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Smoke & Mirrors, Again

BY **BRAD KANE**

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CONTRIBUTED PHOTO

Gov. Dannel P. Malloy (seated) is surrounded by legislative and police leaders as he signs a bill barring the release of crime scene photos of homicide victims. The limitation to access of public records was approved in the wake of the Newtown school shootings. Police and families of victims had sought additional privacy protections.

While Gov. Dannel P. Malloy and the Connecticut General Assembly fulfilled their promise not to raise taxes on businesses this legislative session, many clean energy firms felt blindsided by an attempted raid of the funds dedicated to helping their industry grow.

In the waning days of the legislative session last week, Malloy and key legislative leaders put forth their latest two-year, \$38 billion state budget proposal that transferred \$35.4 million from the Clean Energy Finance & Investment Authority and the Regional Greenhouse Gas Initiative account to the general fund. This budget proposal was approved quickly by both legislative chambers.

"It is absurd, and it is a gimmick to divert electric customer funds to solve the state's budgetary problems," said Paul Michaud, executive director of the Hartford trade group Renewable Energy & Efficiency Business Association. "It is essentially a tax on electronic ratepayers."

And in the waning hours of the session, the screams were heard.

Funds for CEFIA's programming were restored, DEEP officials aid.

That averts what Michael Trahan, executive director industry group Solar Connecticut, had described as a blow to the state's residential solar program.

Details of the last-minute budget changes were not available at press time.

Legislative Wrap-up		
During the General Assembly's 2013 legislative session, a number of bills impacting the business community were proposed.		
PROPOSAL	DESCRIPTION	APPROVED?
Clean Water Funding	Tab. adds \$1 billion in bonding for sewer separation and wastewater treatment projects.	Yes
Solar Tax Exemption	Exempts renewable energy installations on commercial property from property taxes.	Yes
Renewable Hydro	Changes Connecticut's definition of renewable power to include large-scale hydro from Canada.	Yes
Comprehensive Energy Strategy	Implements Malloy's energy strategy, including a \$7 billion natural gas expansion and allowing multi-unit building to subscribe for renewable energy.	Yes
Next Generation Connecticut	Provides \$1.6 billion for UConn to expand and focus more on science, technology, engineering, and math.	Yes
Withholding Public Records	Blocks public disclosure of photos of homicide victims, drafted in wake of Sandy Hook tragedy.	Yes
Generator Tax	Extends tax on power plants, based on the electricity generated.	Yes
Broadband Wire Regulation	Continues the state's policy of not regulating broadband or other over-the-air network infrastructure.	No
Modernizing Telephones	Changes the deadline reporting and regulatory requirements for AT&T, which allows the company to sell telecommunications services.	No
Cell Tower Siting	Permits the Connecticut Siting Council to approve cell towers on company-owned watersheds.	Yes
Municipal Funding	Provides \$20 million to develop more municipal bonds in the state, beyond the \$15 million allocated in 2012.	No
Fracking Ban	Prohibits the use of hydraulic fracturing to harvest oil and natural gas in Connecticut.	No
Digital Billboard Messages	Requires digital billboards to keep messages static for eight seconds.	Yes
Residential Solar Panels	Caps municipal permit fees for residential solar installations at \$200.	No
Manufacturing Retirement Accounts	Increases the tax exemption for manufacturers who set aside money for future expansion.	No
Medical Group Bargaining	Allows small medical practices to form cooperative groups to negotiate insurance company rates.	No

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The CEFIA funds come from a charge on all utility bills; the RGGI account comes from proceeds from a regional auction where polluters pay for energy efficiency programs.

The effort to raid the funds came without warning or expectation, Trahan said. These gimmicks were typical of the state budgets under former Gov. M. Jodi Rell, but the clean energy industry thought they were finished, especially since Malloy campaigned against the use of ratepayer funds for taxpayer purposes during the 2010 gubernatorial election.

"We didn't expect we would have to lobby again against this when candidate Malloy campaigned against raiding these funds," Trahan said.

The trick for Malloy and the legislature was finding enough revenue to match the nearly \$40 billion in spending. In his original budget in February, Malloy proposed extending the \$150 million tax on power

plants' electricity generation for two years, even though the tax was supposed to sunset on June 30.

In the final budget, the generator tax was extended only for three months, creating \$17 million in revenue instead of \$150 million.

"This is a tremendous positive for consumers and energy markets in Connecticut and across the region," said Dan Dolan, president of the New England Power Generators Association.

Other taxes that extended instead of expiring were the 20 percent surcharge on corporation tax, raising \$118 million and capping the business insurance premium credit to \$54 million.

Despite the attempted raid on the CEFIA funds, the clean energy industry won some key pieces of legislation, including exempting all commercial renewable power installations from municipal property taxes, starting in October.

"That is a high moment for us this year," Trahan said. "It has been a good year for commercial solar."

Also helping the clean energy industry was the passage of Malloy's comprehensive energy strategy. In addition to calling for a \$7 billion expansion of the natural gas heating system, the strategy allows multi-unit building landlords to charge tenants for renewable energy installations.

The efforts to reform the state's telecommunications industry met with mixed results. The proposal to allow construction of cell towers on company-owned watersheds was approved. The proposals to guarantee the broadband industry remains unregulated and to change the regulatory requirements written when AT&T was a telecommunications monopoly both were defeated.

The legislature did approve a \$1.6 billion expansion plan for UConn called Next Generation Connecticut.

The law provides \$137 million to increase UConn enrollment 30 percent at its Storrs, Stamford, and Hartford campuses. The university will receive \$1.5 billion to construct new facilities and laboratories to enhance its curriculum in science, technology, engineering, and mathematics.

"We need to reclaim that spirit of innovation in our state, and prepare our economy and our workforce for competition in the global economy," said State Sen. John Fonfara (D-Hartford), co-chair of the Finance Committee. "It will also equip the university to conduct innovative research and to help our state's companies and industries develop their next generation of products."

Malloy's proposal to bond \$997 million for sewer separation and wastewater treatment projects was approved. The measure seeks to decrease pollution in the state rivers, waterways, and Long Island Sound. The bonding will be a boon for the construction industry.

The legislature overwhelmingly approved limiting access to public records in Connecticut. The bill was drafted in the wake of the Sandy Hook shooting and prevents the release of photos of homicide victims, among other records such as videos.

"This is a difficult issue, requiring all of us to balance deeply held beliefs and important public policy values," said Malloy, who signed the legislation into law. "The fact is all families have a right to grieve in private. Those who lose loved ones to violence have a right to protect themselves against further anguish."

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