SAVE CONNECTICUT

A Plan to Increase our Competitiveness and Grow our Economy
Connecticut has tremendous potential. For decades, families and businesses poured into our state and thrived. Our location, our highly skilled workforce, and our schools were primary attractions. Our lower taxes plus our lower cost of living and lower cost of doing business sealed the deal.

This winning combination led jobs and wages to grow robustly. Connecticut had the highest income per person in the country. The second highest number of Fortune 500 companies in the country chose Connecticut to be their home – not bad for a state with only about 1% of our country’s population!

Our former strengths have turned into weaknesses. Our roads and trains are too slow, and our workforce and schools are no longer outperforming the nation. Most importantly, our taxes are simply too high and no longer competitive with our neighbors. A thicket of regulations has driven the cost of living and cost of doing business to intolerable levels.

As a result, we are losing families and jobs. Lifelong Connecticut residents are leaving and fewer young families are choosing Connecticut as a place to raise their family. Every day we get a new headline of yet another business leaving our state.
To Grow the Economy and Create Jobs, Connecticut Needs a Businessman and Outsider as Our Next Governor

David Stemerman is a Republican running for governor to get Connecticut back on track. David built his own business and invested in all kinds of businesses all over the world. He understands what causes businesses to succeed and fail, what works and what doesn’t. And, most importantly, he knows what it takes to grow jobs and wages, and has a track record of delivering results.

David’s plan will rebuild Connecticut’s strengths, so it can once again be the best place in the country to live, work and raise a family.

David meets with people across our state who have one message in common: we want to stay, but our government is making it very hard to make ends meet with high taxes and the high cost of living – from heath care to energy to education.
**THEN:** Connecticut’s Competitive Advantages

Connecticut once had an enviable reputation among our neighboring states and across the nation. Our competitive advantage was rooted in three key differentiators:

**LOCATION**
A strategic location on the East Coast, in between the major population centers of New York City and Boston and the gateway to New England.

**TALENTED WORKFORCE**
A talented workforce pipeline made strong by top performing public schools and a first-rate higher education system.

**BUSINESS-FRIENDLY**
A competitive cost of living and doing business – from low taxes to less cumbersome regulations – Connecticut offered a lower cost to do business and lower cost of living compared to our Northeastern peers.

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**NOW:** Among Worst States in America For Competitiveness

Not long ago we were a top 10 state for competitiveness; now we are a bottom 10 state for competitiveness.

<table>
<thead>
<tr>
<th>Cost of Doing Business</th>
<th>Best States for Business</th>
<th>Top States for business</th>
<th>State Competitiveness Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>Forbes</td>
<td>CNBC</td>
<td></td>
</tr>
<tr>
<td>40 of 50</td>
<td>42 of 50</td>
<td>33 of 50</td>
<td>43 of 50</td>
</tr>
</tbody>
</table>

Our former strengths have now become weaknesses:

- **Inadequate Infrastructure**
  - Our trains are slower than they were in 1970.
  - I-95 is the 3rd most congested highway in the country.
  - Southern Connecticut is one of the largest population centers in the country without a major commercial airport.

- **Less Prepared for Jobs of the Future**
  - Our workforce does not have the necessary supply of specialized skills increasingly in demand – particularly in Science, Technology, Math and Engineering.¹
  - Connecticut is home to just one of the nation’s top 200 schools for college prep and just one of the nation’s top 50 districts in overall quality.²
  - We continue to have one of the largest achievement gaps in the nation between students from low-income families and their more affluent classmates.³

- **Higher Taxes**
  - Our personal income taxes are higher than the state we used to mock as “Taxachusetts”.
  - Tax Freedom Day – the day Connecticut residents stop working for the government to pay taxes – is the last of any State in the country – May 21st.⁴

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³ https://projects.ctmirror.org/content/trend/2015/10/gradgap/index.html

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Once Again, Connecticut Taxpayers Worked Longest in US in 2017 To Pay Taxes

Hartford Courant
3/21/18
The consequences of our lost competitiveness has been severe – a lost decade.

**Fewer Jobs Today than 2004:**
While the U.S. and global economy keeps growing to new all-time heights, Connecticut’s economy has shrunk every year but one since 2008 and is smaller today than it was in 2004 – more than a lost decade.\(^5\)

**Fewer Residents:**
For three years in a row, Connecticut has lost residents.\(^6\)

**2-in-3 Grads Leave CT:**
Only 32% of students who graduate from Connecticut’s 42 colleges stay in the State after they graduate.\(^7\)

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DAVID STEMERMAN IS READY TO GET CONNECTICUT BACK ON TRACK

David Stemerman is an entrepreneur who understands how to rebuild our competitive advantages. David will return Connecticut to the prosperity and opportunity we once knew by rebuilding our former strengths.

DAVID HAS A THREE-PRONGED APPROACH TO REIGNITE GROWTH:

1. slashing taxes and regulations to the lowest levels in the Northeast by cutting spending and eliminating unfair deals
2. upgrading our roads, trains and airports for the 21st Century by attracting billions of dollars of private investment
3. improving our schools to become the best in the country through high standards, accountability and choice
The Price is Right

The best way to keep and attract families and jobs to Connecticut is to make sure our Price is Right. For businesses, both large and small, the most important price is the tax rate. Other key prices are cost of living and cost of doing business.

Connecticut’s price today is wrong – it is too high. We will lower it, so our Price is Right.

PERSONAL INCOME TAX RELIEF

As governor, David will cut income tax rates across the board for all families and businesses. He will eliminate taxes that hurt small businesses and he will finally kill the death tax. In total, David’s tax plan will provide $3 billion in tax relief for Connecticut families and small businesses.©

Deliver Broad Tax Relief by bringing down Individual Income Tax Rates Across the Board

Connecticut families and small businesses who pay under the individual tax rate have seen their tax bills rise dramatically. David Stemerman knows we must bring our rates down to provide tax relief to all of our residents and to improve our competitiveness – both with neighboring states, and across the country and around the globe.

David will cut tax rates for everyone. Our lowest tax bracket will be 0% and the top rate will be reduced to 5.00%. Our complicated tax system with seven brackets will be simplified to three.

<table>
<thead>
<tr>
<th>Income</th>
<th>SINGLE FILER</th>
<th>MARRIED FILING JOINTLY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Rate</td>
<td>NEW RATE</td>
</tr>
<tr>
<td>0</td>
<td>3.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>&gt; $10,000</td>
<td>5.00%</td>
<td>4.00%</td>
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<tr>
<td>&gt; $50,000</td>
<td>5.50%</td>
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<tr>
<td>&gt; $100,000</td>
<td>6.00%</td>
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<td>&gt; $200,000</td>
<td>6.50%</td>
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<tr>
<td>&gt; $250,000</td>
<td>6.90%</td>
<td>5.00%</td>
</tr>
<tr>
<td>&gt; $500,000</td>
<td>6.99%</td>
<td></td>
</tr>
</tbody>
</table>

PERSONAL INCOME TAX COMPARISON TO NEIGHBORS TODAY AND UNDER NEW PLAN

- **New York**: 6.33%
- **New Jersey**: 5.53%
- **Connecticut**: 5.5%
- **Massachusetts**: 5.1%
- **Connecticut (David’s Plan)**: 4.0%
BUSINESS TAX RELIEF

Bring our Corporate Income Tax down from 7.5% to 5.00%

Our headline 7.5% rate is anti-growth and uncompetitive. An additional 10% surtax for our most profitable companies brings our rate to a punitive 8.25% for our largest employers – a job killer. The nonpartisan Tax Foundation, ranks Connecticut #44 in terms of our Corporate Income Tax.9

Eliminate the Business Entity Tax

Connecticut levies a business entity tax on every business organization in the state. Connecticut businesses owe the business entity tax even if they earned no income or are no longer transacting business.10 The business entity tax is unfair and harms small businesses.

Eliminate the Death Tax

Connecticut has lost $3.83 billion in taxable income to states without estate taxes.11 Eliminating the death tax will prevent our families and communities from being torn apart by our seniors moving away. The Hartford Courant has endorsed this idea, recognizing the unfairness and hostility toward taxpayers.12

9 https://taxfoundation.org/state/connecticut/
10 http://www.ct.gov/drs/cwp/view.asp?a=1454&Q=307250&PM=1
11 http://www.yankeeninstitute.org/policy-briefs/a-better-place-to-die-reforming-connecticuts-estate-tax/
Case Study: North Carolina

Just five years ago, North Carolina was home to one of the least competitive tax codes in the nation. After passing pro-growth tax reform in 2015, North Carolina’s ranking from the nonpartisan Tax Foundation increased from 41st to 12th in one year. North Carolina continues to trend upward as tax reform continues to help improve North Carolina’s economy and attract new people to move to the Tar Heel state.
REDUCED SPENDING

David Stemerman will ensure every dollar of these pro-growth tax cuts for Connecticut’s families and businesses is earned by reduced spending, increased fairness in our tax code and growth.

David will **economize** functions of our government:

- We will engage experts to identify opportunities to save money by increasing government efficiency across the board. The Commission on Fiscal Stability and Economic Growth received an estimate of $1 billion of potential cost reductions that we will use as a starting point.

- Design a competitive compensation structure for state government workers that is fair to everyone. A May 2017 Connecticut Business and Industry Association (CBIA) study found state employees earn 42% more than the private sector – the highest premium in the country.\(^\text{13}\)

**Commonsense Reforms to Drive Cost Savings in State Government**

As governor, David will pursue creative solutions to cut costs, including measures to **economize** critical functions of government, **prioritize** our spending, and when appropriate **privatize** services by efficiently transferring certain functions to the private sector.

\(^\text{13}\) [https://www.cbia.com/wp-content/uploads/2017/05/Fix-CT-Spending_0517.pdf](https://www.cbia.com/wp-content/uploads/2017/05/Fix-CT-Spending_0517.pdf)
• Embrace technology and Artificial Intelligence to save money and provide better service.14

• Eliminate unnecessary and duplicative boards, commissions and layers of supervision.

David will prioritize our spending:

• We will reverse our current government budget process of starting with prior spending and then raising taxes or increasing borrowing to cover our expenses. Our budgeting process will begin with the amount of receipts we generate and then prioritize our spending.

• Prioritize Spending through Zero-based Budgeting. David will work with legislators and direct his department heads to set priorities for what we can and cannot afford – just like every household across Connecticut. We will reevaluate all of our spending priorities each year.

When appropriate, David will privatize certain functions that could be better provided by the private sector.

• Move services for mental health and developmentally disabled from government institutions to non-profit, community-based providers will improve the quality of care, increase access and will save $1.2 billion over five years.15, 16

• Through public-private partnerships, we will get our transportation cost-per-mile of highway under control. Connecticut currently pays $497,659 per mile of road, the 44th most expensive in the nation. The average cost per mile was $178,116.17

In April 2018, David unveiled his plan to save state employee benefits from insolvency and build a foundation for fiscal stability.

A Fair Tax Code

- **Eliminate Special Tax Breaks**: Launch a comprehensive review of special tax breaks, including credits and exemptions, by working closely with taxpayer advocates, legislators, and policy experts from across our state and the country to reform our tax code. A Stemerman Administration will review every single tax break ($5.1B per year) and eliminate those that do not work for Connecticut taxpayers.21

- **Create Transparency Program**: Establish the Connecticut Tax Transparency program, including a comprehensive review of its website and communications tools. This program will ensure all taxpayers have access to information about tax policy, tax incentives, and information about government’s fiscal stability without having to hire an accountant.

- **Set Revenue Triggers**: Ensure our tax rate cuts are sustainable, responsible, and protect core services of government, including education, public safety, and protecting the most vulnerable, by phasing in tax cuts to match cuts in spending, reductions in special tax breaks, and growth. Every 1% increase in growth equals approximately $200 million in revenue.

REGULATORY REFORM

Regulations are hidden taxes that increase our cost of living and cost of doing business. David understands that while regulations play an important role protecting public health and safety, far too often Connecticut’s regulations unnecessarily drive up costs for families and businesses and kill small businesses.

According to the nonpartisan Mercatus Center, the Connecticut regulatory code (RCSA) contains 96,247 regulatory restrictions and 5.9 million words. It would take an individual about 329 hours—or more than 8 weeks—to read the entire RCSA.22

THE STEMERMAN FIVE POINT PLAN FOR REGULATORY REFORM

As governor, David Stemerman will conduct a systematic review of the entire state regulatory code to eliminate unnecessary restrictions on individuals and businesses. The Stemerman Five Point Plan for Regulatory Reform will lead the nation in regulatory reform. As governor, David will:

1. **Launch the CT Regulatory Reform Task Force**
   On Day One of the Stemerman Administration, David will sign an executive order creating the CT Regulatory Reform Task Force. The Task Force will include representatives from business and industry, consumer groups, education, economists, and state and local officials. The Task Force will be charged with evaluating the existing regulatory administrative process and repealing and modernizing regulation. The Task Force will invite public comment and report back with interim findings in the first 100 days of the Administration.

2. **Freeze all Ongoing Regulatory Actions for 100 Days to allow for the new Administration to Review**
   As governor, David will immediately freeze all ongoing regulatory approvals from the Malloy Administration to allow for proper review and economic consideration from the Stemerman Administration. The Chief of Staff will have waiver authority for regulations that have health or safety considerations.

   As governor, David will direct his agencies to produce a comprehensive review of all economic impact analysis procedures and small business impact statement procedures from legislative introduction to executive review.

4. **Institute best-in-class reforms to make compliance easier on small business**
   As governor, David will:
   a. Institute a Sign Once policy to reduce duplicative paperwork and information submitted to the state, across multiple agencies.
   b. Direct the Chief of Staff to oversee a permitting reform initiative to ensure the state's permitting process equally protects health and safety while ensuring commerce is able to advance without undue government delay.
   c. Establish the Citizen Experience Redesign review process for all agencies to establish technology, process, and service benchmarks and report quarterly on efforts to improve the citizen engagement process.
   d. Create a Business Concierge Service, a one-stop shop, where future business owners will meet with all the necessary agencies to open their business with technical assistance in regulatory compliance.

5. **Hold regional “Open for Business Hours” for small businesses to receive technical assistance from state regulatory agencies**
   Too often, small business is tasked with major compliance requirements without having the army of attorneys needed to understand and comply with complex requirements. The Stemerman Administration will provide technical assistance for small businesses to engage with regulating entities. This assistance will have the added benefit of informing our regulating agencies of the concerns and challenges facing small business.
Occupational Licensing Reform

Overly restrictive occupational licensing limits the ability to get good paying jobs and harms consumers by driving up costs and reducing competition. Connecticut regulates everything from Hypnotists to Upholstery.

As governor, David will launch a comprehensive review of fees and continuing education requirements.

Many military families who are stationed in Connecticut or choose to call Connecticut home after their service to our nation experience delays when trying to reconcile their military certification or out-of-state credential to Connecticut’s laws and regulations.

As governor, David will direct agencies to make all administrative changes possible to make Connecticut more friendly to our military families. Anything that remains that cannot be done with executive authority will be introduced as legislation for reform.

The Cost of Living and Doing Business Initiative

Every household and business has major costs: health care, energy, occupancy, construction, labor, etc. The cost of our unnecessary regulations is taking money out of the pockets of our families and holding back employers from creating jobs and paying higher wages.

The Stemerman Administration will initiate a comprehensive review of our cost of living and cost to own and operate a business and make regulatory reforms to bring them down. Connecticut can and should be the most cost-effective place to do business in the Northeast.

Case Study: Utah

Utah worked closely with stakeholders to conduct a comprehensive review of its regulatory requirements on individuals and businesses. Utah’s business-friendly climate has attracted so many high-tech companies and families to relocate from California that it is now known as “Silicon Slopes” and is regularly ranked as one of the best states to do business.

Displaced by Hurricane Maria, Fully Trained Massage Therapists Can’t Work Because They Lack Licenses

“...In Hartford, Connecticut, where they now live, Olea could earn as much as $50,000 working as a massage therapist in a hotel or spa. She’s fully trained, completely competent, and an American citizen. The only thing she’s missing is a permission slip from the State of Connecticut. Unable to work without the proper occupational license, her family is getting by on food stamps.”

Red Tape Hurts People Starting Careers

“Sure, doctors and nurses should be licensed. That protects our health and safety. But did you know Connecticut requires more training to become a licensed interior designer than to be an EMT?”

reason

APRIL 11, 2018

YANKEE INSTITUTE for Public Policy

APRIL 5, 2017
LOCATION, LOCATION, LOCATION

Our location can’t be beaten. We are right next to New York City, the gateway to New England, and in the heart of the Northeast.
**INFRASTRUCTURE REFORM**

To make the most of our unique location, we will attract billions of dollars of private investment to modernize and upgrade our trains, roads, airports and seaports.

**Major improvements will include:**

**TRAINS:** We will improve Metro North to get from New York City to Stamford in 30 minutes (down from 60 minutes), Bridgeport in 45 minutes (down from 80 minutes) and New Haven in 60 minutes (down from 110 minutes). The much faster service will be game-changers for these cities and for the surrounding towns and cities along or connected to the route, both for access to New York City and to allow Connecticut residents to move more quickly and less expensively within Connecticut to access jobs in other cities.

**AIRPORTS:** Bradley in Hartford, which has one of the longest runways in the country and is near the intersection of I-91 and I-84 will be upgraded to become a major logistics hub; Sikorsky in Bridgeport and/or Tweed in New Haven will be expanded and redeveloped to provide commercial air service in Southern Connecticut.

**ROADS:** Commute times will be significantly reduced all over the state with construction projects in critical locations.

**SEAPORTS:** Revitalize our deep-water ports in New London and New Haven and our marinas and waterfronts all across our seaboard.
HEAD OF THE CLASS

Our workforce is among the most productive on the planet. We have 42 colleges and universities including one of the top-10 research universities on earth. These are tremendous advantages in the competitive 21st century economy with rapid technological change and globalization.

EDUCATION AND WORKFORCE DEVELOPMENT REFORM

To make our workforce attractive for employers, and to give every child and adult the opportunity to get the world-class education and skills they need to succeed, we will:

- **Set higher standards and increase accountability** so our schools are the best in the country and no one gets left behind.

- **Bring together business and educators** from our career and technical high schools, community colleges and universities to redesign curriculum, retrain teachers and create internships and apprenticeships so our workforce has the skills employers need.

- Create a student-centered funding formula **so every school in a district gets the same resources for a child regardless of the type of school they attend**.

- **Give every family a voice and a choice** of which public school to send their children – local neighborhood, charter, magnet, or career/technical – so every child has the opportunity to attend a great school.
BUSINESS RECRUITMENT AND EXPANSION

Governors from other states have been coming to Connecticut for years to recruit our residents and businesses to their low-tax and pro-business environments.

As governor, David will assume the role of the state’s Chief Economic Officer with one goal in mind: to turn around the moving vans leaving Connecticut.

We will once again be the best place to live, work, and raise a family.

A Stemerman Administration will be an aggressive marketer and recruiter for Connecticut.

Other states like Florida and South Carolina have produced marketing materials specifically targeted toward Connecticut residents on issues like school quality, and tax and business climate.
In the months ahead, David will unveil detailed proposals to advance our competitiveness in transportation, workforce development and education. Along with tax and regulatory reform, they will form the foundation of David’s Connecticut Growth Agenda.

David sees tremendous potential in Connecticut. He will bring us together to unlock that potential – delivering results, as he did in his business. David’s success is rooted in his experience making tough decisions, seeing opportunities where others do not and bringing people to the table to work as a team.

Rebuilding our strengths, Connecticut will once again be the best place in the country to live, work and raise a family – where the only limit is our own imagination.