs, eliminating hidden costs, and increasing quality and value.

WHY IT MATTERS

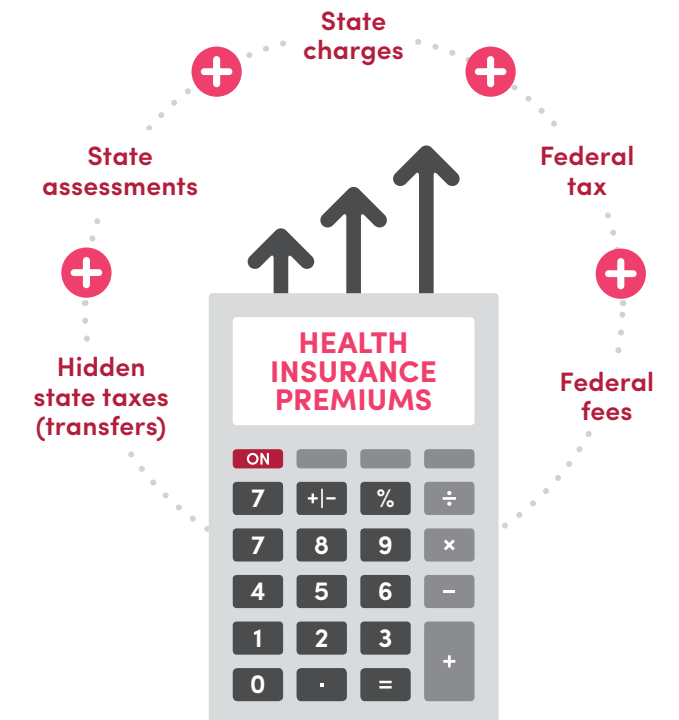
Much is being done to expand access, but government costs are still pushing healthcare beyond the affordability of many employers, employees, and families.

“ Unintended Consequences: Legislative Actions Drive Healthcare Cost Increases ”

CBIA Government Affairs Report | April 2, 2015

- › **Stop** the practice of shifting or hiding healthcare costs in nonrelated government accounts, which drives up premiums
- › **Oppose** any new healthcare mandates, taxes and fees that can't show a comparative return on investment
- › **Reduce** cost-shifting to the private sector by making sure doctors and hospitals are appropriately reimbursed by Medicaid
- › **Support** healthcare initiatives that promote quality and reduce cost (such as aspects of the State Innovation Model and the State Health Improvement Plan)

Total Cost of Insurance



Connecticut's Ranking

#47

Source: America's Top States for Business, Business Costs Ranking, CNBC, 2015

LABOR & EMPLOYMENT

Connecticut's rush to be first in the nation to adopt new workplace mandates has resulted in our being one of the last to recover from the recession and in attracting new businesses. We need many more jobs and businesses here, but we won't achieve that until we lift from Connecticut employers the unique legal and regulatory barriers that businesses in other states don't have to face.

WHY IT MATTERS

Labor expenses are among employers' highest costs, and new workplace mandates make it difficult for Connecticut companies to create jobs.

Connecticut's Novel Way to Kill Jobs and Tax Employers*

Mises Institute | May 14, 2015

- › **Reject** new workplace mandates, such as paid family and medical leave and state-sponsored retirement plans, that will increase labor costs for employers or cause employee wages to be reduced
- › **Make** Connecticut consistent with federal labor laws and regulations and adopt the same unemployment benefit reforms other states have made to ensure the long-term solvency of the Unemployment Compensation Trust Fund
- › **Work** with CHRO on a permanent solution to address the backlog of cases that have resulted in unnecessary delays for all parties to claims
- › **Require** the workers' compensation Notice of Claim for Compensation (30C Form) to be more specific about who can accept service of an injured employee's notice of claim to an employer

Employers' Unemployment Costs Then and Now

Per employee costs, 2010 vs. 2016

	15 Employees
2010	\$630
2016	\$2,835
.....	
	55 Employees
2010	\$2,310
2016	\$10,395
.....	
	125 Employees
2010	\$5,250
2016	\$23,625

Source: Department of Labor

* Article referring to a legislative proposal in 2015 (SB 1044) to tax many Connecticut businesses if they did not offer a \$15 wage.

Connecticut's Ranking

#46

Source: America's Top States for Business, Infrastructure Ranking, CNBC, 2015

TRANSPORTATION

Connecticut has one of the best strategic locations in the U.S.—for air, sea, and land—but one of the most deficient transportation infrastructures. CNBC ranked Connecticut 46th for infrastructure in 2015, and businesses say highway congestion is impeding even basic access to customers and markets. Our economy can't fly without a first-class infrastructure.

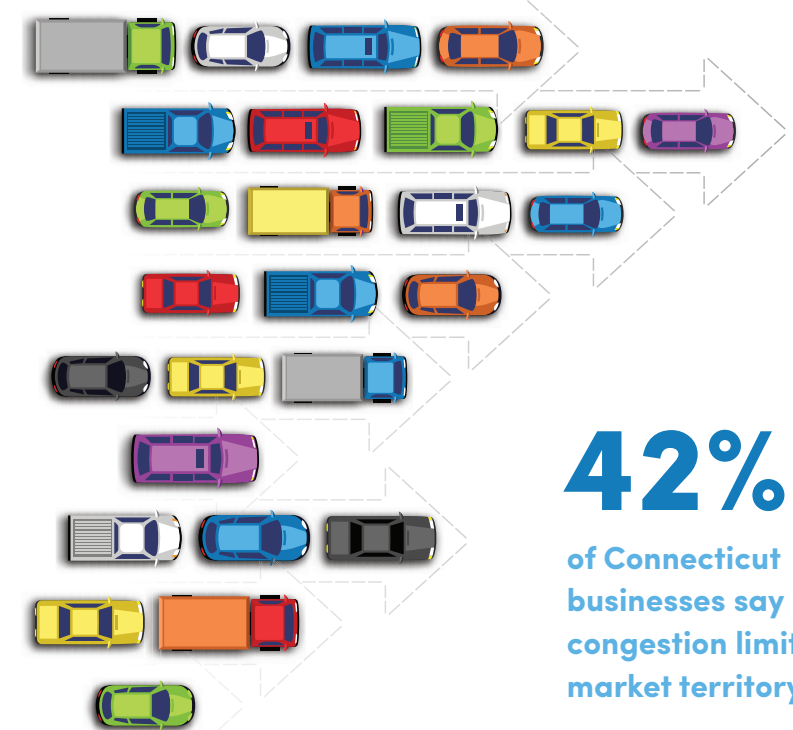
WHY IT MATTERS

21st century connectivity to regional, national, and international markets is imperative to the state's economic success and vital to every Connecticut individual, family, and community.

“ The Cost of Connecticut Congestion: ” \$5.1 Billion

CT News Junkie | November 24, 2015

- › **Pass** a constitutional amendment to clarify which dollars belong in the Special Transportation Fund, and restrict their use to transportation projects
- › **Develop** a long-term transportation plan that focuses on traffic congestion relief
- › **Support** reforms at the Department of Transportation that will expedite the design, planning, and completion of priority projects
- › **Support** the Connecticut Airport Authority's efforts to increase domestic and international passenger and freight connectivity to the state's airports



42%
of Connecticut
businesses say road
congestion limits their
market territory

Source: CBIA Connecticut Transportation Survey, 2013

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