

CONNECTICUT POST

POSSIBLE BY YEAR'S END

Lawmakers: G.E. exit from Conn. a fait accompli

By Neil Vigdor



Jeff Immelt

The filament in General Electric's lightbulb in Connecticut is flickering, with a sense of resignation setting in among lawmakers that it's no longer a matter of if the blue-chip company flees the state, but when.

Their fears were only exacerbated by recent comments by GE CEO Jeffrey Immelt to CNBC portending that the company — lured by tax breaks and economic incentives — could decide by year's end to leave its Fairfield headquarters.

"I think it's a lost cause," said state Senate Minority Leader Len Fasano, R-North Haven. "There's not a doubt in my mind that he plans on leaving the state of Connecticut."

Majority Democrats weren't much more encouraging. But they disagree with Republicans that rising corporate taxes, used to erase billion-dollar budget deficits, are behind GE's overtures to relocate from its headquarters of 40 years. They say the company's frustrations over losing on military contracts to in-state rivals such as United Technologies Corp. and onerous federal banking regulations are the root cause.

"Obviously, it's disappointing," said state House Speaker Brendan Sharkey, D-Hamden. "That has nothing to do with Hartford and everything to do with Washington."

The specter of GE fleeing to Atlanta, Dallas or Westchester County, NY. — all of which have been linked to the company — emerged in June, when a two-year \$1.2 billion tax hike on businesses and residents squeaked through the Legislature. GE publicly condemned the money grab and announced the creation of a relocation committee. Since then, lawmakers have been hanging on every word of Immelt, a New Canaan resident. So too have governors of nearly a dozen other states that have tried to poach the company.

“You fed up with Connecticut?” Kelly Evans, of CNBC’s “Squawk on the Street,” asked Immelt Thursday.

“We want to be looking forward in a place that’s going to be supportive of where the company’s going,” Immelt said. “We have been there for 40 years. So we would never do anything like this carelessly or casually. But we are also quite intent on being aligned with where we go. It is the only way today.”

Immelt set a timetable of the fourth quarter of this year for making a decision on the company’s headquarters.

John Boyd, a corporate location consultant from Princeton, N.J., whose Connecticut clients include Pitney Bowes and GE rival UTC, said it may be too late for the state to hang on to the company. “I’ve seen renderings of buildings in Atlanta putting the GE logo in there,” Boyd said. “The cost of doing business in Connecticut is confiscatory.”

A spokesman for Democratic Gov. Dannel P. Malloy referred questions to the state’s economic development commissioner, Catherine Smith, who said it’s against policy to discuss negotiations with companies. “We deeply value General Electric, its employees and the extensive contributions they make,” Smith said in a statement. “We offer many, many competitive advantages.”

Republicans have called on Democrats to convene a special legislative session to reinstate a tax credit for net operating losses that was cut in half, as well as to roll back a requirement for companies to itemize how much of their earnings are tied to Connecticut. Democrats say that without assurances from GE that it will stay or a detailed explanation of how certain taxes affect the company,