



House of Representatives

General Assembly

File No. 175

January Session, 2007

Substitute House Bill No. 7225

House of Representatives, March 28, 2007

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 INFORMATION TECHNOLOGY BONDS.

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

1 Section 1. Subsection (a) of section 32-23zz of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2007*):

4 (a) For the purpose of assisting (1) any information technology
5 project, as defined in subsection (ee) of section 32-23d, [which is]
6 including any such project located in an eligible municipality, as
7 defined in subdivision (12) of subsection (a) of section 32-9t, or (2) any
8 remediation project, as defined in subsection (ii) of section 32-23d, the
9 Connecticut Development Authority may, upon a resolution of the
10 legislative body of a municipality, issue and administer bonds which
11 are payable solely or in part from and secured by: (A) A pledge of and
12 lien upon any and all of the income, proceeds, revenues and property
13 of such a project, including the proceeds of grants, loans, advances or
14 contributions from the federal government, the state or any other
15 source, including financial assistance furnished by the municipality or

16 any other public body, (B) taxes or payments or grants in lieu of taxes
17 allocated to and payable into a special fund of the Connecticut
18 Development Authority pursuant to the provisions of subsection (b) of
19 this section, or (C) any combination of the foregoing. Any such bonds
20 of the Connecticut Development Authority shall mature at such time
21 or times not exceeding thirty years from their date of issuance and
22 shall be subject to the general terms and provisions of law applicable
23 to the issuance of bonds by the Connecticut Development Authority,
24 except that such bonds shall be issued without a special capital reserve
25 fund as provided in subsection (b) of section 32-23j and, for purposes
26 of section 32-23f, only the approval of the board of directors of the
27 authority shall be required for the issuance and sale of such bonds.
28 Any pledge made by the municipality or the Connecticut Development
29 Authority for bonds issued as provided in this section shall be valid
30 and binding from the time when the pledge is made, and revenues and
31 other receipts, funds or moneys so pledged and thereafter received by
32 the municipality or the Connecticut Development Authority shall be
33 subject to the lien of such pledge without any physical delivery thereof
34 or further act. The lien of such pledge shall be valid and binding
35 against all parties having claims of any kind in tort, contract or
36 otherwise against the municipality or the Connecticut Development
37 Authority, even if the parties have no notice of such lien. Recording of
38 the resolution or any other instrument by which such a pledge is
39 created shall not be required. In connection with any such assignment
40 of taxes or payments in lieu of taxes, the Connecticut Development
41 Authority may, if the resolution so provides, exercise the rights
42 provided for in section 12-195h of an assignee for consideration of any
43 lien filed to secure the payment of such taxes or payments in lieu of
44 taxes. All expenses incurred in providing such assistance may be
45 treated as project costs. In reviewing such projects, the Connecticut
46 Development Authority may collaborate with the Office of
47 Responsible Growth in order to target funds in ways that are
48 consistent with goals for responsible growth, and support
49 development in designated responsible growth areas.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	32-23zz(a)

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 chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect
Various Municipalities	Potential Grand List Expansion

Explanation

The bill extends to all municipalities the Connecticut Development Authority’s (CDA) authority to finance information technology projects in municipalities with municipal Tax Incremental Financing (TIF) bonds. 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.

The bill has no state fiscal impact because the bonds issued by CDA will not be secured by the full faith and credit of the state and will not be issued with a special capital reserve fund that would have made the state contingently liable.

The Office of Responsible Growth, which was created by Executive Order 15, is within the Office of Policy and Management. It is anticipated that there is no fiscal impact to the office to collaborate with CDA as required by the bill.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 7225

AN ACT CONCERNING INFORMATION TECHNOLOGY BONDS.

SUMMARY:

This bill allows the Connecticut Development Authority (CDA) to finance information technology projects in any municipality, not just those that (1) have enterprise zones, (2) are designated as distressed municipalities, (3) have populations over 100,000, or (4) are determined by the Department of Economic and Community Development commissioner to be connected with either the relocation of an out-of-state company into Connecticut or a business expansion for which an existing company is making at least a \$50 million capital investment.

It also allows CDA, in reviewing information technology projects or projects to clean up and redevelop contaminated property, to collaborate with the Office of Responsible Growth to (1) target funds to be consistent with responsible growth goals and (2) support development in designated responsible growth areas.

The bill applies to information technology and remediation projects financed with CDA bonds backed by project revenue, by increased property taxes the project generates, or a combination of the two.

EFFECTIVE DATE: July 1, 2007

INFORMATION TECHNOLOGY PROJECTS

Under current law and the bill, an information technology project eligible for CDA financing is one that:

1. provides information-technology-intensive office or lab space, including smart buildings, incubator facilities, facilities for e-

commerce, or facilities that use high-speed telecommunications infrastructure and

2. CDA determines will contribute to the state's economic base by creating or retaining jobs, promoting exports, encouraging innovation, or contributing to existing economic base activities.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/13/2007)