

Setting the 2011 Agenda

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After months of speculation, Connecticut businesses will finally get their first taste of life under a unified, Democrat-controlled state government, when Dan Malloy is sworn in as governor Jan. 5, and as the Connecticut General Assembly convenes the same day for the start of a two-year session.

On Jan. 7, Malloy is scheduled to address businesspeople in Hartford at an economic forum jointly sponsored by the Connecticut Business and Industry Association and the Metro Hartford Alliance. Also scheduled to speak are Connecticut General Assembly Democrat leaders Rep. Chris Donovan and Sen. Donald Williams Jr.; and David Hess, president of the Pratt & Whitney subsidiary of United Technologies Corp., which plans to shut two Connecticut plants in 2011 at a cost of more than 2,000 jobs due to what UTC says are high costs of doing business here.

"There is still reticence in Connecticut to making investments here," said Joe Brennan, senior vice president of public policy for the Connecticut Business and Industry Association (CBIA). "Virtually everyone who ran for public office this year ran on a platform of jobs. We are going to be very vigilant about holding them to that. If people are supporting legislation that would any way inhibit that, we are going to hold them accountable."

Still, business groups were heartened in late December after a legislative committee rejected proposed "stream flow" regulations that would have restricted development and operating activities of some companies. The committee's members include Democratic Rep. Chris Caruso of Bridgeport and Rep. Carlo Leone of Stamford.

If the state budget and jobs are at the top of Malloy's agenda, do not be surprised if he and the Connecticut General Assembly seize the moment to address other pressing problems facing the state, whether funding future obligations to retirees; health care; or energy. Legislators are expected to consider recommendations for funding the proposed SustiNet universal health care plan in Connecticut, even as the state struggles to absorb changes wrought by the federal health reform law. And after a midnight effort to pass a large energy bill as last year's session came to a close, a bill vetoed by Gov. M. Jodi Rell who said it would have raised costs, Malloy said he liked many elements of that bill, leaving the possibility it could reemerge for consideration.

"My sense is that (Malloy) is looking for big items, big bold issues," said Eric Brown, CBIA associate counsel focused on environmental issues. "I don't think he is going to be waltzing in there and just looking at dinking and dunking.... I think he brings a lot of creativity."

On the tax front, a temporary 10 percent corporation tax surcharge enacted in 2009 is set to expire at the end of the 2011 income year, and a one-year extension of a higher municipal real estate conveyance tax rate also is scheduled to phase out July 1. The legislature will likely be asked to extend these provisions or substitute other measures to preclude state and municipal revenue losses, according to the Connecticut Office of Legislative Research.

Of course, state government can only move the needle so far when it comes to business decisions on whether to expand, which few have chosen to do as 2011 dawns. Connecticut gained 2,500 jobs in November according to estimates by the Connecticut Department of Labor adjusted for seasonal considerations, and employment is up by 8,000 jobs from a year ago. The professional and business services sector has now posted gains seven straight months; some of those jobs include temporary help, however, suggesting continued reluctance by employers to commit to adding full-time workers.

"Productivity improvements continue to drive U.S. companies' bottom line, leading to cash rich companies without the need to hire more people," said Nico Hogeveen, president of the Stamford-based consultancy Terma-Praxis L.L.C. "The stock market improves, but unemployment still remains high."

Still, even as the effects of the recession continue to be felt in Fairfield County, Stamford has improved its credentials as an attractive employment center as Building & Land Technology continues construction on its Harbor Point development; as Stamford Hospital pushes ahead with a massive project to create a new campus in the city's West End; and as developers convert the former Clairol plant in the Cove neighborhood into a Chelsea Piers entertainment complex.

"Does the trend continue where more people are getting off the train in Stamford (than) on the train?" said David Lewis, CEO of OperationsInc in Stamford.