



Senate

General Assembly

File No. 19

January Session, 2003

Senate Bill No. 848

Senate, March 14, 2003

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the 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2 repealed and the following is substituted in lieu thereof (*Effective*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, 2003*):

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, may be used for
8 (1) the planning of a municipal development project or business
9 development project, including, but not limited to, the reasonable cost
10 of feasibility studies, engineering, appraisals, market studies and
11 related activities; (2) the acquisition of real property, machinery or
12 equipment, or any combination thereof, provided such financial
13 assistance shall not exceed fair market value; or (3) the construction of

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

31 Sec. 2. Subsection (b) of section 4-66c of the general statutes is
32 repealed and the following is substituted in lieu thereof (*Effective*
33 *October 1, 2003*):

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

48 pursuant to section 32-411 and provided seven million dollars of said
49 authorization shall be effective July 1, 2003; (2) for the Department of
50 Transportation: Urban mass transit, not exceeding two million dollars;
51 (3) for the Department of Environmental Protection: Recreation
52 development and solid waste disposal projects, not exceeding one
53 million nine hundred ninety-five thousand nine hundred two dollars;
54 (4) for the Department of Social Services: Child day care projects,
55 elderly centers, shelter facilities for victims of domestic violence,
56 emergency shelters and related facilities for the homeless,
57 multipurpose human resource centers and food distribution facilities,
58 not exceeding thirty-nine million one hundred thousand dollars,
59 provided four million dollars of said authorization shall be effective
60 July 1, 1994; (5) for the Department of Economic and Community
61 Development: Housing projects, not exceeding three million dollars;
62 (6) for the Office of Policy and Management: (A) Grants-in-aid to
63 municipalities for a pilot demonstration program to leverage private
64 contributions for redevelopment of designated historic preservation
65 areas, not exceeding one million dollars; (B) grants-in-aid for urban
66 development projects including economic and community
67 development, transportation, environmental protection, public safety,
68 children and families and social services projects and programs,
69 including, in the case of economic and community development
70 projects administered on behalf of the Office of Policy and
71 Management by the Department of Economic and Community
72 Development, administrative costs incurred by the Department of
73 Economic and Community Development, not exceeding seven
74 hundred eighty-five million three hundred thousand dollars, provided
75 one hundred million dollars of said authorization shall be effective
76 July 1, 2003. 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. Five million dollars of the grants-in-aid authorized in

83 subparagraph (B) of subdivision (6) of this subsection shall be made
84 available for small business gap financing.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>
Sec. 2	<i>October 1, 2003</i>

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:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Department of Economic and Community Development	GO Bond Funds - Cost	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 \$59.3 million as of the December 2002 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. Costs associated with reviews average approximately 3% of the total cost of a project. There are currently no DECD Urban Action bond funds available.

OLR Bill Analysis

SB 848

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) bond funds to support economic clusters, which are groups of companies with common markets, products, suppliers, trade associations, and educational institutions. The commissioner has used the 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 Act 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 an environmental impact statement giving details about the project and its potential environmental effects.

EFFECTIVE DATE: October 1, 2003

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 tourism, bioscience, aerospace, software and information technology, metals manufacturing, maritime, and plastics.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Report
Yea 20 Nay 0