



Senate

General Assembly

File No. 403

January Session, 2009

Substitute Senate Bill No. 887

Senate, April 2, 2009

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 CHANGES TO ECONOMIC DEVELOPMENT STATUTES.

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 Section 32-70a of the general statutes is repealed and the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 from passage*):

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

11 (b) On or before October 1, 2006, the Commissioner of Economic
12 and Community Development shall establish performance standards
13 to measure the progress of municipalities with enterprise zones in

14 attaining the goals for enterprise zones established under subsection
15 (a) of this section. The commissioner shall review and update such
16 performance standards as appropriate and necessary.

17 (c) On or before [July] November 1, 2011, and every five years
18 thereafter, each business located within an enterprise zone that is
19 certified to receive enterprise zone benefits shall electronically submit,
20 in a format determined by the commissioner, a report to the
21 municipality, which shall include, but not be limited to:

22 (1) The name of the certified business receiving enterprise zone
23 benefits;

24 (2) The enterprise zone address of each certified business receiving
25 enterprise zone benefits;

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

27 (4) The number of full-time jobs the certified business had at the
28 time of application;

29 (5) The number of part-time jobs the certified business had at the
30 time of application;

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

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

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

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

41 (10) The average annual wage paid by the certified business to its

42 full-time employees as of June thirtieth of each year since certification;

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

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

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

50 (14) The amount invested by the certified business in job training as
51 of June 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 certified business or property
58 owner in the building or buildings residing at the enterprise zone
59 address as of June 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 certified business as of June thirtieth of each year since certification;

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

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

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

76 (d) On or before [July] October 1, 2011, and every five years
77 thereafter, each municipality in which an enterprise zone is located
78 shall electronically submit, in a format determined by the
79 commissioner, a report to the commissioner evaluating the progress of
80 the municipality in meeting the performance standards established
81 under subsection (b) of this section. Each municipal report shall
82 include, to the extent available, a list of all businesses certified within
83 the municipality's enterprise zone, and the information provided by
84 businesses under subsection (c) of this section.

85 (e) On or before February 1, [2011] 2012, the commissioner shall
86 assess the performance of each enterprise zone. In making such
87 assessment the commissioner shall consider the report submitted
88 under subsection [(c)] (f) of this section by the municipality in which
89 the enterprise zone is located and any other information [he] the
90 commissioner deems relevant. The commissioner shall report the
91 findings of said assessment and any recommendations for
92 improvement in the performance of the enterprise zone in the
93 Department of Economic and Community Development's annual
94 report.

95 (f) On or before January 1, 2013, the commissioner shall assess the
96 performance of each enterprise zone and may recommend to the joint
97 standing committee of the General Assembly having cognizance of all
98 matters relating to the Department of Economic and Community
99 Development, [the Connecticut Development Authority and
100 Connecticut Innovations, Incorporated,] that the designation be
101 removed if [he] the commissioner determines that the enterprise zone
102 has not met performance standards established under subsection (b) of

103 this section. Upon such recommendation, the General Assembly may
104 remove the designation.

105 Sec. 2. Subsection (c) of section 32-1o of the general statutes is
106 repealed and the following is substituted in lieu thereof (*Effective July*
107 *1, 2009*):

108 (c) The strategic plan required under this section shall include, but
109 not be limited to, the following:

110 (1) A review and evaluation of the economy of the state. Such
111 review and evaluation shall include, but not be limited to, a sectoral
112 analysis, housing market and housing affordability analysis, labor
113 market and labor quality analysis, demographic analysis and include
114 historic trend analysis and projections;

115 (2) A review and analysis of factors, issues and forces that impact or
116 impede economic development and responsible growth in Connecticut
117 and its constituent regions. Such factors, issues or forces shall include,
118 but not be limited to, transportation, including, but not limited to,
119 commuter transit, rail and barge freight, technology transfer,
120 brownfield remediation and development, health care delivery and
121 costs, early education, primary education, secondary and
122 postsecondary education systems and student performance, business
123 regulation, labor force quality and sustainability, social services costs
124 and delivery systems, affordable and workforce housing cost and
125 availability, land use policy, emergency preparedness, taxation,
126 availability of capital and energy costs and supply;

127 (3) Identification and analysis of economic clusters that are growing
128 or declining within the state;

129 (4) An analysis of targeted industry sectors in the state that (A)
130 identifies those industry sectors that are of current or future
131 importance to the growth of the state's economy and to its global
132 competitive position, (B) identifies what those industry sectors need
133 for continued growth, and (C) identifies, those industry sectors current

134 and potential impediments to growth;

135 (5) A review and evaluation of the economic development structure
136 in the state, including, but not limited to, (A) a review and analysis of
137 the past and current economic, community and housing development
138 structures, budgets and policies, efforts and responsibilities of its
139 constituent parts in Connecticut; and (B) an analysis of the
140 performance of the current economic, community and housing
141 development structure, and its individual constituent parts, in meeting
142 its statutory obligations, responsibilities and mandates and their
143 impact on economic development and responsible growth in
144 Connecticut;

145 (6) Establishment and articulation of a vision for Connecticut that
146 identifies where the state should be in five, ten, fifteen and twenty
147 years;

148 (7) Establishment of clear and measurable goals and objectives for
149 the state and regions, to meet the short and long-term goals established
150 under this section and provide clear steps and strategies to achieve
151 said goals and objectives, including, but not limited to, the following:
152 (A) The promotion of economic development and opportunity, (B) the
153 fostering of effective transportation access and choice including the use
154 of airports and ports for economic development, (C) enhancement and
155 protection of the environment, (D) maximization of the effective
156 development and use of the workforce consistent with applicable state
157 or local workforce investment strategy, (E) promotion of the use of
158 technology in economic development, including access to high-speed
159 telecommunications, and (F) the balance of resources through sound
160 management of physical development;

161 (8) Prioritization of goals and objectives established under this
162 section;

163 (9) Establishment of relevant measures that clearly identify and
164 quantify (A) whether a goal and objective is being met at the state,
165 regional, local and private sector level, and (B) cause and effect

166 relationships, and provides a clear and replicable measurement
167 methodology;

168 (10) Recommendations on how the state can best achieve goals
169 under the strategic plan and provide cost estimates for implementation
170 of the plan and the projected return on investment for those areas;
171 [and]

172 (11) A review and evaluation of the operation and efficacy of the
173 urban jobs program established pursuant to sections 32-9i to 32-9l,
174 inclusive, enterprise zones established pursuant to section 32-70,
175 railroad depot zones established pursuant to section 32-75a, qualified
176 manufacturing plants designated pursuant to section 32-75c,
177 entertainment districts established pursuant to section 32-76 and
178 enterprise corridor zones established pursuant to section 32-80. The
179 review and evaluation of enterprise zones shall include an analysis of
180 enterprise zones that have been expanded to include an area in a
181 contiguous municipality or in which there are base or plant closures;
182 and

183 ~~[(11)]~~ (12) Any other responsible growth information that the
184 commissioner deems appropriate.

185 Sec. 3. Subsection (b) of section 32-71 of the general statutes is
186 repealed and the following is substituted in lieu thereof (*Effective from*
187 *passage*):

188 (b) Any fixed assessment on any residential property shall cease if:
189 (1) For any residential rental property, any dwelling unit in such
190 property is rented to any person whose income exceeds two hundred
191 per cent of the median [family] income, [of the municipality] as
192 determined by the United States Department of Housing and Urban
193 Development, for the area in which the municipality containing the
194 residential rental property is located; or (2) for any conversion
195 condominium declared after the designation of the enterprise zone,
196 any unit is sold to any person whose income exceeds two hundred per
197 cent of the median [family] income, [of the municipality] as

198 determined by the United States Department of Housing and Urban
199 Development, for the area in which the municipality containing the
200 residential rental property is located.

201 Sec. 4. Subdivision (5) of section 32-327 of the general statutes is
202 repealed and the following is substituted in lieu thereof (*Effective from*
203 *passage*):

204 (5) "Manufacturing jobs" means jobs at a business that is located, in
205 whole or in part, in Connecticut and [classified in accordance with the
206 standard industrial classification system of the Bureau of Census of the
207 United States Department of Commerce as belonging to a major
208 industry group numbered 20 to 39, inclusive] that has a North
209 American Industrial Classification code of 31111 through 339999; a
210 business engaged in research and development directly related to
211 manufacturing; a business engaged in the significant servicing,
212 overhauling or rebuilding of machinery and equipment for industrial
213 use; or any establishment or auxiliary or operating unit thereof, as
214 defined in the [Standard] North American Industrial Classification
215 Manual, which the commissioner determines will materially contribute
216 to the economy of the state by creating or retaining jobs, exporting
217 products or services beyond the state's boundaries, encouraging
218 innovation in products or services, adding value to products or
219 services, or otherwise supporting or enhancing existing activities that
220 are important to the economy of the state.

221 Sec. 5. Section 32-1c of the general statutes is repealed and the
222 following is substituted in lieu thereof (*Effective from passage*):

223 (a) In addition to any other powers, duties and responsibilities
224 provided for in this chapter, chapter 131, chapter 579 and section 4-8
225 and subsection (a) of section 10-409, the commissioner shall have the
226 following powers, duties and responsibilities: (1) To administer and
227 direct the operations of the Department of Economic and Community
228 Development; (2) to report annually to the Governor, as provided in
229 section 4-60; (3) to conduct and administer the research and planning
230 functions necessary to carry out the purposes of said chapters and

231 sections; (4) to encourage and promote the development of industry
232 and business in the state and to investigate, study and undertake ways
233 and means of promoting and encouraging the prosperous
234 development and protection of the legitimate interest and welfare of
235 Connecticut business, industry and commerce, within and outside the
236 state; (5) to serve, ex officio as a director on the board of Connecticut
237 Innovations, Incorporated; (6) to serve as a member of the Committee
238 of Concern for Connecticut Jobs; (7) to promote and encourage the
239 location and development of new business in the state as well as the
240 maintenance and expansion of existing business and for that purpose
241 to cooperate with state and local agencies and individuals both within
242 and outside the state; (8) to plan and conduct a program of information
243 and publicity designed to attract tourists, visitors and other interested
244 persons from outside the state to this state and also to encourage and
245 coordinate the efforts of other public and private organizations or
246 groups of citizens to publicize the facilities and attractions of the state
247 for the same purposes; (9) to advise and cooperate with municipalities,
248 persons and local planning agencies within the state for the purpose of
249 promoting coordination between the state and such municipalities as
250 to plans and development; (10) to provide all necessary staff, services,
251 accounting and office space and equipment required by the
252 Connecticut Development Authority subject to the provisions of
253 section 4b-23, where real estate acquisitions are involved; (11) to aid
254 minority businesses in their development; (12) to appoint such
255 assistants, experts, technicians and clerical staff, subject to the
256 provisions of chapter 67, as are necessary to carry out the purposes of
257 said chapters and sections; (13) to employ other consultants and
258 assistants on a contract or other basis for rendering financial, technical
259 or other assistance and advice; [, provided in implementing the
260 Connecticut economic information system the commissioner shall to
261 the maximum extent feasible contract with private vendors for
262 software, certain data sets and data updating services;] (14) to acquire
263 or lease facilities located outside the state subject to the provisions of
264 section 4b-23; (15) to advise and inform municipal officials concerning
265 economic development and collect and disseminate information

266 pertaining thereto, including information about federal, state and
267 private assistance programs and services pertaining thereto; (16) to
268 inquire into the utilization of state government resources and
269 coordinate federal and state activities for assistance in and solution of
270 problems of economic development and to inform and advise the
271 Governor about and propose legislation concerning such problems;
272 (17) to conduct, encourage and maintain research and studies relating
273 to industrial and commercial development; (18) to prepare and review
274 model ordinances and charters relating to these areas; (19) to maintain
275 an inventory of data and information and act as a clearinghouse and
276 referral agency for information on state and federal programs and
277 services relative to the purpose set forth herein. The inventory shall
278 include information on all federal programs of financial assistance for
279 defense conversion projects and other projects consistent with a
280 defense conversion strategy and shall identify businesses which would
281 be eligible for such assistance and provide notification to such business
282 of such programs; (20) to conduct, encourage and maintain research
283 and studies and advise municipal officials about forms of cooperation
284 between public and private agencies designed to advance economic
285 development; (21) to promote and assist the formation of municipal
286 and other agencies appropriate to the purposes of this chapter; (22) to
287 require notice of the submission of all applications by municipalities
288 and any agency thereof for federal and state financial assistance for
289 economic development programs as relate to the purposes of this
290 chapter; (23) with the approval of the Commissioner of Administrative
291 Services, to reimburse any employee of the department, including the
292 commissioner, for reasonable business expenses, including but not
293 limited to, mileage, travel, lodging, and entertainment of business
294 prospects and other persons to the extent necessary or advisable to
295 carry out the purposes of subdivisions (4), (7), (8) and (11) of this
296 subsection and other provisions of this chapter; (24) to assist in
297 resolving solid waste management issues; [(25) to develop and
298 implement the Connecticut economic information system, in
299 consultation with the Connecticut Economic Information System
300 Steering Committee established under section 32-6i; and (26)] and (25)

301 (A) to serve as an information clearinghouse for various public and
302 private programs available to assist businesses, and (B) to identify
303 specific micro businesses, as defined in section 32-344, whose growth
304 and success could benefit from state or private assistance and contact
305 such small businesses in order to (i) identify their needs, (ii) provide
306 information about public and private programs for meeting such
307 needs, including, but not limited to, technical assistance, job training
308 and financial assistance, and (iii) arrange for the provision of such
309 assistance to such businesses.

310 (b) The Commissioner of Economic and Community Development
311 may make available technical and financial assistance and advisory
312 services to any appropriate agency, authority or commission for
313 planning and other functions pertinent to economic development
314 provided any financial assistance to a regional planning agency or a
315 regional council of elected officials shall have the prior approval of the
316 Secretary of the Office of Policy and Management or his designee.
317 Financial assistance shall be rendered upon such contractual
318 arrangements as may be agreed upon by the commissioner and any
319 such agency, authority or commission in accordance with their
320 respective needs, and the commissioner may determine the
321 qualifications of personnel or consultants to be engaged for such
322 assistance.

323 (c) The Commissioner of Economic and Community Development is
324 authorized to do all things necessary to apply for, qualify for and
325 accept any federal funds made available or allotted under any federal
326 act for planning or any other projects, programs or activities which
327 may be established by federal law, for any of the purposes, or activities
328 related thereto, of the Department of Economic and Community
329 Development and said Commissioner of Economic and Community
330 Development shall administer any such funds allotted to the
331 department in accordance with federal law. The commissioner may
332 enter into contracts with the federal government concerning the use
333 and repayment of such funds under any such federal act, the
334 prosecution of the work under any such contract and the establishment

335 of any disbursement from a separate account in which federal and
336 state funds estimated to be required for plan preparation or other
337 eligible activities under such federal act shall be kept. Said account
338 shall not be a part of the General Fund of the state or any subdivision
339 of the state.

340 (d) The powers and duties enumerated in this section shall be in
341 addition to and shall not limit any other powers or duties of the
342 Commissioner of Economic and Community Development contained
343 in any other law.

344 Sec. 6. Section 32-324f of the general statutes is repealed and the
345 following is substituted in lieu thereof (*Effective July 1, 2009*):

346 The Department of Economic and Community Development, in
347 consultation with the person, firm, corporation or entity selected to
348 implement the grant pursuant to subsection (b) of section 32-324a, if
349 applicable, shall create guidelines necessary for the administration of
350 the provisions of this section on the progress of the grant programs
351 administered pursuant to sections 32-324a to 32-324e, inclusive. [The
352 Department of Economic and Community Development, in
353 consultation with such person, firm, corporation or entity, if
354 applicable, shall submit an annual report, in accordance with the
355 provisions of section 11-4a, to the joint standing committees of the
356 General Assembly having cognizance of matters relating to energy and
357 technology, commerce and the environment.]

358 Sec. 7. Section 32-324g of the general statutes is repealed and the
359 following is substituted in lieu thereof (*Effective July 1, 2009*):

360 The Department of Economic and Community Development shall
361 administer a fuel diversification grant program to provide funding to
362 Connecticut institutions of higher education or Connecticut
363 institutions of agricultural research for purposes which may include,
364 but are not limited to (1) research to promote biofuel production from
365 agricultural products, algae and waste grease, and (2) biofuel quality
366 testing. Said department may enter into an agreement, in accordance

367 with the provisions of chapter 55a, with a person, firm, corporation or
368 other entity to administer such program. The Department of Economic
369 and Community Development, in consultation with such person, firm,
370 corporation or entity, if applicable, shall create guidelines necessary for
371 the administration of the provisions of this section. [If the Department
372 of Economic and Community Development selects such a person, firm,
373 corporation or other entity to administer the program, not later than
374 January 1, 2008, and annually thereafter, such person, firm,
375 corporation or other entity shall submit a report to the Commissioner
376 of Economic and Community Development regarding the status of
377 such program.]

378 Sec. 8. Section 32-1m of the general statutes is repealed and the
379 following is substituted in lieu thereof (*Effective July 1, 2009*):

380 (a) Not later than February 1, 2006, and annually thereafter, the
381 Commissioner of Economic and Community Development shall
382 submit a report to the Governor and the General Assembly, in
383 accordance with the provisions of section 11-4a. Not later than thirty
384 days after submission of the report to the Governor and the General
385 Assembly, said commissioner shall post the report on the Department
386 of Economic and Community Development's web site. Said report
387 shall include, but not be limited to, the following information with
388 regard to the activities of the Department of Economic and
389 Community Development during the preceding state fiscal year:

390 (1) A brief description and assessment of the state's economy during
391 such year, utilizing the most recent and reasonably available data, and
392 including:

393 (A) Connecticut employment by industry;

394 (B) Connecticut and national average unemployment;

395 (C) Connecticut gross state product, by industry;

396 (D) Connecticut productivity, by industry, compared to the national
397 average;

398 (E) Connecticut manufacturing activity;

399 (F) Identification of economic and competitive conditions affecting
400 Connecticut's industry sectors, problems resulting from these
401 conditions and state efforts to address the problems; and

402 (G) Any other economic information that the commissioner deems
403 appropriate.

404 (2) A statement of the department's economic and community
405 development objectives, measures of program success and standards
406 for granting financial and nonfinancial assistance under programs
407 administered by the department.

408 (3) An analysis of the economic development portfolio of the
409 department, including:

410 (A) A list of the names, addresses and locations of all recipients of
411 the department's assistance;

412 (B) The following information concerning each recipient of such
413 assistance: (i) Business activities, (ii) standard industrial classification
414 codes or North American industrial classification codes, (iii) number of
415 full-time jobs and part-time jobs at the time of application, (iv) number
416 of actual full-time jobs and actual part-time jobs during the preceding
417 state fiscal year, (v) whether the recipient is a minority or woman-
418 owned business, (vi) a summary of the terms and conditions for the
419 assistance, including the type and amount of state financial assistance,
420 job creation or retention requirements and anticipated wage rates, (vii)
421 the amount of investments from private and other nonstate sources
422 that have been leveraged by the assistance, (viii) the extent to which
423 employees of the recipient participate in health benefit plans offered
424 by such recipient, (ix) the extent to which the recipient offers unique
425 economic, social, cultural or aesthetic attributes to the municipality in
426 which the recipient is located or to the state, and (x) the amount of
427 state investment;

428 (C) A portfolio analysis, including (i) an analysis of the wages paid

429 by recipients of financial assistance, (ii) the average portfolio wage,
430 median portfolio wage, highest and lowest portfolio wage, (iii)
431 portfolio wage data by industry, and (iv) portfolio wage data by
432 municipality;

433 (D) An investment analysis, including (i) total portfolio value, (ii)
434 total investment by industry, (iii) portfolio dollar per job average, (iv)
435 portfolio leverage ratio, and (v) percentage of financial assistance
436 which was provided to high performance work organizations in the
437 preceding state fiscal year; and

438 (E) An analysis of the estimated economic effects of the
439 department's economic development investments on the state's
440 economy, including (i) contribution to gross state product for the total
441 economic development portfolio and for any investment activity
442 occurring in the preceding state fiscal year, (ii) direct and indirect
443 employment created by the investments for the total portfolio and for
444 any investment activity occurring in the preceding state fiscal year, (iii)
445 productivity of recipients of financial assistance as a result of the
446 department's investment occurring in the preceding state fiscal year,
447 (iv) directly or indirectly increased property values in the
448 municipalities in which the recipients of assistance are located, and (v)
449 personal income.

450 (4) An analysis of the community development portfolio of the
451 department, including:

452 (A) A list of the names, addresses and locations of all recipients of
453 the department's assistance;

454 (B) The following information concerning each recipient of such
455 assistance: (i) Amount of state investment, (ii) a summary of the terms
456 and conditions for the department's assistance, including the type and
457 amount of state financial assistance, and (iii) the amount of
458 investments from private and other nonstate sources that have been
459 leveraged by such assistance;

460 (C) An investment analysis, including (i) total active portfolio value,
461 (ii) total investments made in the preceding state fiscal year, (iii) total
462 portfolio by municipality, (iv) total investments made in the preceding
463 state fiscal year categorized by municipality, (v) total portfolio
464 leverage ratio, and (vi) leverage ratio of the total investments made in
465 the preceding state fiscal year; and

466 (D) An analysis of the estimated economic effects of the
467 department's economic development investments on the state's
468 economy, including (i) contribution to gross state product for the total
469 portfolio and for any investment activity occurring in the preceding
470 state fiscal year, (ii) direct and indirect employment created by the
471 investments for the total portfolio and for any investment activity
472 occurring in the preceding state fiscal year, (iii) productivity of
473 recipients of financial assistance as a result of the department's
474 investment occurring in the preceding state fiscal year, (iv) directly or
475 indirectly increased property values in the municipalities in which the
476 recipients are located, and (v) personal income.

477 (5) A summary of the department's economic and community
478 development marketing efforts in the preceding state fiscal year, a
479 summary of the department's business recruitment strategies and
480 activities in such year, and a summary of the department's efforts to
481 assist small businesses and minority business enterprises in such year.

482 (6) A summary of the department's international trade efforts in the
483 preceding state fiscal year, and, to the extent possible, a summary of
484 foreign direct investment that occurred in the state in such year.

485 (7) Identification of existing economic clusters, the formation of new
486 economic clusters, the measures taken by the commissioner during the
487 preceding state fiscal year to encourage the growth of economic
488 clusters and the amount of bond funds expended by the department
489 during the previous fiscal year on each economic cluster.

490 (8) (A) A summary of the department's brownfield-related efforts
491 and activities within the Office of Brownfield Remediation and

492 Development established pursuant to subsections (a) to (f), inclusive,
493 of section 32-9cc in the preceding state fiscal year, except for activity
494 under the Special Contaminated Property Remediation and Insurance
495 Fund program. Such efforts shall include, but not be limited to, (i) total
496 portfolio investment in brownfield remediation projects, (ii) total
497 investment in brownfield remediation projects in the preceding state
498 fiscal year, (iii) total number of brownfield remediation projects, (iv)
499 total number of brownfield remediation projects in the preceding state
500 fiscal year, (v) total of reclaimed and remediated acreage, (vi) total of
501 reclaimed and remediated acreage in the preceding state fiscal year,
502 (vii) leverage ratio for the total portfolio investment in brownfield
503 remediation projects, and (viii) leverage ratio for the total portfolio
504 investment in brownfield remediation projects in the preceding state
505 fiscal year. Such summary shall include a list of such brownfield
506 remediation projects and, for each such project, the name of the
507 developer and the location by street address and municipality and a
508 tracking of all funds administered through or by said office;

509 (B) A summary of the department's efforts with regard to the
510 Special Contaminated Property Remediation and Insurance Fund,
511 including, but not limited to, (i) the number of applications received in
512 the preceding state fiscal year, (ii) the number and amounts of loans
513 made in such year, (iii) the names of the applicants for such loans, (iv)
514 the average time period between submission of application and the
515 decision to grant or deny the loan, (v) a list of the applications
516 approved and the applications denied and the reasons for such
517 denials, and (vi) for each project, the location by street address and
518 municipality; and

519 (C) A summary of the department's efforts with regard to the dry
520 cleaning grant program, established pursuant to section 12-263m,
521 including, but not limited to, (i) information as to the number of
522 applications received, (ii) the number and amounts of grants made
523 since the inception of the program, (iii) the names of the applicants,
524 (iv) the time period between submission of application and the
525 decision to grant or deny the loan, (v) which applications were

526 approved and which applications were denied and the reasons for any
527 denials, and (vi) a recommendation as to whether the surcharge and
528 grant program established pursuant to section 12-263m should
529 continue.

530 (9) The following information concerning enterprise zones
531 designated under section 32-70:

532 (A) A statement of the current goals for enterprise zones;

533 (B) A statement of the current performance standards to measure
534 the progress of municipalities that have enterprise zones in attaining
535 the goals for such zones;

536 (C) A report from each municipality that has an enterprise zone,
537 which evaluates the progress of the municipality in meeting the
538 performance standards established under section 32-70a, as amended
539 by this act; and

540 (D) An assessment of the performance of each enterprise zone based
541 on information collected under subparagraph (C) of this subdivision.

542 (10) With regard to the grant program designated pursuant to
543 sections 32-324a to 32-324e, inclusive, an assessment of program
544 performance.

545 (11) With regard to the fuel diversification program designated
546 pursuant to section 32-324g, as amended by this act, an assessment of
547 program performance.

548 [(10)] (12) With regard to the department's housing-development-
549 related functions and activities:

550 (A) A brief description and assessment of the state's housing market
551 during the preceding state fiscal year, utilizing the most recent and
552 reasonably available data, and including, but not limited to, (i) a brief
553 description of the significant characteristics of such market, including
554 supply, demand and condition and cost of housing, and (ii) any other

555 information that the commissioner deems appropriate;

556 (B) A comprehensive assessment of current and future needs for
557 rental assistance under section 8-119kk for housing projects for the
558 elderly and disabled, in consultation with the Connecticut Housing
559 Finance Authority;

560 (C) An analysis of the progress of the public and private sectors
561 toward meeting housing needs in the state, using building permit data
562 from the United States Census Bureau and demolition data from
563 Connecticut municipalities;

564 (D) A list of municipalities that meet the affordable housing criteria
565 set forth in subsection (k) of section 8-30g, pursuant to regulations that
566 the Commissioner of Economic and Community Development shall
567 adopt pursuant to the provisions of chapter 54. For the purpose of
568 determining the percentage required by subsection (k) of said section
569 8-30g, the commissioner shall use as the denominator the number of
570 dwelling units in the municipality, as reported in the most recent
571 United States decennial census; and

572 (E) A statement of the department's housing development
573 objectives, measures of program success and standards for granting
574 financial and nonfinancial assistance under programs administered by
575 said commissioner.

576 [(11)] (13) A presentation of the state-funded housing development
577 portfolio of the department, including:

578 (A) A list of the names, addresses and locations of all recipients of
579 such assistance; and

580 (B) For each such recipient, (i) a summary of the terms and
581 conditions for the assistance, including the type and amount of state
582 financial assistance, (ii) the amount of investments from private and
583 other nonstate sources that have been leveraged by the assistance, (iii)
584 the number of new units to be created and the number of units to be
585 preserved at the time of the application, and (iv) the number of actual

586 new units created and number of units preserved.

587 [(12)] (14) An analysis of the state-funded housing development
588 portfolio of the department, including:

589 (A) An investment analysis, including the (i) total active portfolio
590 value, (ii) total investment made in the preceding state fiscal year, (iii)
591 portfolio dollar per new unit created, (iv) estimated dollars per new
592 unit created for projects receiving an assistance award in the preceding
593 state fiscal year, (v) portfolio dollars per unit preserved, (vi) estimated
594 dollar per unit preserved for projects receiving an assistance award in
595 the preceding state fiscal year, (vii) portfolio leverage ratio, and (viii)
596 leverage ratio for housing development investments made in the
597 preceding state fiscal year; and

598 (B) A production and preservation analysis, including (i) the total
599 number of units created, itemized by municipality, for the total
600 portfolio and projects receiving an assistance award in the preceding
601 state fiscal year, (ii) the total number of elderly units created for the
602 total portfolio and for projects receiving an assistance award in the
603 preceding state fiscal year, (iii) the total number of family units created
604 for the total portfolio and for projects receiving an assistance award in
605 the preceding state fiscal year, (iv) the total number of units preserved,
606 itemized by municipality, for the total portfolio and projects receiving
607 an assistance award in the preceding state fiscal year, (v) the total
608 number of elderly units preserved for the total portfolio and for
609 projects receiving an assistance award in the preceding state fiscal
610 year, (vi) the total number of family units preserved for the total
611 portfolio and for projects receiving an assistance award in the
612 preceding state fiscal year, (vii) an analysis by income group of
613 households served by the department's housing construction,
614 substantial rehabilitation, purchase and rental assistance programs, for
615 each housing development, if applicable, and for each program,
616 including number of households served under each program by race
617 and data for all households, and (viii) a summary of the department's
618 efforts in promoting fair housing choice and racial and economic

619 integration, including data on the racial composition of the occupants
620 and persons on the waiting list of each housing project that is assisted
621 under any housing program established by the general statutes or a
622 special act or that is supervised by the department, provided no
623 information shall be required to be disclosed by any occupant or
624 person on a waiting list for the preparation of such summary. As used
625 in this subparagraph, "elderly units" means dwelling units for which
626 occupancy is restricted by age, and "family units" means dwelling
627 units for which occupancy is not restricted by age.

628 [(13)] (15) An economic impact analysis of the department's housing
629 development efforts and activities, including, but not limited to:

630 (A) The contribution of such efforts and activities to the gross state
631 product;

632 (B) The direct and indirect employment created by the investments
633 for the total housing development portfolio and for any investment
634 activity for such portfolio occurring in the preceding state fiscal year;
635 and

636 (C) Personal income in the state.

637 [(14)] (16) With regard to the Housing Trust Fund and Housing
638 Trust Fund program, as those terms are defined in section 8-336m:

639 (A) Activities for the prior fiscal year of the Housing Trust Fund and
640 the Housing Trust Fund program; and

641 (B) The efforts of the department to obtain private support for the
642 Housing Trust Fund and the Housing Trust Fund program.

643 [(15)] (17) With regard to the department's energy conservation loan
644 program:

645 (A) The number of loans or deferred loans made during the
646 preceding fiscal year under each component of such program and the
647 total amount of the loans or deferred loans made during such fiscal

648 year under each such component;

649 (B) A description of each step of the loan or deferred loan
650 application and review process;

651 (C) The location of each loan or deferred loan application intake site
652 for such program;

653 (D) The average time period for the processing of loan or deferred
654 loan applications during such fiscal year; and

655 (E) The total administrative expenses of such program for such
656 fiscal year.

657 [(16)] (18) A summary of the total social and economic impact of the
658 department's efforts and activities in the areas of economic,
659 community and housing development, and an assessment of the
660 department's performance in terms of meeting its stated goals and
661 objectives.

662 (b) Any annual report that is required from the department by any
663 provision of the general statutes shall be incorporated into the annual
664 report provided pursuant to subsection (a) of this section.

665 Sec. 9. Section 5 of public act 08-2 of the November 24 special
666 session is repealed and the following is substituted in lieu thereof
667 (*Effective from passage*):

668 (a) For purposes of this section, "municipality" means any town,
669 consolidated town and city, consolidated town and borough, borough,
670 district as defined in section 7-324 of the general statutes, and any city
671 not consolidated with a town.

672 (b) On or before December 31, 2009, any municipality, by ordinance
673 adopted by its legislative body, may establish a one-time amnesty
674 program for persons owing any tax, assessment, fee, fine or other
675 payment to such municipality. Such program may (1) apply to any
676 unpaid or partially paid taxes, fees, assessments, including those for

677 special districts, fines, including those for alleged violations of any
678 municipal ordinance, or other payments required to be paid to such
679 municipality, (2) provide for full or partial forgiveness of interest,
680 penalties, fines, costs or other fees due on such unpaid or partially paid
681 taxes, fees, assessments, fines or other payments, (3) limit the
682 applicability of such program to a time period prior to the institution
683 of such program during which such unpaid or partially paid taxes,
684 fees, assessments, fines or other payments were levied by such
685 municipality, (4) provide exclusions for persons who fail to meet
686 criteria that such municipality may set for eligibility for such program,
687 and (5) establish such other terms as such municipality may deem
688 necessary to conduct such program effectively and efficiently.

689 (c) No municipality may make such program available for a period
690 of time in excess of ninety calendar days. Such municipality shall
691 apply the terms of such program in the same manner to each person
692 owing any tax, assessment, fee, fine or other payment to such
693 municipality.

694 (d) Notwithstanding the provisions of section 12-144b, a
695 municipality that has established a program pursuant to subsection (b)
696 of this section may choose to apply any payments received pursuant to
697 said program toward payment of any outstanding taxes levied on a
698 specific property and need not apply such payments first to the oldest
699 outstanding tax.

700 Sec. 10. Section 25-68d of the general statutes is amended by adding
701 subsection (g) as follows (*Effective from passage*):

702 (NEW) (g) A proposal for the reuse of mills and other brownfields
703 as defined in section 32-9kk shall not require an exemption pursuant to
704 subdivision (4) of subsection (b) of this section provided the proposal
705 is subject to environmental remediation requirements adopted
706 pursuant to section 22a-133k, renovation or construction is limited to
707 the areas of the property where historic mill uses occurred, any critical
708 activity is above the five hundred year flood elevation and such
709 renovation or construction complies with the provisions of the

710 National Flood Insurance Program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-70a
Sec. 2	<i>July 1, 2009</i>	32-1o(c)
Sec. 3	<i>from passage</i>	32-71(b)
Sec. 4	<i>from passage</i>	32-327(5)
Sec. 5	<i>from passage</i>	32-1c
Sec. 6	<i>July 1, 2009</i>	32-324f
Sec. 7	<i>July 1, 2009</i>	32-324g
Sec. 8	<i>July 1, 2009</i>	32-1m
Sec. 9	<i>from passage</i>	PA 08-2 of the November 24 Sp. Sess., Sec. 5
Sec. 10	<i>from passage</i>	25-68d

Statement of Legislative Commissioners:

Subdivision (11) of section 2 was rewritten for clarity.

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: None

Municipal Impact:

Municipalities	Effect	FY 10 \$	FY 11 \$
Various Municipalities	Revenue Impact	See Below	See Below

Explanation

The bill could result in a revenue impact to municipalities associated with changing the income criteria under which taxpayers qualify for a property tax exemption for residential property improvements in enterprise zones. The degree of revenue impact is dependent upon the extent to which the new income standard (as determined by the United States Department of Housing and Urban Development, HUD) will increase or decrease the number of properties eligible for the tax exemption, than are currently eligible. Any impact is anticipated to be minimal as HUD standards are typically used for this purpose.

The bill makes several other changes to the economic development statutes associated with updating references to classification manuals and altering reporting requirements, which are not anticipated to result in a fiscal impact.

The Out Years

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

OLR Bill Analysis**sSB 887*****AN ACT CONCERNING CHANGES TO ECONOMIC DEVELOPMENT STATUTES.*****SUMMARY:**

This bill allows municipalities to apply amnesty payments against any outstanding tax owed on property if they are implementing the one-time amnesty program authorized under PA 08-2, NSS. Under current law, municipalities must apply delinquent payments against the oldest outstanding tax owed on a property.

The bill makes it easier for state agencies to develop certain property located in floodplains. Under current law, agencies must obtain the environmental protection commissioner's approval before developing such property or doing other things that could affect land uses there. The bill exempts mills and other brownfields from this requirement if they are being remediated according to state standards and meet other specified criteria.

The bill changes income criterion improved condominiums and multifamily housing units must meet to qualify for enterprise zone property tax exemptions. Under current law, the units must be occupied by people earning no more than 200% of the municipality's median family income. Under the bill, they must be occupied by people earning no more than 200% of the median income of the area where the municipality is located, as determined by the U.S. Department of Housing and Urban Development (HUD). HUD annually determines area median income for families adjusted for size.

Lastly, the bill requires the Department of Economic and Community Development (DECD) to incorporate its separate annual reports for two programs it administers in its comprehensive annual

report. In doing so, it changes how these reports must be prepared and who receives them. The bill makes many minor and technical changes to the economic development statutes, including those governing enterprise zone reporting and the strategic economic development plan.

EFFECTIVE DATE: Upon passage, except the provisions regarding the strategic plan and DECD's annual report take effect July 1, 2009.

DEVELOPMENT IN FLOODPLAINS

The bill sets conditions under which state agencies can allow mills and other brownfields to be renovated or reconstructed in floodplains without obtaining an exemption from the environmental protection commissioner. In these cases, an agency does not need an exemption if this work:

1. is limited to the space where the property was originally used,
2. is being done above the 500-year flood elevation,
3. complies with state environmental cleanup standards, and
4. complies with the National Flood Insurance Program.

ENTERPRISE ZONE REPORTING AND EVALUATION

The state's 17 enterprise zones are relatively small economically distressed areas where businesses qualify for property and corporate business tax incentives if they improve property and create jobs. The law specifies a process for evaluating the zones that includes deadlines for submitting data and evaluation reports. The bill extends these deadlines.

Current law requires all businesses in the zones, regardless of whether they qualify for the tax incentives, to report specified information to their host municipalities every five years, beginning July 1, 2011. The bill limits the requirement to those businesses certified to receive the incentives and pushes back the reporting deadline to November 1, 2011.

Current law requires municipalities to submit performance reports to the DECD commissioner every five years, beginning July 1 2011. The bill pushes back this deadline to October 1, 2011. The reports must measure the extent to which the zones achieve their goals.

The law requires the commissioner to submit two consecutive reports to the legislature evaluating the enterprise zones and, with respect to the second report, recommending whether the enterprise zone designation should be removed from any area that has not met its goals. The bill pushes back the deadline for the first report from February 1, 2011 to February 1, 2012. It does not change the second report's deadline, which is January 1, 2013.

ECONOMIC DEVELOPMENT STRATEGIC PLAN

The law requires the DECD commissioner to prepare a five-year strategic plan addressing a wide range of issues including, the factors, issues, and forces that impede economic development. The first plan is due July 1, 2009. The bill requires her to include in the plan a review and evaluation of several programs providing incentives to businesses in designated areas. The programs are:

1. Urban Jobs, which provides grants to businesses in state-designated distressed municipalities;
2. Enterprise Zones, which provides property and corporate tax incentives for improving property and creating jobs; and
3. those programs providing enterprise zone benefits to other targeted areas, including railroad depots, entertainment districts, and enterprise corridors.

The review and evaluation must also include the incentives given to attract businesses to closed military bases and manufacturing plants in municipalities contiguous to those with enterprise zones.

REGIONAL INFRASTRUCTURE PROJECTS

The bill updates a reference to a manual used to determine if

projects qualify for regional infrastructure grants. (The legislature has not funded the program since 1993.) Under current law, the commissioner must determine if a project creates manufacturing jobs based on the Standard Industrial Classification System, which the federal government devised in the 1930s to classify different types of manufacturing industries. The bill substitutes the North American Industrial Classification System, which the federal government devised in cooperation with Canada and Mexico to implement the North American Free Trade Agreement.

DECD ADMINISTERED ENERGY PROGRAMS

The bill requires DECD to incorporate in its annual report two separate reports on the energy programs it administers. It also changes several reporting requirements. It eliminates the requirement that DECD prepare the report on the Biodiesel Distributors Grant Program in consultation with the entity DECD selected to run the program. It also eliminates the requirement that it submit the report to the Environment and Energy and Technology Committees.

The bill eliminates a reporting requirement that applies if DECD selects an entity to administer the Fuel Diversification Program. Under current law, the entity must submit annual reports to the commissioner about the program.

BACKGROUND

Enterprise Zone Property Tax Exemption for Residential Property

The law requires municipalities to grant two types of property tax exemptions to taxpayers in enterprise zones who improve their properties. They must exempt 80% of the assessed value of newly constructed or improved factories, warehouses, banks, and other specified property for five years. The state reimburses municipalities for this revenue loss.

Municipalities must also exempt a portion of the assessed value of other types of property, but under a different schedule. Homes, apartments, stores, offices, and other types of property ineligible for

the five-year, 80% exemption, qualify for a seven-year exemption. The exemption is 100% of the improvement's assessed value in the first two years, drops to 50% in the third, and declines by 10% per year in each of the remaining four years. The state does not reimburse municipalities for this revenue loss.

HUD Area Median Income

HUD annually determines median family income for metropolitan and nonmetropolitan areas based on census data. It uses this data to determine whether someone is eligible for housing or housing assistance under many different programs.

Related Bills

SB 973 (File 194) makes identical changes to the enterprise zone program.

sHB 6097 (File 314) also allows mills and other brownfields to be redeveloped in floodplains without having to obtain an exemption under similar criteria. The development can occur if:

1. it renovates an existing structure,
2. constructs a new structure on the site of the old one and the new structure's footprint does not exceed the former's structure historic footprint,
3. residential living space is above the 500-year flood elevations, and
4. the renovation complies with the National Flood Insurance Program.

Under sSB 887, the project must meet these criteria and comply with Department of Environmental Protection cleanup requirements.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/17/2009)