



House of Representatives

General Assembly

File No. 210

February Session, 2006

Substitute House Bill No. 5438

House of Representatives, March 29, 2006

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

AN ACT CONCERNING ENTERPRISE ZONE REPORTING.

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

1 Section 1. Section 32-70a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2006*):

3 (a) On or before [October 1, 1993] July 1, 2006, the Commissioner of
4 Economic and Community Development shall [adopt] establish goals
5 for enterprise zones designated under section 32-70. The commissioner
6 shall review such goals every five years and update them as necessary
7 and appropriate. Such goals shall include, but not be limited to,
8 increasing private investment, expanding the tax base, providing job
9 training and job creation for residents of enterprise zones and reducing
10 property abandonment and housing blight in enterprise zones.

11 (b) On or before [January 1, 1994] July 1, 2006, the Commissioner of
12 Economic and Community Development shall [adopt] establish
13 performance standards to measure the progress of municipalities with
14 enterprise zones in attaining the goals for enterprise zones established

15 under subsection (a) of this section. The commissioner shall review
16 and update such performance standards as appropriate and necessary.

17 (c) On or before ~~[July 1, 1994]~~ July 1, 2011, and ~~[annually]~~ every five
18 years thereafter, each municipality in which an enterprise zone is
19 located shall electronically submit, in a format determined by the
20 commissioner, a report to the commissioner evaluating the progress of
21 the municipality in meeting the performance standards established
22 under subsection (b) of this section. Each municipal report shall
23 include, but not be limited to, a list of all businesses certified within the
24 municipality's enterprise zone, which shall include, but not be limited
25 to:

26 (1) The name of the business;

27 (2) The enterprise zone address of each business;

28 (3) The date on which the business was first certified;

29 (4) The number of full-time jobs the business had at the time of
30 application;

31 (5) The number of part-time jobs the business had at the time of
32 application;

33 (6) The number of full-time jobs of the business filled by residents of
34 the enterprise zone as of June thirtieth of each year since certification;

35 (7) The number of part-time jobs of the business filled by residents
36 of the enterprise zone as of June thirtieth of each year since
37 certification;

38 (8) The number of full-time jobs the business had as of June thirtieth
39 of each year since certification;

40 (9) The number of part-time jobs the business had as of June
41 thirtieth of each year since certification;

42 (10) The average annual wage paid by the business to its full-time

43 employees as of June thirtieth of each year since certification;

44 (11) The average annual wage paid by the business to its part-time
45 employees as of June thirtieth of each year since certification;

46 (12) The number of employees of the business eligible for health
47 benefits as of June thirtieth of each year since certification;

48 (13) The per cent of average employee contribution to the health
49 plan of the business as of June thirtieth of each year since certification;

50 (14) The amount invested by the business in job training as of June
51 thirtieth of each year since certification;

52 (15) The amount of square footage of the building or buildings
53 residing at the enterprise zone address at the time of application;

54 (16) The amount of square footage of the building or buildings
55 residing at the enterprise zone address as of June thirtieth of each year
56 since certification;

57 (17) The amount invested by the business or property owner in the
58 building or buildings residing at the enterprise zone address as of June
59 thirtieth of each year since certification;

60 (18) The amount invested in personal property, excluding
61 machinery and equipment used in the manufacture of goods, as of
62 June thirtieth of each year since certification;

63 (19) The amount invested in machinery and equipment used in the
64 manufacture of goods as of June thirtieth of each year since
65 certification;

66 (20) The amount of the personal property tax abatement awarded to
67 the business as of June thirtieth of each year since certification;

68 (21) The amount of the real property tax abatement awarded to the
69 business as of June thirtieth of each year since certification;

70 (22) The amount of personal property tax actually paid by the
 71 business to the municipality as of June thirtieth of each year since
 72 certification; and

73 (23) The amount of real property tax actually paid by the business to
 74 the municipality as of June thirtieth of each year since certification.

75 (d) On or before [January 1, 1995] February 1, 2011, the
 76 commissioner shall assess the performance of each enterprise zone. In
 77 making such assessment the commissioner shall consider the report
 78 submitted under subsection (c) of this section by the municipality in
 79 which the enterprise zone is located and any other information he
 80 deems relevant. The commissioner shall [submit a copy of his
 81 assessment to the municipality along with] report the findings of said
 82 assessment and any recommendations for improvement in the
 83 performance of the enterprise zone in the Department of Economic and
 84 Community Development's annual report.

85 (e) On or before [January 1, 1998] January 1, 2013, the commissioner
 86 shall assess the performance of each enterprise zone and [,
 87 notwithstanding the provisions of section 32-70, may remove] may
 88 recommend to the joint standing committee of the General Assembly
 89 having cognizance of all matters relating to the Department of
 90 Economic and Community Development, the Connecticut
 91 Development Authority and Connecticut Innovations, Incorporated,
 92 that the designation be removed if he determines that the enterprise
 93 zone has not met performance standards established under subsection
 94 (b) of this section. Upon such recommendation, the General Assembly
 95 may remove the designation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2006	32-70a

CE *Joint Favorable Subst.*

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	FY 07 \$	FY 08 \$
Department of Economic & Community Development	GF - Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 07 \$	FY 08 \$
Various Municipalities	Cost	Potential Minimal	Potential Minimal

Explanation

The establishment, updates, and review of standards and goals for enterprise zones by the Department of Economic and Community Development (DECD), as well as the increased future reporting requirements, are anticipated to minimally increase the DECD workload within existing resources.

The bill also adds additional information to be reported by municipalities with enterprise zones on or before July 1, 2011. These municipalities are currently required to report to DECD on their enterprise zones. The workload is anticipated to be minimal and handled within municipal resources.

The Out Years

The ongoing workload impact identified above would continue into the future.

OLR Bill Analysis

sHB 5438

AN ACT CONCERNING ENTERPRISE ZONE REPORTING.

SUMMARY:

This bill revises the system for evaluating the state's 17 enterprise zones, areas where businesses receive tax benefits for developing facilities, acquiring machinery and equipment, and creating jobs. The bill sets deadlines for the economic and community development commissioner to adopt goals and standards for the zones and to evaluate their performance. It also specifies the kind of data enterprise zone towns must report to the commissioner and allows the legislature to remove a zone's designation if he recommends it.

EFFECTIVE DATE: July 1, 2006

GOALS AND PERFORMANCE STANDARDS

The bill requires the commissioner to reestablish goals for each zone, review them every five years, and update them as necessary. He must begin doing this by July 1, 2006. The law required him to establish goals by October 1, 1993. The commissioner must also reestablish standards for assessing the zones' performance by July 1, 2006 and review and update them as appropriate and necessary. The law required him to do this by January 1, 1994.

ENTERPRISE ZONE REPORTING REQUIREMENTS

Current law requires towns to submit annual reports evaluating the zones based on the commissioner's performance standards. The bill requires towns to submit a report containing specific types of data for each business the commissioner approved for enterprise zone tax benefits. They must submit the report electronically in a format the commissioner determines by July 1, 2011.

The report must provide the name and address of each business and the date when the commissioner certified it for enterprise zone benefits. It must also provide data on the number of full-and part-time jobs each business had when it applied for enterprise zone benefits and June 30 of each year since the commissioner certified it for those benefits. It must also provide data on the square footage of its enterprise zone property for these dates. The report must also provide data on the following as of June 30 annually:

1. number of full- and part-time jobs held by zone residents,
2. average annual full- and part-time wage paid,
3. number of employees eligible for health benefits and the percent of average employee contribution toward the health plan,
4. amount invested in job training,
5. amount invested in the property,
6. amount invested in manufacturing machinery and equipment and the amount invested in other personal property, and
7. amount of real and personal property tax abatement awarded and the amount of real and personal property tax paid.

EVALUATION REPORT

The commissioner must assess the zones' performance by February 1, 2011 and report his findings and recommendations in the annual report he submits to the legislature. The law required him to assess the zones by January 1, 1995.

The commissioner may recommend, by January 1, 2013, whether the legislature should remove a zone's designation. He must submit his recommendation to the Commerce Committee, but the legislature decides whether to remove the designation. The law gave him until January 1, 1998 to remove the designation from any zone that did not meet his performance standards. (He did not remove any designation.)

BACKGROUND

Enterprise Zones

The legislature enacted the enterprise zone program in 1981, when it authorized the economic development commissioner (now, the economic and community development commissioner) to designate six zones. Since then, the legislature increased the number of zones to 17. The zones encompass one or two census tracts meeting demographic and economic criteria. The towns with enterprise zones are: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 29 Nay 0 (03/14/2006)