



## Senate

General Assembly

**File No. 149**

February Session, 2002

Substitute Senate Bill No. 296

*Senate, March 26, 2002*

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING THE EXPENSES OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT.***

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

1 Section 1. Subsection (d) of section 32-223 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2002*):

4 (d) Financial assistance whether provided directly to eligible  
5 applicants or indirectly in the form of the department's purchase of a  
6 participation interest in a loan made by the Connecticut Development  
7 Authority under sections 32-220 to 32-234, inclusive, as amended, may  
8 be used for (1) the planning of a municipal development project or  
9 business development project, including, but not limited to, the  
10 reasonable cost of feasibility studies, engineering, appraisals, market  
11 studies and related activities; (2) the acquisition of real property,  
12 machinery or equipment, or any combination thereof, provided such  
13 financial assistance shall not exceed fair market value; [or] (3) the

14 construction of site and infrastructure improvements relating to a  
15 municipal development or business development project; (4) the  
16 construction, renovation and demolition of buildings; (5) relocation  
17 expenses for the purpose of assisting a manufacturing or other  
18 economic base business to locate, construct, renovate or acquire a  
19 facility; (6) any economic cluster-related use as determined by the  
20 commissioner; or ~~[(6)]~~ (7) such other reasonable expenses necessary or  
21 appropriate for the initiation, implementation and completion of the  
22 project, including, but not limited to: (A) Administrative expenses of  
23 the eligible applicant, and (B) business support services in conjunction  
24 with another state agency when such agency does not provide  
25 adequate funds for such services or when no other state agency  
26 provides such services. The department may purchase participation  
27 interests in loans made by the Connecticut Development Authority for  
28 the foregoing purposes. All relocation assistance provided under  
29 sections 32-220 to 32-234, inclusive, as amended, to persons residing in  
30 the project area shall be in conformance with chapter 135.

31 Sec. 2. Subsection (b) of section 4-66c of the general statutes, as  
32 amended by section 1 of public act 01-7 of the June special session, is  
33 repealed and the following is substituted in lieu thereof (*Effective*  
34 *October 1, 2002*):

35 (b) The proceeds of the sale of said bonds, to the extent hereinafter  
36 stated, shall be used, subject to the provisions of subsections (c) and (d)  
37 of this section, for the purpose of redirecting, improving and  
38 expanding state activities which promote community conservation and  
39 development and improve the quality of life for urban residents of the  
40 state as hereinafter stated: (1) For the Department of Economic and  
41 Community Development: Economic and community development  
42 projects, including, but not limited to, administrative costs and  
43 expenses relating to the provisions of sections 22a-1 to 22a-1i,  
44 inclusive, incurred by the Department of Economic and Community  
45 Development, not exceeding eighty-one million three hundred  
46 thousand dollars, one million dollars of which shall be used for a grant  
47 to the development center program and the nonprofit business

48 consortium deployment center approved pursuant to section 32-411  
49 provided two million dollars of said authorization shall be effective  
50 July 1, 2002; (2) for the Department of Transportation: Urban mass  
51 transit, not exceeding two million dollars; (3) for the Department of  
52 Environmental Protection: Recreation development and solid waste  
53 disposal projects, not exceeding one million nine hundred ninety-five  
54 thousand nine hundred two dollars; (4) for the Department of Social  
55 Services: Child day care projects, elderly centers, shelter facilities for  
56 victims of domestic violence, emergency shelters and related facilities  
57 for the homeless, multipurpose human resource centers and food  
58 distribution facilities, not exceeding thirty-nine million one hundred  
59 thousand dollars, provided four million dollars of said authorization  
60 shall be effective July 1, 1994; (5) for the Department of Economic and  
61 Community Development: Housing projects, not exceeding three  
62 million dollars; (6) for the Office of Policy and Management: (A)  
63 Grants-in-aid to municipalities for a pilot demonstration program to  
64 leverage private contributions for redevelopment of designated  
65 historic preservation areas, not exceeding one million dollars; (B)  
66 grants-in-aid for urban development projects including economic and  
67 community development, transportation, environmental protection,  
68 public safety, children and families and social services projects and  
69 programs, including, in the case of economic and community  
70 development projects administered on behalf of the Office of Policy  
71 and Management by the Department of Economic and Community  
72 Development, administrative costs incurred by the Department of  
73 Economic and Community Development, not exceeding eight hundred  
74 twenty-five million three hundred thousand dollars, provided one  
75 hundred forty million dollars of said authorization shall be effective  
76 July 1, 2002. Five million dollars of the grants-in-aid authorized in  
77 subparagraph (B) of subdivision (6) of this subsection may be made  
78 available to private nonprofit organizations for the purposes described  
79 in said subparagraph (B). Five million dollars of the grants-in-aid  
80 authorized in subparagraph (B) of subdivision (6) of this subsection  
81 may be made available for necessary renovations and improvements of  
82 libraries.

This act shall take effect as follows:	
Section 1	<i>October 1, 2002</i>
Sec. 2	<i>October 1, 2002</i>

**Statement of Legislative Commissioners:**

In subsection (d) of section 1, "or" was changed to "[or]" to correct grammar.

**CE**      *Joint Favorable Subst.-LCO*

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:**

Fund-Type	Agency Affected	FY 03 \$	FY 04 \$
GO Bond Funds - Cost	Department of Economic Development	See Below	See Below

**Municipal Impact:** None

**Explanation**

To the extent that explicitly allowing the Department of Economic and Community Development (DECD) to use Manufacturing Assistance Act (MAA) bond funds to support economic clusters increases the use of the funds, funds could be diverted from other projects or additional future bond authorizations could be necessary. The MAA bond fund balance is \$68.2 million as of the February bond commission meeting.

To the extent that allowing the DECD to use Urban Action bond funds to determine how projects funded with these dollars affect the environment, increases the use of the fund, funds could be diverted from other projects or additional future authorizations could be necessary. The Urban Action bond fund balance is \$11.7 million as of the February bond commission meeting.

**OLR Bill Analysis**

sSB 296

***AN ACT CONCERNING THE EXPENSES OF THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT*****SUMMARY:**

This bill explicitly allows the economic and community development commissioner to use Manufacturing Assistance Act (MAA) funds to support economic clusters, which are groups of companies with common markets, products, suppliers, trade associations, and educational institutions. The commissioner has used these funds to help clusters organize and devise strategies to address their common interests, needs, and concerns. MAA mostly finances physical development projects.

The bill also allows the commissioner to use Urban Action bond funds to assess how economic and community development projects he finances with these funds affect the environment. The Connecticut Environmental Policy Act requires all state agencies to perform these assessments. After completing an assessment, they must either prepare a finding of no significant impact or environmental impact statement giving details about the project and its potential environmental effects.

EFFECTIVE DATE: October 1, 2002

**BACKGROUND*****Cluster Initiative***

The state began to identify and organize industry clusters after a 1998 task force identified six industry areas essential to the state's long-term economic competitiveness: manufacturing, financial services, telecommunications and information, health care services, high technology, and tourism. Since then, businesses within these sectors have organized themselves into different clusters and developed strategies to address their common needs. They have formed clusters in bioscience, aerospace components, software and information technology, metals manufacturing, maritime, and plastics.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Report

Yea 25    Nay 0