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May 23, 2016

Connecticut General Assembly Spending Cap Commission
c/o Appropriations Committee
Legislative Office Building
Room 2700
Hartford, CT 06106

Dear Chairman Cibes, Chairwoman Widlitz and Members of the Spending Cap Commission:

The MetroHartford Alliance is the Region's economic development leader and the City's Chamber of Commerce, and our investors include businesses of all sizes, health care providers, arts and higher education institutions, and municipalities. Our mission is to ensure that the Region competes aggressively and successfully for jobs, capital, and talent so that it thrives as one of the country's premier places for all people to live, play, work, start and grow a business, and raise a family.

In driving that mission, we have consistently supported the Governor and the Legislature honoring the intent of the constitutional spending cap approved by over 80% of Connecticut voters in 1992. The widespread public support and subsequent adoption by the legislature was critical to the implementation of the State's personal income tax.

In order to reignite the confidence needed by the private sector to invest and grow in Connecticut, it is more important than ever for policymakers to honor the intent of the spending cap. Connecticut's employers are more likely to retain and increase employment and to invest in equipment, facilities, and research if they can count on long term fiscal stability – the kind of stability that a well-defined, enforceable spending cap helps to provide. To that end, we advocated vigorously this past session for legislation that would have placed a revised spending cap amendment on the November ballot so that voters could reinforce this fundamental point. We also organized a well-received forum in February in which a panel of experts provided a comprehensive overview of the history and efficacy of the cap.

While we were disappointed that the Legislature did not take the actions necessary to place a strengthened spending cap amendment on the November ballot, we applaud the convening of this Commission to establish long overdue definitions. The absence of such definitions has steadily eroded the cap's efficacy since its adoption, and the opinion letter recently issued by Connecticut's Attorney General effectively eliminated it. That de facto elimination exacerbates a continuing failure of political will to grapple with the increase in, and prioritization of, State

spending. Such failure steadily undermines both Connecticut's fiscal well-being and the confidence of the state's private sector employers.

In that spirit, we urge the Commission to provide clear recommendations for the Legislature to adopt and thereby restore the Constitutional viability of the cap. That restoration will demonstrate to Connecticut's private sector employers that the state's leaders are committed to living within our means. It will also communicate to the state's voters that their overwhelming support in favor of responsible budgeting remains in full force and effect. We respectfully urge you to:

- Craft definitions for:
 - increase in personal income
 - increase in inflation
 - general budget expenditures
- Call for a special session to be held immediately after the November 8th election at which the legislature must adopt by 3/5ths the aforementioned definitions and thereby reestablish the cap in advance of the new legislature adopting the FY'17 and FY'18 budgets
- Clearly define the process and agencies responsible for calculating the spending cap
- Clarify that state retiree pension and health care benefits fall under the spending cap
- Maintain current exclusions to the cap found in Sec. 2-33a (e.g. bond payments; federal mandates; grants to distressed municipalities; federal funds for which the State meets entitlement and eligibility criteria)
- Clarify that surpluses must be used only to fund a budget reserve fund or to repay debt unless authorized by a 60% supermajority vote of each chamber
- Establishing original jurisdiction to ensure enforceability in court.

These actions will ensure a strong spending cap that: limits the growth of the state budget to growth in personal income; establishes the long overdue process for prioritizing the spending of tax revenues; and reengages the private sector in growing employment and increasing capital investment.

We thank you for your service on behalf of Connecticut's residents and employers and stand ready to assist in any way to ensure that these critical actions be taken so that the cap is in effect in advance of deliberations on the FY'18 and FY'19 budgets.

Sincerely,



Oz Griebel
President & CEO
MetroHartford Alliance