



House of Representatives

General Assembly

File No. 249

January Session, 2005

House Bill No. 5907

House of Representatives, April 11, 2005

The Committee on Commerce reported through REP. BERGER of the 73rd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING ASSISTANCE FOR DEFENSE MANUFACTURERS' SUPPLIERS.

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

1 Section 1. Subsection (b) of section 32-235 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2005*):

4 (b) The proceeds of the sale of said bonds, to the extent of the
5 amount stated in subsection (a) of this section, shall be used by the
6 Department of Economic and Community Development for the
7 purposes of sections 32-220 to 32-234, inclusive, including economic
8 cluster-related programs and activities, and for the Connecticut job
9 training finance demonstration program pursuant to sections 32-23uu
10 and 32-23vv provided, (1) three million dollars shall be used by said
11 department solely for the purposes of section 32-23uu and not more
12 than five million two hundred fifty thousand dollars of the amount
13 stated in said subsection (a) may be used by said department for the

14 purposes of section 31-3u, (2) not less than one million dollars shall be
15 used for an educational technology grant to the deployment center
16 program and the nonprofit business consortium deployment center
17 approved pursuant to section 32-41l, (3) not less than two million
18 dollars shall be used by said department for the establishment of a
19 pilot program to make grants to businesses in designated areas of the
20 state for construction, renovation or improvement of small
21 manufacturing facilities provided such grants are matched by the
22 business, a municipality or another financing entity. The commissioner
23 shall designate areas of the state where manufacturing is a substantial
24 part of the local economy and shall make grants under such pilot
25 program which are likely to produce a significant economic
26 development benefit for the designated area, [and] (4) five million
27 dollars may be used by said department for the manufacturing
28 competitiveness grants program, and (5) one million dollars shall be
29 used by said department for the purpose of a grant to the Connecticut
30 State Technology Extension Program, known as CONNSTEP, for the
31 purposes of section 2 of this act.

32 Sec. 2. (NEW) (*Effective July 1, 2005*) The Connecticut State
33 Technology Extension Program, known as CONNSTEP, shall establish
34 a Connecticut Center for Supply Chain Integration to assist at risk
35 small and medium-sized manufacturers in the state that are suppliers
36 for defense manufacturers, to adopt the digital technology and
37 business practices needed to fully participate in the next generation
38 defense supply base. The center shall provide technical and business
39 assistance and training to help such suppliers (1) adopt the state-of-
40 the-market digital manufacturing and information technologies and
41 best business practices and techniques, and (2) eliminate waste caused
42 by poor information flow and counterproductive business practices
43 across multiple buyer and supplier relationships. The center shall work
44 with other state and national resources, including the Connecticut
45 Center for Advanced Technology, the New England Manufacturing
46 Supply Chain Initiative, the National Center for Aerospace Leadership
47 and educational institutions, to help suppliers that are transitioning
48 from a commodity-oriented business model into a value added

49 technology-based model of component and service integration. The
50 center shall carry out the purposes of this section by providing
51 training, on-site assistance and facilities and equipment for suppliers.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	32-235(b)
Sec. 2	<i>July 1, 2005</i>	New section

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-Effect
Treasurer, Debt Serv.	GF - Potential Cost

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill has no immediate fiscal impact because it does not authorize additional General Obligation (GO) bonds for the Manufacturing Assistance Act Program. To the degree that increasing the purposes for which these funds may be used causes GO bond funds to be expended more rapidly than they otherwise would have been, there will be an increase in debt service costs in future years. The unallocated balance for the Manufacturing Assistance Act Program as of 3/31/05 is \$48.6 million.

OLR Bill Analysis

HB 5907

AN ACT CONCERNING ASSISTANCE FOR DEFENSE MANUFACTURERS' SUPPLIERS**SUMMARY:**

This bill permits \$1 million in previously authorized bond funds to help certain manufacturers adopt new production technologies and techniques. The Department of Economic and Community Development (DECD) must grant the funds to the Connecticut State Technology Extension Program (Connstep) for this purpose. It must obtain the funds from the proceeds of the bonds issued for its Manufacturing Assistance Act Program.

Connstep must target small- and medium-sized manufacturers who are at risk of losing contracts with larger defense manufacturers for supplying parts and services. It must do this by establishing and operating a center that helps suppliers keep up with their customers' changing needs and demands. The center must train suppliers, assist them at their worksites, and provide facilities and equipment for them. Connstep must run the center in collaboration with other state and national organizations.

EFFECTIVE DATE: July 1, 2005

CONNECTICUT CENTER FOR SUPPLY CHAIN INTEGRATION

Connstep must establish a center to help to which small- and medium-sized manufacturers meet the changing needs and requirements of the their larger, defense-manufacturing customers. Its technical and business assistance and training programs must help them:

1. adopt state-of-the-market digital manufacturing and information technologies and best business practices and techniques and
2. eliminate waste that results from a lack of timely information and counter-productive relationships with their customers and other suppliers.

The center must collaborate with other state and national organizations on helping these manufacturers transition from “a commodity-oriented business model into a value-added technology-based model for component and service integration.” These organizations include educational institutions and the Connecticut Center for Advanced Technologies, the New England Manufacturing Supply Chain Initiative, and the National Center for Aerospace Leadership.

BACKGROUND

Connstep

Connstep is administered by Connecticut Technology Associates, a privately funded nonprofit organization. It current receives funding from DECD and the U. S. Department of Commerce's National Institute of Standards and Technology. While most economic development programs provide funds to build or expand facilities or purchase new equipment, Connstep helps small- and medium-sized manufacturers identify, assess, and solve costly production problems. It mainly serves small manufacturers who do not have the time or expertise to evaluate their operation.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Report
Yea 25 Nay 0