



House of Representatives

General Assembly

File No. 123

January Session, 2001

House Bill No. 6565

House of Representatives, April 3, 2001

The Committee on Commerce reported through REP. SAMOWITZ of the 129th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE TAX INCREMENTAL FINANCING PROGRAM ADMINISTERED BY THE CONNECTICUT DEVELOPMENT AUTHORITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (k) of section 32-285 of the general statutes is
2 repealed and the following is substituted in lieu thereof:

3 (k) No commitments for new projects shall be approved by the
4 authority under this section on or after July 1, [2001] 2003.

5 Sec. 2. This act shall take effect July 1, 2001.

CE *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Connecticut Development Authority (quasi-public)

Municipal Impact: None

Explanation

State Impact:

Extending the sunset date from 7/1/01 to 7/1/03 for the Tax Incremental Financing (TIF) Program may result in costs to the Connecticut Development Authority (CDA) if towns submit applications for TIF projects that do not subsequently receive funding. Under the program, towns are required to reimburse the agency for expenses associated with the statutory evaluation process, including a financial assessment, a revenue impact assessment and legal fees. However if for any reason the project does not receive TIF funding, the agency's costs are not reimbursed. Based on data from 4 previous projects that received TIF financing, the agency's costs are approximately 2.4% of the total amount of bonds issued for the project.

The statutes currently permit CDA to issue \$120 million in TIF bonds before 1/1/03 for the Steel Point Project in Bridgeport but no application has been submitted to date. Failure to extend the sunset date for the TIF program will prevent the project from receiving

funding using this mechanism.

It should be noted that in FY 99 CDA evaluated an application for \$28 million in TIF financing from the City of New Haven for the Long Wharf Project. The cost to the agency to evaluate the project was \$111,664 but the expenses were not reimbursed because the application was withdrawn.

OLR Bill Analysis

HB 6565

AN ACT CONCERNING THE TAX INCREMENTAL FINANCING PROGRAM ADMINISTERED BY THE CONNECTICUT DEVELOPMENT AUTHORITY.**SUMMARY:**

This bill extends the Connecticut Development Authority's (CDA) Tax Increment Financing Program for two years, from July 1, 2001 to July 1, 2003. Under this program, CDA has the authority to finance a project if it can generate enough incremental sales, admission, and dues tax revenue to repay the debt service on the bonds issued to finance the project.

EFFECTIVE DATE: July 1, 2001

COMMITTEE ACTION

Commerce Committee

Joint Favorable Report

Yea 23 Nay 0