



House of Representatives

General Assembly

File No. 397

February Session, 2008

Substitute House Bill No. 5635

House of Representatives, April 3, 2008

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 THE RETENTION OF BUSINESSES IN MUNICIPALITIES.

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

1 Section 1. (NEW) (*Effective October 1, 2008*) (a) The Department of
2 Economic and Community Development and the Connecticut
3 Development Authority, at the end of negotiations, upon making a
4 final and specific offer of financial incentives to any business that may
5 result in the relocation of the business to another municipality in the
6 state, shall notify the chief executive officer of the municipality in
7 which the business is located concerning the terms of the financial
8 incentives. Such terms shall be subject to disclosure under chapter 14
9 of the general statutes.

10 (b) Not more than ten business days after receipt of the notice under
11 subsection (a) of this section, the municipality receiving such notice
12 may submit a counter offer to the business that may result in such
13 business remaining in the municipality.

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: See Below

Municipal Impact: See Below

Explanation

The bill requires the Department of Economic and Community Development (DECD) and the Connecticut Development Authority (CDA) to notify municipalities of a final and specific offer of financial incentives to a local business, which could result in the relocation of that business to another municipality. The municipality has ten days from the notice of the final offer to submit a counter offer, which may result in the business remaining in that municipality. The provision of this notice is not anticipated to result in a fiscal impact. The extent to which the provision of this notice would alter the location of businesses in the state is uncertain.

The Out Years

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

OLR Bill Analysis**sHB 5635*****AN ACT CONCERNING THE RETENTION OF BUSINESSES IN MUNICIPALITIES.*****SUMMARY:**

This bill requires the Connecticut Development Authority (CDA) and the Department of Economic and Community Development (DECD) to notify municipalities when finalizing an offer that could cause a business to relocate to another municipality. The offer may involve business loans and tax incentives, including sales tax exemptions and business tax credits for large-scale development projects.

In these cases, DECD and CDA must notify the chief executive officer of the municipality where the business is located about the financial assistance they offered the business. They must do so when they stop negotiating with the business and make a final and specific offer to it. At that stage, the bill makes the terms of the offer subject to disclosure under the Freedom of Information Act, which does not explicitly include this information in its list of exemptions. The chief executive officer has 10 days from receipt of the notice to submit a counter offer that could cause the business to stay.

EFFECTIVE DATE: October 1, 2008

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute Change of Reference
Yea 12 Nay 8 (03/10/2008)

Commerce Committee

Joint Favorable Substitute

Yea 15 Nay 7 (03/18/2008)