



Senate

General Assembly

File No. 520

January Session, 2005

Senate Bill No. 1105

Senate, April 26, 2005

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT EXTENDING THE PROGRAM AUTHORIZING BOND FUNDS FOR INFORMATION TECHNOLOGY PROJECTS AND REMEDIATION PROJECTS AND THE TAX INCREMENTAL FINANCING PROGRAM.

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

1 Section 1. Subsection (f) of section 32-23zz of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (f) No commitments for new projects shall be approved by the
5 authority under this section on or after July 1, [2005] 2008.

6 Sec. 2. Subsection (k) of section 32-285 of the general statutes is
7 repealed and the following is substituted in lieu thereof (*Effective from*
8 *passage*):

9 (k) No commitments for new projects shall be approved by the
10 authority under this section on or after July 1, [2005] 2008.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	32-23zz(f)
Sec. 2	<i>from passage</i>	32-285(k)

CE *Joint Favorable C/R*

FIN

FIN *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
CT. Development Auth. (quasi-public)	See Below

Municipal Impact:

Municipalities	Effect
Various Municipalities	Potential Grand List Expansion

Explanation

Extending the sunset date for the Tax Incremental Financing (TIF) Program from 7/1/05 to 7/1/08 may result in costs to the Connecticut Development Authority (CDA) if towns submit applications for TIF projects that do not subsequently receive funding. Under the program, towns are required to reimburse the agency for expenses associated with the statutory evaluation process, including a financial assessment, a revenue impact assessment and legal fees. However if for any reason the project does not receive TIF funding, the agency’s costs are not reimbursed. Based on data from 4 previous projects that received TIF financing, the agency’s costs are approximately 2.4% of the total amount of bonds issued for the project. It should be noted that in FY 99 CDA evaluated an application for \$28 million in TIF financing from the City of New Haven for the Long Wharf Project. The cost to the agency to evaluate the project was \$111,664 but the expenses were not reimbursed because the application was withdrawn.

Extending the sunset date from 7/1/05 to 7/1/08 for the Connecticut Development Authority (CDA) to issue debt on behalf of a municipality has no direct fiscal impact to the state because the bonds

would not be secured by the full faith and credit of the state and must be issued without a special capital reserve fund that would have made the state contingently liable.

Municipal

To the extent that CDA issuing bonds on behalf of municipalities for projects they sponsor enhances the ability of IT and industrial site development projects to be financed, there is a potential for grand list expansion in those municipalities.

OLR Bill Analysis

SB 1105

AN ACT EXTENDING THE PROGRAM AUTHORIZING BOND FUNDS FOR INFORMATION TECHNOLOGY PROJECTS AND REMEDIATION PROJECTS AND THE TAX INCREMENTAL FINANCING PROGRAM**SUMMARY:**

This bill extends, from July 1, 2005 to July 1, 2008, the Connecticut Development Authority's (CDA) ability to finance projects through two funding mechanisms. Both mechanisms use the new taxes a completed project generates to repay the bonds CDA sold to finance its development.

One mechanism repays bonds CDA sells to finance projects that clean up and redevelop contaminated property or that make extensive use of information technologies. It uses a project's revenues and the new property taxes it generates to repay the bonds. The other mechanism repays bonds CDA sells for large-scale projects that create new jobs or stimulate significant business activity, by using the incremental sales tax revenue the project generates.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Commerce Committee

Joint Favorable Change of Reference

Yea 25 Nay 0

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 47 Nay 0