Testimony on House Bill 6267
Submitted by Isabel Blank, External Affairs Manager
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Good afternoon distinguished members of the Finance, Revenue, and Bonding Committee. My name is Isabel Blank. I am Manager, External Affairs at the Yankee Institute for Public Policy, and I am writing to testify in opposition to **House Bill 6267**: An Act Restoring the Film and Digital Media Tax Credit Program. For questions or follow up, please contact me at isabel@yankeeinstitute.org.

Connecticut already offers businesses a variety of incentives, including through the First Five Program, the Small Business Express Program, and tax breaks targeted to specific businesses through legislation, like the bill before you. Much of the money spent on these programs is borrowed, so the real cost is much higher than advertised. Recent data show that Connecticut has borrowed $1.7 billion for economic development since 2011 with little economic growth.

In fiscal year 2016, the state's Department of Economic and Community Development (DECD) spent about $358 million to entice businesses to come to or remain in Connecticut. This is over double the amount that the corporate tax increase actually brought in.

The legislature budgeted only $39.7 million for DECD in that year, but the department actually spent many times that amount by accessing bond funds to pay for many of its incentive programs. The state spent $169 million in borrowed funds in FY 2016 on economic development activities—$7.5 million more in bonded borrowing than the state took in in new corporate tax dollars that year.

The strategy of giving government handouts to businesses to increase jobs and grow the economy, which was a cornerstone of Gov. Dannel Malloy's economic development policy, has not proven effective. This is particularly true because this strategy was implemented at the same time as the Malloy administration sought for and passed large tax increases—something Governor Lamont also intends to do.

In 2016, the year most of the corporate and income tax increases passed in 2015 went into effect, Connecticut's economy showed many signs of stagnation. The poor indicators included increased outmigration, slow job and wage growth, slow economic growth, and business losses.

Connecticut is warring against itself. The state spends hundreds of millions of dollars trying to attract businesses – or, more often, trying to keep them – while at the same time increasing taxes on those same businesses, other businesses, and residents of the state. The result has been an anemic economy and taxpayer flight.

This bill gives concentrated benefits to a few people in the media industry with dispersed costs, and while these industries gain, they do so at the expense of the taxpayer. Connecticut's track record proves that the state should not choose winners and losers, rather, they should leave specific businesses and industries alone and free to succeed.

For these reasons, we urge you to oppose **House Bill 6267** and the restoration of the film and digital media tax credit program, as well as other instances of crony capitalism.