

Hartford Business.com

Malloy Sought Ideas, Now Proposals Abound

By Greg Bordonaro

gbordonaro@HartfordBusiness.com

01/24/11

Establishing tax-free industry zones, placing a moratorium on new regulations, and encouraging more public-private sector cooperation are among the many suggestions made by Gov. Dannel Malloy's working group to create jobs and get Connecticut's economy back on track.

The proposals — which were pitched by 33 business and policy leaders including MetroHartford Alliance CEO Oz Griebel, Connecticut Technology Council President Matthew Nemerson, and Liberty Bank CEO Chandler Howard — could be an early indication of some of the economic development policies Malloy will pursue as governor.

The 25-page report outlines dozens of ideas that stress making Connecticut more business friendly, including placing a moratorium on any new regulations — except for those related to public health and safety — that would diminish efforts to maintain and grow the state's economy.

The working group also recommends establishing “tax-free” zones in cities and surrounding regions where there are large concentrations of targeted industries. That would

include an insurance and financial services zone as well as a life science, healthcare and medical devices zone in Hartford.

The suggested tax break would only apply to incremental investments that would not diminish the existing tax base, and result in new jobs.

Malloy's economic development policies will be looked at with a sharp eye by the business community. And the stakes for the state's future remain high.

Connecticut has lost close to 100,000 jobs since the start of the recession in 2008, and even though the state gained about 2,500 jobs in November, the unemployment rate remains high at 9 percent.

Of greater concern is the future outlook. A recent report from IHS Global Insight, a New York-based firm that provides economic and financial analysis, said Connecticut is expected to have the lowest annual expected employment growth in the nation over the next five years.

Connecticut's annual employment is expected to grow by less than 1 percent through 2016, the worst growth rate of any state in the country. Arkansas, Iowa and Ohio, each had the next worst projected employment rate increases over the next five years at 1 percent, 1.1 percent and 1.2 percent respectively.

The largest expected employment growth rates are

expected in Utah (2.7 percent), Idaho (2.4 percent), and Arizona (2.3 percent).

Malloy's working group on jobs and development was one of 12 policy groups put together by Malloy's transition team. While it's unclear how much weight Malloy will put behind the suggestions, growing jobs is a priority for his administration.

"I asked businesspeople what it would take for them to hire workers," Malloy said. "I asked the owners of small companies what it would take for them to expand. We are listening to the very people who are doing the hiring, the teaching, the nursing, and the working."

Most of the suggestions, especially short-term ones, are either revenue neutral or actually provide potential cost savings to the state. That's significant because any expensive development policies will be difficult to pass with the state facing a \$3.5 billion deficit.

Other proposals would require some kind of investment, like developing the state's deep harbor ports to maximize their potential for shipping goods and transportation of passengers.

Among other suggestions is one to create a corporate cheerleading squad. That includes appointing top-level corporate, chamber, labor, cultural and higher education CEOs to support the governor's job creation/economic development efforts.

There is also a strong desire to create greater public-private cooperation at the state, regional, and local levels. That includes expanding the existing relationship between the Department of Economic and Community Development and the Metro chambers, including reestablishing regional field offices with chambers of commerce and other economic development organizations.

That would help eliminate duplicative services and allow the state to take advantage of existing business relationships on the local level, the report said.

The working group also suggests slashing bureaucratic red tape, which has always been a major complaint from the business community.

Ideas include streamlining the permit-approval process so that all reviews and approvals happen simultaneously rather than one after another, and establishing a 90-day maximum period for state review and action on permit applications. If the state agency fails to act within that time period, the application is automatically approved.

It also suggests directing the state Department of Transportation, including the state traffic commission, plus DECD, and the Department of Environmental Protection to expedite any completed viable permits and funding applications within 60 days.

“It sends the message that Connecticut is open for business,” the report said.

Among other suggestions:

- Establish a working committee to identify opportunities to contract out state services;
- Focus on the hedge fund/investment industry, identify state and local incentives and recruitment activities that will retain and expand the industry to create a “Hedge Fund Capital Corridor” in southwest Connecticut;
- Utilize “seed capital” funds and tax policy to spur entrepreneurial investments and start-ups;
- Put renewed emphasis on brownfield redevelopment.