



House of Representatives

General Assembly

File No. 347

January Session, 2001

Substitute House Bill No. 6595

House of Representatives, April 18, 2001

The Committee on Planning and Development reported through REP. DAVIS of the 50th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CREATING AN ECONOMIC DEVELOPMENT PROGRAM FOR SMALL TOWNS.

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

1 Section 1. (NEW) (a) As used in this section:

2 (1) "Economic development project" means a business development
3 project, as defined in section 32-222 of the general statutes, cultural
4 heritage projects and downtown improvements; and

5 (2) "Small town" means a municipality that is not classified as a
6 public investment community pursuant to section 7-545 of the general
7 statutes and does not qualify for financial assistance under section 4-
8 66c of the general statutes.

9 (b) There is established within the Department of Economic and
10 Community Development a program providing grants for economic
11 development projects in small towns that are identified in a plan of

12 economic development that has been approved by the resolution of the
13 legislative body of the small town.

14 (c) During the six-month period beginning July 1, 2001, small towns
15 may submit an application in the form and manner prescribed by the
16 Commissioner of Economic and Community Development. Each
17 application shall include a plan of economic development for the small
18 town that has been approved by resolution of the legislative body of
19 such small town and that identifies specific economic development
20 projects.

21 (d) On or before January 1, 2002, the commissioner shall review all
22 applications timely received pursuant to this section, may approve
23 such applications and provide grants to small towns for economic
24 development projects. Grants may be used for strategic economic
25 development planning, downtown revitalization, infrastructure
26 improvements critical to economic development and historic or
27 cultural assets linked to economic development. In approving grants
28 under this section the commissioner may take into account the
29 differing needs of small towns, the need for consistency and equity in
30 the distribution of grant awards and the extent to which particular
31 economic development projects may advance the purposes of this
32 section.

33 (e) A small town may use grants awarded under this section for
34 grants, loans or micro-loans for economic development projects
35 identified in the plan submitted under this section.

36 Sec. 2. (a) For the purposes described in subsection (b) of this
37 section, the State Bond Commission shall have the power, from time to
38 time, to authorize the issuance of bonds of the state in one or more
39 series and in principal amounts not exceeding in the aggregate fifty
40 million dollars.

41 (b) The proceeds of the sale of said bonds, to the extent of the

42 amount stated in subsection (a) of this section, shall be used by the
43 Department of Economic and Community Development for the
44 purpose of financial assistance to small towns pursuant to section 1 of
45 this act.

46 (c) All provisions of section 3-20 of the general statutes, or the
47 exercise of any right or power granted thereby, which are not
48 inconsistent with the provisions of this section are hereby adopted and
49 shall apply to all bonds authorized by the State Bond Commission
50 pursuant to this section, and temporary notes in anticipation of the
51 money to be derived from the sale of any such bonds so authorized
52 may be issued in accordance with said section 3-20 and from time to
53 time renewed. Such bonds shall mature at such time or times not
54 exceeding twenty years from their respective dates as may be provided
55 in or pursuant to the resolution or resolutions of the State Bond
56 Commission authorizing such bonds. None of said bonds shall be
57 authorized except upon a finding by the State Bond Commission that
58 there has been filed with it a request for such authorization which is
59 signed by or on behalf of the Secretary of the Office of Policy and
60 Management and states such terms and conditions as said commission,
61 in its discretion, may require. Said bonds issued pursuant to this
62 section shall be general obligations of the state and the full faith and
63 credit of the state of Connecticut are pledged for the payment of the
64 principal of and interest on said bonds as the same become due, and
65 accordingly and as part of the contract of the state with the holders of
66 said bonds, appropriation of all amounts necessary for punctual
67 payment of such principal and interest is hereby made, and the State
68 Treasurer shall pay such principal and interest as the same become
69 due.

70 Sec. 3. This act shall take effect July 1, 2001.

PD JOINT FAVORABLE SUBST.

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: Cost

Affected Agencies: Department of Economic and Community Development

Municipal Impact: Potential Revenue Gain

Explanation

State Impact:

Establishing a \$50 million dollar grant program for small towns will increase costs to the Department of Economic and Community Development (DECD). It is anticipated that DECD will need additional staff or resources of approximately \$75,000-\$100,000 for the six month period for review of applications for grants from the eligible municipalities.

The bill also authorizes \$50 million in General Obligation (GO) bond funds for the new grant program. The cost to bond \$50 million at 5.5% over 20 years is \$28,875,000.

Municipal Impact:

Eligible towns that receive grants would incur a revenue gain. The exact municipalities that would receive grants is indeterminate at this time, but 117 towns qualify.

OLR BILL ANALYSIS

sHB 6595

AN ACT CREATING AN ECONOMIC DEVELOPMENT PROGRAM FOR SMALL TOWNS.

SUMMARY:

This bill authorizes \$50 million in bonds for grants to eligible small towns for certain economic development projects. Towns are eligible to apply for the grants if they are not eligible for urban action grants and are not designated as public investment communities. Towns may use the grants for strategic economic development planning, downtown revitalization, infrastructure improvements critical to economic development, and historic and cultural assets linked to economic development. They can use them to make grants, loans, and micro-loans for projects identified in locally approved economic development plans.

The Department of Economic and Community Development (DECD) administers the program. It must accept applications between July 1 and December 31, 2001 and review them by December 31st. The commissioner must prescribe application forms and procedures. Each town's application must include an economic development plan that identifies specific projects and has been approved by its legislative body. In approving grant applications, the commissioner may consider differing needs of small towns, the need for consistency and equity in distributing grants, and the extent to which particular projects may advance the bill's purposes.

EFFECTIVE DATE: July 1, 2001

ELIGIBLE TOWNS

Towns that do not qualify for urban action funds and that are not classified as public investment communities can apply for and receive grants under the bill. One hundred seventeen (117) towns could be

eligible; 52 towns are currently qualified for urban action roads. Public investment communities, designated distressed municipalities, and towns that are classified as “urban centers” in the State Plan of Conservation and Development automatically qualify for urban action funds that are funneled through existing agency programs. (The current Plan of Conservation and Development uses the term “regional centers” in place of urban centers.) Towns can also receive urban action funds for a project that meets statutory criteria, which include revitalizing an urban area’s economic base, revitalizing urban neighborhoods, protecting or increasing jobs for inner city residents, or revitalizing the quality of urban life.

ELIGIBLE PROJECTS

The bill makes eligible for grants:

1. cultural heritage projects;
2. downtown improvements; and
3. business development projects, as defined in the Manufacturing Assistance Act, that involve (a) new construction or renovation of an idle manufacturing or economic-base business facility, (b) the acquisition of such a facility that has been idle for at least one year, (c) the acquisition of new manufacturing machinery and equipment costing over \$200,000 for use by certain types of business, or (d) the acquisition, improvement, demolition, or remediation of real property for use by a manufacturing or economic-base business.

A business development project must also create new jobs; promote economic diversification in areas that are dependent on defense industries; help avoid an imminent plant closure or relocation or help the area to recover from one; support research and development or commercialization of products, processes, or technologies; promote community conservation, development, or urban quality of life improvement; or promote the revitalization of underused, state-owned railroad depots and adjoining property.

The projects must be part of an economic development plan that the town’s legislative body has approved.

BACKGROUND***Towns Qualified for Urban Action Bond Funds***

Town	Distressed Municipality	Public Investment Community	Regional Center
Ansonia	X	X	X
Bloomfield		X	
Bridgeport	X	X	X
Bristol		X	X
Brooklyn		X	
Canterbury		X	
Colchester		X	
Danbury			X
Derby	X	X	X
East Hampton		X	
East Hartford	X	X	X
East Haven	X		X
East Windsor		X	
Enfield		X	X
Griswold	X	X	X
Groton		X	X
Hamden		X	
Hartford	X	X	X
Killingly	X	X	X
Lisbon		X	
Manchester		X	X
Meriden	X	X	X
Middletown	X	X	X
Milford		X	
Montville		X	
Naugatuck		X	
New Britain	X	X	X
New Haven	X	X	X
New London	X	X	X
Norwalk	X		X
Norwich	X	X	X

Plainfield		X	
Plainville		X	
Plymouth		X	
Putnam		X	
Seymour		X	
Southington	X		
Sprague		X	
Stafford		X	
Stamford	X		X
Sterling		X	
Stratford		X	
Thomaston		X	
Thompson		X	
Torrington		X	X
Vernon		X	X
Voluntown		X	
Waterbury	X	X	X
West Hartford			X
West Haven		X	X
Winchester		X	
Windham	X	X	X

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 0