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## **Let's get Connecticut back on track: 10 important considerations and steps to take - by Harold Kurfehs**

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Harold Kurfehs,  
Coldwell Banker Commercial

For 30 years I have watched Connecticut soar – followed by an ignominious decline – from my vantage point in commercial real estate and as a volunteer leader in economic development.

Over the years of my involvement there has been an unfortunate seismic shift in the economic and business fortunes of our beloved state. In the past few years I have felt compelled to write critical articles about the state-of-the-state that were published in Hearst Connecticut newspapers. It pains me to have to be negative about Connecticut when I know that there are so many good things to say about our state, starting with the quality of life.

On the other hand, the budget excesses, the burdensome per capita debt, the three credit downgrades in the past year, the unfriendliness to business, the tax increases, the high cost of living and doing business, the inability to reform government labor and benefits, the departure of GE and Aetna...cannot be ignored.

Early on in my commercial real estate career it seemed like it was possible that every year could be better and more productive than the last. I was proud to live in a state that was talked about with reverence on a national basis. Now we are in a nightmare scenario where the Legislature and Governor cannot pass a budget to cover a \$5 billion deficit over the next two years.

Is it too late to turn things around? Of course not – although it will take determination, political will, and a realistic estimation of revenue flow so that spending can be brought under control. Business thrives in a boring, but confident, atmosphere that is predictable.

For those who despair that a turnaround of state fortunes will take too long, I say that a visible determination to solve our problems will be noted quickly by residents, business, and the press. When this effort is apparent and applauded by the public, government would be given the benefit of the doubt that better days are ahead. The dynamic would change from the constant negativity of today to a positive “can-do” mentality.

What are some of the things that should be tackled to achieve this forward progress? Here is my list of the 10 most important considerations and steps to take in order to turnaround Connecticut:

- 1) First and foremost get government spending under control.
- 2) Streamline government. On a per capita basis Connecticut has 22% more government employees than neighboring Massachusetts and 26% more government employees than New York.
- 3) Reform government worker benefits. It used to be that people went into government service for security and benefits, even though their salaries were below private industry. Now government workers make as much or more money than at private companies. While business has changed from defined pensions to 401(K) plans, state employees continue to retain pension and health care that is an unaffordable "A Plan."
- 4) Do not kick the can down the road by getting short-term salary concessions from the Unions in return for long-term lock-ins.
- 5) Do not accept the mantra that the rich should be taxed more in order to solve our revenue problems. In many ways the rich are more portable and if they feel unwelcome their revenue stream will get weaker and weaker over time. We have been losing high-earners and their revenue every year at an unacceptable rate.
- 6) Do not make unrealistic revenue projections so that out-of-control spending can be justified.
- 7) Continue to provide loans and incentives to worthy businesses to come to or stay in Connecticut. This is sometimes derided as "corporate welfare" but without the benefit of a good underlying economy it becomes necessary. Besides, even better-managed states engage in this practice to lure or keep firms. As the Connecticut economy improves we may be able to let up a bit on the largesse. I wonder, for instance, whether we would have lost Sikorsky if we were not as proactive.
- 8) Do not solve state spending problems by passing the bills onto individual municipalities. This will cause property taxes to increase-- so what has been solved? Also, in the avoidance of raising the income tax because of the negative optics, do not nickel-and-dime us with increased fees and sales taxes.
- 9) Somehow tackle the problem of the cities in Connecticut. Millennials (as well as some businesses) like the convenience and social amenities of urban settings, but Connecticut's cities lack the excitement and technical sophistication of a New York or Boston. The Innovation Center concept has been taking hold in our Conn. cities and should be encouraged for its entrepreneurial and high-tech values. How to invigorate our cities is a very complicated issue and it needs attention, study, and informed action.
- 10) Improve our downtowns. Downtowns deteriorated when enclosed malls and retail strips took over. Now they may have a renaissance opportunity as shopping habits and demographics change

again. Younger people, who we must retain, prefer the amenities that a denser, walkable area can provide. What better than to upgrade our downtown areas?

When you love a child and they stray into unacceptable behavior you do everything in your power to get them back on a sustainable path. So it is with the State of Connecticut.

Harold Kurfels is vice president, of Coldwell Banker Commercial, Scalzo Group, Bethel, Conn.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540