



Senate

General Assembly

File No. 811

January Session, 2007

Substitute Senate Bill No. 1352

Senate, May 9, 2007

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING YOUTH OPPORTUNITIES AND URBAN REVITALIZATION.

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

1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:

2 (1) "Eligible municipality" means a municipality ranked from one to
3 eight, inclusive, when all municipalities are ranked in ascending order
4 from one to one hundred sixty-nine based on town wealth, as defined
5 in subdivision (26) of section 10-262f of the general statutes; and

6 (2) "Eligible entity" means a municipal agency or nonprofit
7 organization operating within an eligible municipality.

8 (b) Within available appropriations, and not later than October 1,
9 2007, the Secretary of the Office of Policy and Management shall
10 establish an urban youth enrichment competitive grant program.
11 Grants may be made to eligible entities to administer out-of-school
12 time activities to local youth. Grants made under this section shall be

13 used to provide eligible programs and services for youth between
14 twelve and eighteen years of age. Such programs and services shall
15 include, but not be limited to: (1) Mentoring and tutoring activities; (2)
16 job training and experience; (3) social and cultural activities; (4) athletic
17 and recreational opportunities; and (5) training in problem-solving,
18 decision-making, conflict resolution, peer counseling and similar
19 topics designed to enhance positive youth development.

20 (c) Each eligible entity may apply to the office for a grant, at such
21 time and in such manner as the secretary prescribes. In awarding a
22 grant under this section, the secretary shall consider: (1) Whether the
23 proposal shows collaboration with local schools and other nonprofit
24 organizations to expand youth access to programs funded by a grant
25 made under this section; (2) the scope and hours of operation of the
26 programs offered to ensure that activities are readily available to local
27 youth during out-of-school times; and (3) the number of youth that can
28 be served by such proposal.

29 (d) Grant recipients shall provide for parental and youth
30 involvement, on an ongoing basis, in the planning and operation of
31 programs funded under this section.

32 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) As used in this section:

33 (1) "Eligible municipality" means a municipality ranked from one to
34 eight, inclusive, when all municipalities are ranked in ascending order
35 from one to one hundred sixty-nine based on town wealth, as defined
36 in subdivision (26) of section 10-262f of the general statutes; and

37 (2) "Eligible entity" means a municipal agency or nonprofit
38 organization operating within an eligible municipality.

39 (b) Within available appropriations, and not later than October 1,
40 2007, the Secretary of the Office of Policy and Management shall
41 establish an urban opportunities alliance competitive grant program.
42 Grants may be made to eligible entities for a one-stop center
43 connecting urban youth to organizations providing youth employment

44 opportunities, tutoring and mentoring services, juvenile justice
45 diversionary programs, and activities for enrichment and recreation.
46 Each eligible entity may apply for a grant, at such time and in such
47 manner as the secretary prescribes. In awarding a grant under this
48 section, the secretary shall consider, at a minimum, the following
49 factors: (1) Whether the proposal demonstrates a comprehensive
50 strategy to coordinate services and connect local organizations to local
51 youth, (2) whether the proposal shows collaboration with local schools
52 and other nonprofit organizations to expand access to such program,
53 and (3) the number of youth expected to be served by such program
54 and how such number would be reached.

55 Sec. 3. (NEW) (*Effective July 1, 2007*) Within available appropriations,
56 the Secretary of the Office of Policy and Management shall establish a
57 year-round youth career opportunities grant program. Grants may be
58 made to nonprofit organizations that demonstrate successful strategies
59 for helping persons between the ages of fourteen and twenty-four
60 build career competencies, obtain career experience and training,
61 graduate from high school and receive counseling on education
62 opportunities beyond high school. Applicants may apply to the office
63 for such grant, at such time and in such manner as the secretary
64 prescribes, provided no award shall be made except to a nonprofit
65 entity located in a municipality ranked from one to eight, inclusive,
66 when all municipalities are ranked in ascending order from one to one
67 hundred sixty-nine based on town wealth, as defined in subdivision
68 (26) of section 10-262f of the general statutes. In awarding a grant
69 under this section, the secretary shall consider: (1) Whether the
70 proposal shows collaboration with local schools, institutions of higher
71 education, the local business community and other pertinent entities
72 that provide job-related services to youth, (2) the scope of programs
73 available and hours of operation of the program to ensure activities are
74 readily available to local youth, and (3) the number of youth that can
75 be served by such program.

76 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) As used in this section,
77 "eligible municipality" means a municipality ranked from one to eight,

78 inclusive, when all municipalities are ranked in ascending order from
79 one to one hundred sixty-nine based on town wealth, as defined in
80 subdivision (26) of section 10-262f of the general statutes.

81 (b) Within available appropriations, and not later than October 1,
82 2007, the Secretary of the Office of Policy and Management shall
83 establish a public service mentors grant program to provide matching
84 grants to eligible municipalities for reimbursement of fifty per cent of
85 the costs of providing municipal employees up to one hour per week
86 and no more than forty hours per year of paid leave for the purpose of
87 serving as volunteer mentors and tutors in approved programs. Each
88 eligible municipality may apply to the secretary for such grant, at such
89 time and in such manner as the secretary prescribes.

90 (c) The secretary shall award grants only to eligible municipalities
91 whose applications include a process for public employees to serve as
92 mentors or tutors and whose applications demonstrate: (1) A strategy
93 for recruiting public employees as tutors and mentors, (2)
94 collaboration among local schools and nonprofit organizations that
95 provide youth services and enrichment activities to identify and
96 register youth into the mentoring program, (3) collaboration with local
97 schools and other nonprofit organizations to train mentors and inform
98 them about resources available to them and youth, and (4)
99 collaboration with local business organizations and regional workforce
100 development boards to provide career mentoring opportunities to
101 adolescents.

102 Sec. 5. Section 5-249 of the general statutes is repealed and the
103 following is substituted in lieu thereof (*Effective July 1, 2007*):

104 (a) Any state employee who is an active volunteer firefighter or
105 member of a volunteer ambulance service or company (1) may, with
106 the authorization of such employee's appointing authority, be
107 permitted to leave work in order to respond to fire calls or ambulance
108 calls during such employee's regular hours of employment without
109 loss of pay, vacation time, sick leave or earned overtime accumulation,
110 or (2) shall be permitted to respond to such calls prior to reporting for

111 work without such prior authorization and without loss of pay,
112 vacation time, sick leave or earned overtime accumulation, provided in
113 either case, if requested by such employee's appointing authority, such
114 employee submits a written statement from the chief of the volunteer
115 fire department or the medical director or chief administrator of the
116 volunteer ambulance service or company verifying that such employee
117 responded to a fire or ambulance call and specifying the date, time and
118 duration of such response.

119 (b) Any state employee who is a certified disaster service volunteer
120 of the American Red Cross may, with the authorization of such
121 employee's supervisor, be granted a leave not to exceed fourteen days
122 in each year to participate in specialized disaster relief services for the
123 American Red Cross, upon the request of the American Red Cross,
124 without loss of pay, vacation time, sick leave or earned overtime
125 accumulation.

126 (c) Any state employee who is an active volunteer firefighter or
127 member of a volunteer ambulance service or company may, with the
128 authorization of such employee's appointing authority, be allowed to
129 attend training sessions or drills during such employee's regular hours
130 of employment without loss of pay, overtime accumulation or sick
131 leave.

132 (d) Any state employee who is an active member of a volunteer
133 canine search and rescue team (1) may, with the authorization of such
134 employee's supervisor, be permitted to leave work in order to respond
135 to search or rescue calls during such employee's regular hours of
136 employment without loss of pay, vacation time, sick leave or earned
137 overtime accumulation, or (2) shall be permitted to respond to such
138 calls prior to reporting for work without such prior authorization and
139 without loss of pay, vacation time, sick leave or earned overtime
140 accumulation, provided in either case, if requested by such employee's
141 supervisor, such employee submits a written statement from the chief
142 of the police or fire department verifying that such employee
143 responded to a search or rescue call and specifying the date, time and

144 duration of such response. As used in this subsection, "volunteer
145 canine search and rescue team" means an individual and a dog (A)
146 appropriately trained and certified to engage in search and rescue
147 operations by a nonprofit canine search and rescue organization that is
148 a member of the National Association of Search and Rescue, or its
149 successor organization, and (B) who jointly engage in such operations
150 at the request of a police or fire department and provide services
151 without compensation.

152 (e) Within available appropriations, any state employee who is a
153 volunteer mentor in a public service mentor program sponsored by an
154 eligible municipality receiving funding pursuant to section 4 of this act
155 may, with the authorization of such employee's appointing authority,
156 be granted a leave not to exceed up to one hour per week and no more
157 than forty hours per year of paid leave for the purpose of serving as a
158 volunteer mentor in such program without loss of pay, overtime
159 accumulation or sick leave.

160 Sec. 6. (NEW) (*Effective July 1, 2007*) (a) As used in this section:

161 (1) "Eligible municipality" means a municipality ranked from one to
162 eight, inclusive, when all municipalities are ranked in ascending order
163 from one to one hundred sixty-nine based on town wealth, as defined
164 in subdivision (26) of section 10-262f of the general statutes; and

165 (2) "Eligible entity" means a municipal agency or nonprofit
166 organization operating within an eligible municipality.

167 (b) Within available appropriations, and not later than October 1,
168 2007, the Secretary of the Office of Policy and Management shall
169 establish a community young artists pilot competitive grant program
170 to provide competitive grants to municipalities and nonprofit
171 organizations located in urban communities providing arts education
172 and related training to local youth. Each eligible entity may apply to
173 the secretary for such grant, at such time and in such manner as the
174 secretary prescribes. In awarding a grant under this section, the
175 secretary shall consider factors relating to: (1) Whether the proposal

176 shows collaboration with an arts program affiliated with an institution
177 of higher education, (2) whether the proposal shows collaboration with
178 local schools and other nonprofit organizations to expand access to
179 such program, (3) the scope of programs available and hours of
180 operation of the program to ensure activities are readily available to
181 local youth, and (4) the number of youth that can be served by such
182 program.

183 Sec. 7. Section 10-416a of the general statutes is repealed and the
184 following is substituted in lieu thereof (*Effective July 1, 2007, and*
185 *applicable to income years commencing on or after January 1, 2008*):

186 (a) As used in this section, the following terms shall have the
187 following meanings unless the context clearly indicates another
188 meaning:

189 (1) "Commission" means the Connecticut Commission on Culture
190 and Tourism established pursuant to section 10-392;

191 (2) "Certified historic structure" means an historic commercial or
192 industrial property that: (A) Is listed individually on the National or
193 State Register of Historic Places, or (B) is located in a district listed on
194 the National or State Register of Historic Places, and has been certified
195 by the commission as contributing to the historic character of such
196 district;

197 (3) "Certified rehabilitation" means any rehabilitation of a certified
198 historic structure for residential use or for mixed uses consisting
199 primarily of residences consistent with the historic character of such
200 property or the district in which the property is located as determined
201 by regulations adopted by the commission;

202 (4) "Owner" means any person, firm, limited liability company,
203 nonprofit or for-profit corporation or other business entity which
204 possesses title to an historic structure and undertakes the rehabilitation
205 of such structure;

206 (5) "Placed in service" means that substantial rehabilitation work has

207 been completed which would allow for issuance of a certificate of
208 occupancy for the entire building or, in projects completed in phases,
209 for individual residential units that are an identifiable portion of the
210 building;

211 (6) "Qualified rehabilitation expenditures" means any costs incurred
212 for the physical construction involved in the rehabilitation of a
213 certified historic structure for residential use, excluding: (A) The
214 owner's personal labor, (B) the cost of a new addition, except as
215 required to comply with any provision of the State Building Code or
216 the State Fire Safety Code, and (C) any nonconstruction cost such as
217 architectural fees, legal fees and financing fees;

218 (7) "Rehabilitation plan" means any construction plans and
219 specifications for the proposed rehabilitation of a certified historic
220 structure in sufficient detail for evaluation by compliance with the
221 standards developed under the provisions of subsections (b) to (d),
222 inclusive, of this section; and

223 (8) "Substantial rehabilitation" or "substantially rehabilitate" means
224 the qualified rehabilitation expenditures of a certified historic structure
225 that exceed twenty-five per cent of the assessed value of such
226 structure.

227 (b) (1) The commission shall administer a system of tax credit
228 vouchers within the resources, requirements and purposes of this
229 section for owners rehabilitating certified historic structures.

230 (2) The credit authorized by this section shall be available in the tax
231 year in which the substantially rehabilitated certified historic structure
232 is placed in service. In the case of projects completed in phases, the tax
233 credit shall be prorated to the substantially rehabilitated identifiable
234 portion of the building placed in service. If the tax credit is more than
235 the amount owed by the taxpayer for the year in which the
236 substantially rehabilitated certified historic structure is placed in
237 service, the amount that is more than the taxpayer's tax liability may be
238 carried forward and credited against the taxes imposed for the

239 succeeding five years or until the full credit is used, whichever occurs
240 first.

241 (3) Any credits allowed under this section that are provided to
242 multiple owners of certified historic structures shall be passed through
243 to persons designated as partners, members or owners, pro rata or
244 pursuant to an agreement among such persons designated as partners,
245 members or owners documenting an alternative distribution method
246 without regard to other tax or economic attributes of such entity. Any
247 owner entitled to a credit under this section may assign, transfer or
248 convey the credits, in whole or in part, by sale or otherwise to any
249 individual or entity and such transferee shall be entitled to offset the
250 tax imposed under chapter 207, 208, 209, 210, 211 or 212 as if such
251 transferee had incurred the qualified rehabilitation expenditure.

252 (c) The commission shall develop standards for the approval of
253 rehabilitation of certified historic structures for which a tax credit
254 voucher is sought. Such standards shall take into account whether the
255 rehabilitation of a certified historic structure will preserve the historic
256 character of the building.

257 (d) The commission shall adopt regulations, in accordance with
258 chapter 54, to carry out the purposes of this section. Such regulations
259 shall include provisions for filing of applications, rating criteria and for
260 timely approval by the commission.

261 (e) Prior to beginning any rehabilitation work on a certified historic
262 structure, the [owner] applicant shall submit (1) a rehabilitation plan to
263 the commission for a determination of whether or not such
264 rehabilitation work meets the standards developed under the
265 provisions of subsections (b) to (d), inclusive, of this section, [and] (2)
266 an estimate of the qualified rehabilitation expenditures, and (3) for
267 projects pursuant to subdivision (2) of subsection (f) of this section, the
268 applicant shall provide the number of affordable housing units to be
269 created, as defined in section 8-39a, the proposed rents or sale prices of
270 such units and the median income for the municipality where the
271 project is located. Applicants seeking a tax credit pursuant to

272 subdivision (2) of subsection (f) of this section shall submit a copy of
273 the application to the Department of Economic and Community
274 Development. The provisions of this subsection shall not disqualify
275 applications for tax credits for certified historic structures for which
276 rehabilitation commenced but were not placed in service before July 1,
277 2006.

278 (f) If the commission certifies that the rehabilitation plan conforms
279 to the standards developed under the provisions of subsections (b) to
280 (d), inclusive, of this section, the commission shall reserve for the
281 benefit of the owner an allocation for a tax credit equivalent to (1)
282 twenty-five per cent of the projected qualified rehabilitation
283 expenditures, [not exceeding two million seven hundred thousand
284 dollars] or (2) thirty per cent of the projected qualified rehabilitation
285 expenditures if at least twenty per cent of the units qualify as
286 affordable housing as defined in section 8-39a.

287 (g) Following the completion of rehabilitation of a certified historic
288 structure, the owner shall notify the commission that such
289 rehabilitation has been completed. The owner shall provide the
290 commission with documentation of work performed on the certified
291 historic structure and shall submit certification of the costs incurred in
292 rehabilitating the certified historic structure. The commission shall
293 review such rehabilitation and verify its compliance with the
294 rehabilitation plan. Following such verification, the commission shall
295 issue a tax credit voucher to the owner rehabilitating the certified
296 historic structure or to the taxpayer named by the owner as
297 contributing to the rehabilitation. The tax credit voucher shall be in an
298 amount equivalent to the lesser of the tax credit reserved upon
299 certification of the rehabilitation plan under the provisions of
300 subsection (f) of this section or for certified rehabilitation projects
301 twenty-five per cent of the actual qualified rehabilitation expenditures
302 [not exceeding two million seven hundred thousand dollars] or for
303 projects including affordable housing pursuant to subdivision (2) of
304 subsection (f) of this section, thirty per cent of the actual qualified
305 certified expenditures. In order to obtain a credit against any state tax

306 due that is specified in subsections (h) to (k), inclusive, of this section,
307 the holder of the tax credit voucher shall file the voucher with the
308 holder's state tax return.

309 (h) The Commissioner of Revenue Services shall grant a tax credit to
310 a taxpayer holding the tax credit voucher issued under subsections (e)
311 to (i), inclusive, of this section against any tax due under chapter 207,
312 208, 209, 210, 211 or 212 in the amount specified in the tax credit
313 voucher. Such taxpayer shall submit the voucher and the
314 corresponding tax return to the Department of Revenue Services.

315 [(i) The aggregate amount of all tax credits which may be reserved
316 by the commission upon certification of rehabilitation plans under
317 subsections (b) to (d), inclusive, of this section shall not exceed fifteen
318 million dollars in any one fiscal year.]

319 [(j)] (i) The commission may charge an application fee in an amount
320 not to exceed ten thousand dollars to cover the cost of administering
321 the program established pursuant to this section.

322 Sec. 8. (NEW) (*Effective July 1, 2007*) (a) The Commissioner of
323 Economic and Community Development may charge an application
324 fee in an amount not to exceed two thousand dollars to cover the cost
325 of processing applications and monitoring projects that qualify for
326 affordable housing tax credits pursuant to section 10-416a of the
327 general statutes, as amended by this act.

328 (b) The Commissioner of Economic and Community Development
329 may adopt regulations, pursuant to chapter 54 of the general statutes,
330 regarding the monitoring of projects that qualify for affordable
331 housing tax credits pursuant to section 10-416a of the general statutes,
332 as amended by this act, by the Department of Economic and
333 Community Development, local housing authorities, municipalities or
334 other public agencies designated by the department. Such regulations
335 shall include provisions for ensuring that affordable units developed
336 under subdivision (3) of subsection (e) of section 10-416a of the general
337 statutes, as amended by this act, are maintained as affordable for a

338 minimum of ten years and may require deed restrictions or other fiscal
339 mechanisms designed to ensure compliance with project requirements.

340 Sec. 9. Subsection (c) of section 4-66c of the general statutes is
341 repealed and the following is substituted in lieu thereof (*Effective July*
342 *1, 2007*):

343 (c) Any proceeds from the sale of bonds authorized pursuant to
344 subsections (a) and (b) of this section or of temporary notes issued in
345 anticipation of the moneys to be derived from the sale of such bonds
346 may be used to fund (1) grants-in-aid to municipalities, or to an
347 intermediary designated by a municipality receiving a grant-in-aid,
348 provided such intermediary invests such funds consistent with and
349 toward qualifying for federal new markets tax credits, or (2) the grant-
350 in-aid programs of said departments, including, but not limited to,
351 financial assistance and expenses authorized under chapters 128, 129,
352 130, 133, 136 and 298, and section 16a-40a, provided any such program
353 shall be implemented in an eligible municipality or is for projects in
354 other municipalities which the State Bond Commission determines will
355 help to meet the goals set forth in section 4-66b. For the purposes of
356 this section, "eligible municipality" means a municipality which is
357 economically distressed within the meaning of subsection (b) of section
358 32-9p, which is classified as an urban center in any plan adopted by the
359 General Assembly pursuant to section 16a-30, which is classified as a
360 public investment community within the meaning of subdivision (9) of
361 subsection (a) of section 7-545, or in which the State Bond Commission
362 determines that the project in question will help meet the goals set
363 forth in section 4-66b. Notwithstanding the provisions of this
364 subsection, proceeds from the sale of bonds pursuant to this section
365 may, with the approval of the State Bond Commission, be used for
366 transit-oriented development projects, as defined in section 13b-79o, in
367 any municipality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	from passage	New section

Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	5-249
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007, and applicable to income years commencing on or after January 1, 2008</i>	10-416a
Sec. 8	<i>July 1, 2007</i>	New section
Sec. 9	<i>July 1, 2007</i>	4-66c(c)

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:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Policy & Mgmt., Off.	GF - Cost	70,000	70,000
Comptroller Misc. Accounts (Fringe Benefits)	GF - Cost	45,380	105,350
Department of Economic & Community Development	GF - None	None	None
Department of Economic & Community Development	GF - Revenue Gain	Potential Minimal	Potential Minimal
Department of Revenue Services	GF - Revenue Loss	See Below	See Below
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Various State Agencies	All Funds - Cost	Minimal	Minimal
Commission on Arts, Tourism, Culture, History and Film	GF - Cost	115,000	115,000

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 08 \$	FY 09 \$
Hartford; New Britain; Bridgeport; Windham; Waterbury; New Haven; New London; Plainfield	Revenue Gain	Indeterminate	Indeterminate

Explanation

Grants Established by the Bill

The bill establishes five new grants for youth in the state’s eight poorest communities (Hartford, New Britain, Bridgeport, Windham, Waterbury, New Haven, New London, and Plainfield) to be administered by the Office of Policy and Management, within available appropriations. It is anticipated that OPM will need one additional staff with associated salary and other expenses of \$70,000¹

¹ The fringe benefit costs for state employees are budgeted centrally in the Miscellaneous Accounts administered by the Comptroller. The estimated first year

to administer the grants. The bill requires the grants be provided within available appropriations, no such funds are available in sHB 7077, the Governor's recommended budget. Additionally, the bill does not specify the amount of grants to be provided through each program, thus any potential revenue gain to the eligible municipalities is indeterminate.

The bill allows state agencies to give employees who volunteer as mentors in a program sponsored by a municipality funded by this grant up to one hour a week (up to 40 hours a year) of paid leave without employees losing pay, overtime accumulation, or sick leave. Depending on the number of employees who volunteer as mentors, this paid leave benefit will result in a minimal cost to the state.

Historic Structures Tax Credit

It should be noted that since the historic structures rehabilitation tax credit was created by PA 06-186, there is insufficient data on which to evaluate the impact of expanding the credit and removing the overall credit cap of \$15 million and the per project cap of \$2.7 million. The fiscal note on PA 06-186 stated that this provision could result in a General Fund revenue loss of up to \$15 million per year beginning in FY 08. Expanding the credit program and removing the caps could increase this revenue loss but the amount cannot be determined at this time.

It is anticipated that the Connecticut Commission on Culture and Tourism will require 2 additional fiscal administrative positions starting in FY 08 at a cost of approximately \$110,000 for salaries plus additional costs for fringe benefits and \$5,000 - \$10,000 for associated other expenses, due to removing the limit and expansion of the historic structures tax credit.

fringe benefit rate for a new employee as a percentage of average salary is 25.8%, effective July 1, 2006. The first year fringe benefit costs for new positions do not include pension costs. The state's pension contribution is based upon the prior year's certification by the actuary for the State Employees Retirement System (SERS). The

Mixed Use and Affordable Housing Projects

Since the adoption of regulations is discretionary, it is anticipated that the Department of Economic and Community Development (DECD) would undertake the additional work when resources permit.

To the extent that the DECD receives affordable housing proposals and charges the up to \$2,000 fee for them, it is unclear if the fee will cover costs of processing and monitoring at this time.

Urban Action Grants (Bond Funds)

Section 9 adds grants-in-aid related to municipal qualification for federal new markets tax credits to the list of purposes for which General Obligation (GO) bond funds can be used under the Urban Action Program. To the degree that this 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 Urban Action Program as of 3/31/07 is \$113.3 million.

The Out Years

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

SERS 2006-07 fringe benefit rate is 34.4%, which when combined with the non pension fringe benefit rate totals 60.2%.

OLR Bill Analysis**sSB 1352*****AN ACT CONCERNING YOUTH OPPORTUNITIES AND URBAN REVITALIZATION.*****SUMMARY:**

This bill creates five urban grant programs targeted at youth in the state's eight poorest cities and towns. The programs are for out-of-school, mentoring, youth employment, career development, and art programs run by municipal or nonprofit agencies. The Office of Policy and Management (OPM) administers all of the grants, which must be funded within available appropriations.

The bill revises the historic structures rehabilitation tax credits program to:

1. remove the \$15 million annual limit for all credits and the \$2.7 million limit for individual projects;
2. provide a 30% credit for projects where at least 20% of the units created are affordable;
3. extend the credits to projects involving mixed uses, as long as they are primarily residential; and
4. permit anyone, not just a structure's owners, to submit plans to determine whether a project qualifies for credits (but credits still go only to the owner or taxpayers it designates).

Finally, the bill permits using Urban Action bond proceeds to fund grants to a municipally designated intermediary for investments that qualify for federal New Market Tax Credits (see BACKGROUND).

EFFECTIVE DATE: July 1, 2007, except for the out-of-school grant,

which is effective upon passage. The historic structure rehabilitation tax credit changes apply to income years beginning on or after January 1, 2008.

URBAN GRANT PROGRAMS

General Components

The five grant programs the bill establishes are for distribution to the state's eight poorest cities and towns as measured by the education cost sharing grant's "town wealth" factor, which averages each town's property tax base per-student and per-resident. In 2007, these towns are: Bridgeport, Hartford, New Britain, New Haven, New London, Plainfield, Waterbury, and Windham.

OPM administers all of the grants, which it must establish by October 1, 2007 and within available appropriations. Eligible applicants must apply when and how the OPM secretary prescribes. In awarding grants, the bill generally requires OPM to look at (1) the applicant's collaboration with schools and other nonprofit organizations, (2) the program's scope and operating hours, and (3) the number of youth served.

Urban Youth Enrichment Grant

This competitive grant supports out-of-school activities that include (1) mentoring and tutoring; (2) job training and experience; (3) social and cultural activities; (4) athletics and recreation; and (5) training in topics that enhance positive youth development such as problem-solving, decision-making, conflict resolution, and peer counseling. Grants can go to municipal agencies and nonprofit organizations operating in eligible communities. Grant recipients must provide for parents and youth to be involved continuously in planning and operating the programs. Activities must be targeted towards youths between ages 12 and 18.

Urban Opportunities Alliances Grant

This competitive grant supports one-stop centers that connect youth to organizations providing employment opportunities, tutoring and

mentoring, juvenile justice diversion, and enrichment and recreation. In addition to the general review criteria (see above), the bill requires the OPM secretary to consider (1) whether the proposal demonstrates a comprehensive strategy to coordinate services and connect youth to local organizations and (2) how the program would reach the number of youth it anticipates serving.

Year-Round Youth Career Opportunities Grant

This grant is available only to nonprofit organizations that demonstrate successful strategies for helping 14- to -24-year olds build career competencies, get career experience and training, graduate from high school, and receive counseling on post-high school education opportunities. Presumably, the grant is to be used for these purposes, but the bill does not specify this. In addition to the general review criteria, the bill requires the OPM secretary to consider whether the proposal shows collaboration with higher education institutions, local business, and others that provide job-related services. The bill allows OPM to establish this grant at any time, rather than imposing an October 1, 2007 deadline.

Young Artists Grant

This pilot competitive grant supports arts education and related training for local youth. In addition to the general review criteria, the bill requires the OPM secretary to consider whether the proposal shows collaboration with a college-affiliated arts program.

Public Service Mentors Grant

This matching grant reimburses eligible municipalities for 50% of their costs of giving their employees up to one hour a week, up to 40 hours a year, of paid leave to volunteer as mentors or tutors in “approved” programs. The bill does not define what constitutes an approved program.

Grants can go only to those eligible municipalities whose applications contain a process for public employees to serve as mentors and tutors. The applications must also show (1) an employee

recruitment strategy, (2) collaboration among schools and nonprofits to identify and register youth for mentoring and training volunteers and inform them about available resources, and (3) collaboration with local business organizations and regional workforce development boards to provide career mentoring to adolescents.

The bill also permits state agencies, within available appropriations, to give employees who volunteer as mentors (but not tutors) in a program sponsored by a municipality funded by this grant up to one hour a week (up to 40 hours a year) of paid leave without the employees losing pay, overtime accumulation, or sick leave.

HISTORIC STRUCTURES TAX CREDIT

Historic structures tax credits are available for rehabilitating a structure that is (1) listed individually on the National or State Register of Historic Places or (2) certified by the Connecticut Commission on Culture and Tourism as contributing to the historic character of the listed district in which it is located.

Mixed Use and Affordable Housing Projects

Currently, a tax credit equal to 25% of expenditures is available to projects rehabilitating structures for residential use. The bill makes eligible a structure rehabilitated for mixed use as long as it consists mainly of residences. It also removes the \$2.7 million annual limit on credits for individual projects eligible for the 25% credit.

It creates a separate credit for rehabilitation projects where at least 20% of the residential units are affordable. A unit is affordable if a person or family earning at or below the median income for the town where it is located pays no more than 30% of its income for the unit. The bill provides a credit equal to 30% of expenditures on these types of projects.

The bill permits the Economic and Community Development Department (DECD) to charge up to \$2,000 for affordable housing proposals to cover its costs of processing applications and monitoring projects. It allows DECD to adopt related regulations governing:

1. project monitoring, which permit the department to designate local housing authorities, municipalities, or other public agencies to monitor these projects and
2. ensuring that units remain affordable for at least 10 years, including requiring deed restrictions or other fiscal mechanisms.

The law already requires the Commission on Culture and Tourism to adopt regulations governing the tax credit program.

Plan and Cost Estimate Requirements

Under current law, a structure's owner must submit a rehabilitation plan and cost estimates to the commission before beginning any rehabilitation work. The bill permits "applicants," not just owners, to submit the plan and cost estimate and to seek a tax credit for an affordable housing project. By law, credits are available only to the structure's owners or to other taxpayers they name as contributing to the project.

The bill also requires applicants doing affordable housing projects to provide the commission with the number of affordable units to be created and the median income of the town where the project is located. They must send a copy of their application to DECD.

BACKGROUND

New Market Tax Credits (NMTC)

The NMTC program uses federal income tax credits to attract private capital for business projects in low-income areas. Nationwide, the total credit allocation for 2007 is \$19.5 billion. Investors seeking credits must access them through federally certified for-profit community development entities (CDEs), which must annually apply for them to the Treasury Department. The credits equal 39% of the invested amount, and investors must claim them over seven years according to a statutory schedule.

CDEs must lend to or invest the funds in, business projects or use

them for other specified activities. Business projects include mixed residential and commercial real estate developments where the housing units generate no more than 80% of the project's income. The Treasury Department monitors CDEs and tracks their investments. Investors must repay the credits if the CDE fails to comply with the federal requirements.

Legislative History

The Senate referred the bill (File 400) to the Commerce Committee, which reported this substitute allowing, instead of requiring, DECD to adopt regulations with respect to historic structures being rehabilitated for mixed uses.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable
Yea 19 Nay 0 (03/23/2007)

Commerce Committee

Joint Favorable Substitute
Yea 14 Nay 4 (04/26/2007)