

## **FREE UP TAX CREDITS**

Job creation is the 800-pound gorilla we must confront. But none of the useful commentary acknowledges Connecticut's single biggest potential asset for job creation and changing the competitive dynamics of the state: the \$2.5 billion in accumulated tax credits that state firms cannot use because of severe restrictions on their redemption.

If companies could use these credits to underwrite new capital projects — advanced manufacturing facilities, research and development labs and other projects — it would produce tens of thousands of new jobs. The University of Connecticut's Center for Economic Analysis modeled exactly this policy, permitting redemption of the credits at 100 percent, spread over five years, after the project is complete and operating. The result of \$1 billion in new capital projects is nearly 35,000 total net new jobs, 4-million-square feet of new facilities and so much new tax revenue that it covers the cost of the credits and delivers net new revenue to the state. It is a win-win-win policy for companies, for workers and for taxpayers. It transforms accumulated tax credits from a liability into a powerful driver of new investment.

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