



General Assembly

February Session, 2008

**Raised Bill No. 392**

LCO No. 1422

\* SB00392CE\_FIN031308 \*

Referred to Committee on Commerce

Introduced by:  
(CE)

**AN ACT EXTENDING ECONOMIC DEVELOPMENT PROGRAMS.**

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

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 Section 32-23zz of the general statutes is repealed and the  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

3 (a) For the purpose of assisting (1) any information technology  
4 project, as defined in subsection (ee) of section 32-23d of the 2008  
5 supplement to the general statutes, which is located in an eligible  
6 municipality, as defined in subdivision (12) of subsection (a) of section  
7 32-9t, or (2) any remediation project, as defined in subsection (ii) of  
8 section 32-23d of the 2008 supplement to the general statutes, 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.

46 (b) Any proceedings authorizing the issuance of bonds under this  
47 section may contain a provision that taxes or a specified portion  
48 thereof, if any, identified in such authorizing proceedings and levied  
49 upon taxable real or personal property, or both, in a project each year,  
50 or payments or grants in lieu of such taxes or a specified portion  
51 thereof, by or for the benefit of any one or more municipalities,

52 districts or other public taxing agencies, as the case may be, shall be  
53 divided as follows: (1) In each fiscal year that portion of the taxes or  
54 payments or grants in lieu of taxes which would be produced by  
55 applying the then current tax rate of each of the taxing agencies to the  
56 total sum of the assessed value of the taxable property in the project on  
57 the date of such authorizing proceedings, adjusted in the case of grants  
58 in lieu of taxes to reflect the applicable statutory rate of  
59 reimbursement, shall be allocated to and when collected shall be paid  
60 into the funds of the respective taxing agencies in the same manner as  
61 taxes by or for said taxing agencies on all other property are paid; and  
62 (2) that portion of the assessed taxes or the payments or grants in lieu  
63 of taxes, or both, each fiscal year in excess of the amount referred to in  
64 subdivision (1) of this subsection shall be allocated to and when  
65 collected shall be paid into a special fund of the Connecticut  
66 Development Authority to be used in each fiscal year, in the discretion  
67 of the Connecticut Development Authority, to pay the principal of and  
68 interest due in such fiscal year on bonds issued by the Connecticut  
69 Development Authority to finance, refinance or otherwise assist such  
70 project, to purchase bonds issued for such project, or to reimburse the  
71 provider of or reimbursement party with respect to any guarantee,  
72 letter of credit, policy of bond insurance, funds deposited in a debt  
73 service reserve fund, funds deposited as capitalized interest or other  
74 credit enhancement device used to secure payment of debt service on  
75 any bonds issued by the Connecticut Development Authority to  
76 finance, refinance or otherwise assist such project, to the extent of any  
77 payments of debt service made therefrom. Unless and until the total  
78 assessed valuation of the taxable property in a project exceeds the total  
79 assessed value of the taxable property in such project as shown by the  
80 last assessment list referred to in subdivision (1) of this subsection, all  
81 of the taxes levied and collected and all of the payments or grants in  
82 lieu of taxes due and collected upon the taxable property in such  
83 project shall be paid into the funds of the respective taxing agencies.  
84 When such bonds and interest thereof, and such debt service  
85 reimbursement to the provider of or reimbursement party with respect  
86 to such credit enhancement, have been paid in full, all moneys

87 thereafter received from taxes or payments or grants in lieu of taxes  
88 upon the taxable property in such development project shall be paid  
89 into the funds of the respective taxing agencies in the same manner as  
90 taxes on all other property are paid. The total amount of bonds issued  
91 pursuant to this section which are payable from grants in lieu of taxes  
92 payable by the state shall not exceed an amount of bonds, the debt  
93 service on which in any state fiscal year is, in total, equal to one million  
94 dollars.

95 (c) The authority may make grants or provide loans or other forms  
96 of financial assistance from the proceeds of special or general  
97 obligation notes or bonds of the authority issued without the security  
98 of a special capital reserve fund within the meaning of subsection (b)  
99 of section 32-23j, which bonds are payable from and secured by, in  
100 whole or in part, the pledge and security provided for in section 8-134,  
101 8-192, 32-227 or this section, all on such terms and conditions,  
102 including such agreements with the municipality and the developer of  
103 the project, as the authority determines to be appropriate in the  
104 circumstances, provided any such project in an area designated as an  
105 enterprise zone pursuant to section 32-70 receiving such financial  
106 assistance shall be ineligible for any fixed assessment pursuant to  
107 section 32-71, and the authority, as a condition of such grant, loan or  
108 other financial assistance, may require the waiver, in whole or in part,  
109 of any property tax exemption with respect to such project otherwise  
110 available under subsection (59) or (60) of section 12-81 of the 2008  
111 supplement to the general statutes.

112 (d) As used in this section, "bonds" means any bonds, including  
113 refunding bonds, notes, temporary notes, interim certificates,  
114 debentures or other obligations; "legislative body" has the meaning  
115 provided in subsection (y) of section 32-222; and "municipality" means  
116 a town, city, consolidated town or city or consolidated town and  
117 borough.

118 (e) For purposes of this section, references to the Connecticut  
119 Development Authority shall include any subsidiary of the

120 Connecticut Development Authority established pursuant to  
121 subsection (l) of section 32-11a, and a municipality may act by and  
122 through its implementing agency, as defined in subsection (k) of  
123 section 32-222.

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

126 [(g)] (f) In the case of a remediation project, as defined in subsection  
127 (ii) of section 32-23d of the 2008 supplement to the general statutes,  
128 that involves buildings that are vacant, underutilized or in  
129 deteriorating condition and as to which municipal real property taxes  
130 are delinquent, in whole or in part, for more than one fiscal year, the  
131 amount determined in accordance with subdivision (1) of subsection  
132 (b) of this section may, if the resolution of the municipality so  
133 provides, be established at an amount less than the amount so  
134 determined, but not less than the amount of municipal property taxes  
135 actually paid during the most recently completed fiscal year. If the  
136 Connecticut Development Authority issues bonds for the remediation  
137 project, the amount established in the resolution shall be used for all  
138 purposes of subsection (a) of this section.

139 Sec. 2. Section 32-285 of the general statutes is repealed and the  
140 following is substituted in lieu thereof (*Effective from passage*):

141 (a) There is hereby established a tax incremental financing program,  
142 under which the incremental sales taxes collected under chapter 219  
143 and admissions, cabaret and dues taxes collected under chapter 225,  
144 which are generated by a project approved by the authority under this  
145 section may be used to pay the debt service on bonds issued by the  
146 authority to help finance, on a self-sustaining basis, significant  
147 economic projects and encourage their location in the state.

148 (b) As used in this section: (1) "Authority" means the Connecticut  
149 Development Authority; and (2) "eligible project" means a large-scale  
150 economic development project (A) that may add a substantial amount

151 of new economic activity and employment in the municipality in  
152 which it is to be located and surrounding areas, and may generate  
153 significant additional tax revenues in the state; (B) for which use of the  
154 tax incremental financing mechanism may be necessary to attract the  
155 project to locate in the state; (C) which is economically viable and self-  
156 sustaining, taking into account the application of the proceeds of the  
157 bonds to be issued under the tax incremental financing program; (D)  
158 for which the direct and indirect economic benefits to the state and the  
159 municipality in which it will be located outweigh the costs of the  
160 project; and (E) which is consistent with the strategic development  
161 priorities of the state.

162 (c) Any person, firm or corporation wishing to participate in the tax  
163 incremental financing program, or any municipality wishing to obtain  
164 tax incremental financing to support a project within its boundaries,  
165 may apply to the authority in accordance with the provisions of this  
166 subsection. The application shall contain such information as the  
167 authority may require, which may include information concerning the  
168 type of business proposed to be established and its location, the  
169 number of jobs to be created or retained and their average wage rates,  
170 feasibility studies or business plans for the project and other  
171 information necessary to demonstrate its financial viability, the  
172 amounts and types of bonds proposed to be issued for the project and  
173 the proposed use of the proceeds, information about other sources of  
174 financing available to support repayment of the bonds proposed to be  
175 issued, including property tax increments to be made available by the  
176 municipality, a geographic description of the area surrounding the  
177 proposed site of the project and the existing firms doing business in  
178 that area, an economic impact assessment of the effects of the project  
179 on the municipality, an assessment of the incremental sales and  
180 admissions, cabaret and dues taxes to be generated by the project, an  
181 analysis of necessary infrastructure development to support the project  
182 and any available sources of financing for such infrastructure and  
183 other information which demonstrates that the bonds will be self-  
184 sustaining from the incremental taxes collected and any amounts made

185 available by a municipality under subsection (i) of this section, and  
186 that the project will provide net benefits to the economy and  
187 employment opportunity in the state. The authority shall impose a fee  
188 for such application as it deems appropriate. Any costs incurred by the  
189 authority which are associated with such application and are not  
190 covered by such fee shall be paid from funds of the authority which  
191 are not otherwise committed or pledged.

192 (d) Upon receiving an application for participation in the tax  
193 incremental financing program and any supporting information, the  
194 executive director of the authority shall make a preliminary  
195 determination as to whether a proposed project may be eligible for  
196 participation in the program.

197 (e) (1) The authority shall review each application that has been  
198 preliminarily determined to be eligible under subsection (d) of this  
199 section. In reviewing an application, the authority shall obtain such  
200 additional information as may be necessary to make a final  
201 determination as to whether the project is eligible for participation in  
202 the program, whether the project is economically viable with use of the  
203 tax incremental financing mechanism, the effects of the project on the  
204 municipality and whether the project would provide net benefits to  
205 economic development and employment opportunity in the state. The  
206 authority may require the project sponsor to submit such additional  
207 information as may be necessary to evaluate the application.

208 (2) The authority shall retain such financial advisors and other  
209 experts as it deems appropriate to conduct an independent financial  
210 assessment of the application and supporting information, including,  
211 in particular, the amount of the incremental sales and admissions,  
212 cabaret and dues taxes to be generated by the project, whether the  
213 project will be economically viable and whether the bonds will be self-  
214 sustaining.

215 (3) The authority shall prepare a revenue impact assessment that  
216 estimates the incremental sales and admissions, cabaret and dues taxes

217 that would be generated by the project, the state and local revenues  
218 that would be foregone as a result of the project, all state and local  
219 revenues that would be generated by the project and the economic  
220 benefits that would likely result from construction of the project,  
221 including revenue effects of such economic benefits.

222 (4) Not later than seventy-two hours before presenting a proposed  
223 project to the board of directors of the authority for final approval, the  
224 executive director of the authority shall give notice of the proposed  
225 project and meeting to the president pro tempore and minority leader  
226 of the Senate, the speaker and minority leader of the House of  
227 Representatives and the chairpersons and ranking members of the  
228 joint standing committees of the General Assembly having cognizance  
229 of matters relating to finance, revenue and bonding and the  
230 Department of Economic and Community Development. Such notice  
231 shall include such information about the project, the estimated tax  
232 increments and the revenue impact assessment, as may be appropriate,  
233 consistent with the protection of any confidential financial information  
234 provided by the project sponsor. Any such member of the General  
235 Assembly may, by notifying the executive director, request that the  
236 board of directors of the authority defer final consideration of the  
237 project for thirty days.

238 (f) (1) Upon consideration of the application, the results of the  
239 independent financial assessment, the revenue impact assessment and  
240 any additional information that the board of directors of the authority  
241 requires concerning a proposed project, such board of directors shall  
242 determine whether to approve the project for participation in the tax  
243 incremental financing program and, if so, the amount and type of  
244 bonds the authority shall issue to support the approved project, the  
245 purposes for which the funds generated by sale of the bonds may be  
246 applied and the amount of the incremental sales and admissions,  
247 cabaret and dues taxes that shall be annually allocated to pay principal  
248 and interest on the bonds to be issued for the project. The amounts so  
249 allocated shall not exceed the estimated amount of incremental taxes to

250 be collected, except that in the case of retail shopping center projects,  
251 the amount of incremental sales allocated to calculating incremental  
252 sales taxes shall not exceed thirty per cent of gross sales directly  
253 associated with the project. From the amount of incremental taxes so  
254 allocated by the authority, the amount required for payment of  
255 principal and interest on the bonds issued in accordance with  
256 subsection (g) of this section shall be deemed appropriated from the  
257 state General Fund.

258 (2) The authority may approve a project only if it concludes that: (A)  
259 The project is an eligible project; (B) the incremental sales taxes  
260 collected under chapter 219 and the incremental admissions, cabaret  
261 and dues taxes collected under chapter 225 that are generated by the  
262 project, together with other dedicated sources of financing available to  
263 pay debt service on the bonds, will be sufficient to pay interest and  
264 principal on the bonds as they come due; (C) the project will be  
265 economically viable and will contribute significantly to economic  
266 development and employment opportunity in the state; and (D) the  
267 direct and indirect economic benefits of the project to the state and the  
268 municipality in which it shall be located will be greater than the costs  
269 to the state and such municipality.

270 (3) The authority shall seek to obtain diversification among the  
271 types of projects supported under this program and among the  
272 geographic regions in the state in which projects are located.

273 (4) The approval of a project by the authority may be combined with  
274 the exercise of any of its other powers, including but not limited to, the  
275 provision of other forms of financial assistance. The proceeds of the  
276 bonds may be combined with any other funds available from state or  
277 federal programs, or from investments by the private sector, to support  
278 the project.

279 (5) Upon approving a project, the authority may require the project  
280 sponsor to reimburse the authority for all or any part of the costs of the  
281 independent financial assessment conducted in reviewing the

282 application and any other related costs incurred.

283 (g) (1) The authority may issue one or more series of bonds in  
284 accordance with the provisions of chapter 579, to the extent not  
285 inconsistent with the provisions of this subsection, payable in whole or  
286 in part from the incremental taxes allocated and deemed appropriated  
287 from the state General Fund under subsection (f) of this section and  
288 any amounts contributed by a municipality under subsection (i) of this  
289 section, to finance a project approved under this section or to refund  
290 bonds previously issued under this section. The authority is  
291 authorized to make a grant of all or part of the proceeds of such bonds  
292 to any person in connection with the acquisition, construction and  
293 equipping of an eligible project, including the expense of the state or  
294 any municipality, or any instrumentality or agency of the state or any  
295 municipality, in connection therewith. Subject to applicable federal tax  
296 law, the authority may issue such bonds, the interest on which is  
297 excludable from gross income for federal income tax purposes, or such  
298 bonds, the interest on which is not so excludable. The authority, when  
299 authorizing the issuance of any series of such bonds, shall, in  
300 conjunction with the State Treasurer, determine the rate of interest of  
301 such bonds, the date or dates of their maturity, the medium of  
302 payment, the redemption terms and privileges, whether such bonds  
303 shall be sold by negotiated or competitive sale and any and all other  
304 terms, covenants and conditions not inconsistent with this section, in  
305 connection with the issuance thereof, including but not limited to, the  
306 pledging of special capital reserve funds authorized under subsection  
307 (b) of section 32-23j.

308 (2) The issuance of any bonds by the authority under this section  
309 shall be subject to the approval of the State Bond Commission. Upon  
310 approving a project, the authority shall submit the matter to the State  
311 Bond Commission for final approval. The State Bond Commission  
312 shall not approve any project unless it has received the submission  
313 from the authority at least ten days prior to the meeting at which such  
314 project is to be considered. Such submission shall include the

315 information considered by the authority in approving the project, the  
316 independent financial assessment and such other information as the  
317 commission deems appropriate. In reaching its decision, the State  
318 Bond Commission may consider such information as submitted. After  
319 such approval by the Bond Commission, no other approval shall be  
320 required for the project.

321 (h) For such period of time as bonds issued to support an approved  
322 project are outstanding, the Treasurer shall make payment of interest  
323 and principal on the bonds to the trustee when due, but not exceeding  
324 in any fiscal year the amount deemed appropriated pursuant to  
325 subsection (f) of this section.

326 (i) A portion of the proceeds of bonds issued pursuant to this  
327 section may be made available to a municipality in which a project is  
328 located for the purpose of carrying out or administering a  
329 redevelopment plan or other functions authorized under chapter 130  
330 or chapter 132. Such municipality may contribute all or any part of the  
331 money specified in subdivision (2) of section 8-134a or subdivision (b)  
332 of section 8-192a to the authority for the payment of principal and  
333 interest on the bonds issued by the authority under this section to  
334 support such approved project. In exercising such power, such  
335 municipalities shall proceed as provided in said chapter 130 or 132, as  
336 the case may be, except that the references therein to bonds and bond  
337 anticipation notes shall be deemed to refer to the bonds issued by the  
338 authority under this section.

339 (j) (1) Not later than July first in each year that bonds issued to  
340 support an approved project are outstanding, the authority shall  
341 submit a report to the joint standing committees of the General  
342 Assembly having cognizance of matters relating to the Department of  
343 Economic and Community Development and finance, revenue and  
344 bonding with respect to the operations, finances and achievement of  
345 the economic development objectives of the projects approved under  
346 this section. The authority shall review and evaluate the progress of  
347 each project and shall devise and employ techniques for forecasting

348 and measuring relevant indices of accomplishment of its goals of  
349 economic development, including, but not limited to, (A) the actual  
350 expenditures compared to original estimated costs, (B) whether there  
351 have been significant cost increases over original estimates, (C) the  
352 number of jobs created, or to be created, by or as a result of the project,  
353 (D) the cost or estimated cost, to the authority, involved in the creation  
354 of those jobs, (E) the amount of private capital investment in, or  
355 stimulated by, the project, in proportion to the public funds invested in  
356 such project, (F) the number of additional businesses created and  
357 associated jobs, and (G) any impact on tourism.

358 (2) Not later than July first in each year that bonds issued to support  
359 an approved project are outstanding, the Office of Policy and  
360 Management shall retain independent financial experts to conduct an  
361 analysis of the financial status of each project approved under this  
362 section. The independent financial analysis shall include, but not be  
363 limited to, determinations as to whether the incremental sales and  
364 admissions, cabaret and dues taxes actually generated by the project  
365 are equal to the estimates made at the time the project was approved,  
366 whether the project is economically viable and whether the bonds  
367 issued are self-sustaining with the incremental taxes actually collected  
368 and other financing sources dedicated to repayment of the bonds. The  
369 authority shall require the project sponsor to reimburse the Office of  
370 Policy and Management for the costs of such annual analyses. The  
371 results of such analyses shall be made available to the president pro  
372 tempore of the Senate, the speaker of the House of Representatives, the  
373 majority and minority leaders of both houses, and to the chairpersons  
374 and ranking members of said committees.

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

377 Sec. 3. Section 32-41r of the general statutes is repealed and the  
378 following is substituted in lieu thereof (*Effective from passage*):

379 This section, section 32-40, subsection (a) of section 32-41q, and

380 sections 32-41s, 32-229 and 32-450 [and subsection (k) of section 32-285]  
381 shall be known and may be cited as the "Economic Recovery Act of  
382 1996".

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-23zz
Sec. 2	<i>from passage</i>	32-285
Sec. 3	<i>from passage</i>	32-41r

**CE**                      *Joint Favorable C/R*    FIN