



General Assembly

Amendment

February Session, 2002

LCO No. 5046

HB0540205046HD0

Offered by:

REP. DONOVAN, 84th Dist.

REP. MURPHY, 81st Dist.

To: Subst. House Bill No. 5402

File No. 386

Cal. No. 242

**"AN ACT CLARIFYING THE PENALTY ON APPLICATIONS FOR
FINANCIAL ASSISTANCE FROM QUASI-PUBLIC AGENCIES."**

1 Strike everything after the enacting clause and insert the following
2 in lieu thereof:

3 "Section 1. (NEW) (*Effective July 1, 2002*) As used in sections 1 to 5,
4 inclusive, of this act:

5 (1) "Awarding authority" means the Commissioner of Economic and
6 Community Development, the board of directors of the Connecticut
7 Development Authority, the board of directors of Connecticut
8 Innovations, Incorporated, and the head of any other quasi-public
9 agency, as defined in section 1-120 of the general statutes, as amended,
10 and any state agency authorized to award state assistance, as defined
11 in subdivision (2) of this section.

12 (2) "State assistance" means any grant, loan, loan guarantee or
13 issuance of tax benefit not of general applicability for the purpose of

14 economic development that is (A) made to a business entity operated
15 for profit, and (B) in an amount greater than one million dollars or
16 that, if added to any other such state assistance made to the same
17 business entity during the preceding two years, would total greater
18 than one million dollars.

19 Sec. 2. (NEW) (*Effective July 1, 2002*) (a) The terms and conditions of
20 any agreement for state assistance under any program of the general
21 statutes to a business entity operated for profit administered by the
22 Department of Economic and Community Development, Connecticut
23 Development Authority and Connecticut Innovations, Incorporated,
24 shall include provisions for (1) specific goals for the creation and
25 retention of full-time and part-time jobs and for periodic reports by the
26 recipient on progress in achieving such goals if the primary purpose of
27 the state assistance is job creation or retention, and (2) a requirement
28 that an applicant for any type of state assistance, except grants and
29 loans of a term of less than one year, provide the agency with
30 appropriate security for such financial assistance, including, but not
31 limited to, a letter of credit, a lien on real property or a security interest
32 in goods, equipment, inventory or other property of any kind and that
33 the recipient of such state assistance will remain in substantial material
34 compliance with state and federal law.

35 (b) If a recipient fails to create or retain the number of jobs in this
36 state stipulated in an agreement for state assistance and such failure is
37 due to circumstances within the control of such recipient, the recipient
38 shall repay an amount that is in proportion to the number of jobs that
39 it failed to create or retain unless the awarding authority deems it is in
40 the best interests of the state or the community in which the recipient
41 is located to revise such job creation goals. In such event, the parties
42 shall enter into a revised agreement subject to the approvals required
43 by subsection (c) of this section. Upon request of the awarding
44 authority, a recipient shall provide information necessary to determine
45 compliance with this section, including information showing the
46 compensation paid to employees on jobs created as a result of the state
47 assistance.

48 (c) The awarding authority, in its discretion, may modify the terms
49 and conditions of any state assistance, including, but not limited to,
50 forgiveness of repayment of a loan, revision of job creation and
51 retention goals or changes to interest rates, provided such awarding
52 authority notifies the State Bond Commission or the appropriate board
53 of directors, if any, of the modification.

54 Sec. 3. (NEW) (*Effective October 1, 2002*) If an awarding authority
55 finds that a recipient of state assistance is not in substantial compliance
56 with any other provision of the agreement and such noncompliance is
57 within the recipient's control, the awarding authority shall provide
58 written notice, by registered mail, to the recipient and shall order the
59 recipient to come into compliance with such agreement not less than
60 one hundred eighty days following receipt of such notice. Failure to
61 comply with reporting requirements set forth in such agreement shall
62 constitute a default. If the recipient fails to come into compliance with
63 such agreement within the one-hundred-eighty-day period, the
64 awarding authority may (1) rescind the agreement and require that the
65 state be made whole by the repayment by the recipient of (A) the
66 amount of any grant made, (B) the amount of any loan outstanding,
67 including any interest necessary to make the state whole, or (C) the
68 amount of any tax benefit received, or (2) impose a penalty on such
69 recipient, for the period of failure to comply, at the rate of one per cent
70 per month or any part thereof of the amount of the grant, tax benefit or
71 loan outstanding. The awarding authority may foreclose on any
72 collateral or bond related to such grant, tax benefit or loan for the
73 purpose of payment of such penalty and any costs incurred by the
74 awarding authority in connection with collection of such penalty.

75 Sec. 4. (NEW) (*Effective July 1, 2002*) If the terms and conditions of an
76 agreement for state assistance, except an agreement for grants only,
77 provide for security, the awarding authority providing such state
78 assistance shall have a lien on such security in an amount equal to the
79 amount that is due on such state assistance or other appropriate
80 security for such financial assistance. Any such lien shall have priority
81 over all other subsequent liens except state tax liens, except if the

82 awarding authority determines it is not in the best interests of the state
83 to have such priority. The awarding authority shall notify the State
84 Bond Commission or the appropriate board of directors, if any, of such
85 determination."

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>
Sec. 3	<i>October 1, 2002</i>
Sec. 4	<i>July 1, 2002</i>