



Senate

General Assembly

File No. 234

January Session, 2009

Substitute Senate Bill No. 888

Senate, March 26, 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 REGIONAL ECONOMIC DEVELOPMENT.

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

1 Section 1. (NEW) (*Effective July 1, 2009*) (a) Any of the following
2 entities may, either individually or in conjunction with one or more
3 other such entities, establish a regional economic development district
4 for the purposes of sections 1 to 3, inclusive, 7 and 8 of this act and
5 sections 32-10, 16a-27 and 8-35a of the general statutes, as amended by
6 this act: (1) A regional economic development commission formed
7 under section 7-137 of the general statutes; (2) any organization that
8 has a plan that meets the requirements of section 2 of this act that has
9 been approved by the Assistant Secretary of Economic Development of
10 the United States Department of Commerce; (3) a corporation exempt
11 from federal income tax under Section 501(a) of the Internal Revenue
12 Code; (4) another regional economic development commission or
13 corporation formed under any other provision of the general statutes
14 or any special act; or (5) a regional planning organization, as defined in
15 section 4-124i of the general statutes. The entity or entities establishing

16 a regional economic development district shall provide for a board of
17 directors of the district.

18 (b) The boundaries of such districts shall, to the extent practicable,
19 be contiguous with boundaries of labor market areas, as determined by
20 the Labor Commissioner, or encompass a region that has developed a
21 plan that meets the requirements of section 2 of this act and has been
22 approved by the Assistant Secretary of Commerce for Economic
23 Development.

24 Sec. 2. (NEW) (*Effective July 1, 2009*) (a) The board of directors of a
25 regional economic development district shall prepare and approve a
26 comprehensive economic development strategy for the district to
27 address identified economic development problems in a manner that
28 promotes economic development and opportunity, fosters effective
29 transportation access, improves workforce development, enhances and
30 protects the environment and balances resources through sound
31 management of development. A comprehensive economic
32 development strategy shall contain:

33 (1) An analysis of economic and community development problems
34 and opportunities, including incorporation of any relevant material or
35 suggestions from other government-sponsored or supported plans;

36 (2) Background and history of economic development in the district,
37 with a discussion of the economy, geography, population, labor force,
38 resources and the environment;

39 (3) A discussion of community participation in the planning efforts
40 for the strategy;

41 (4) The goals and objectives for (A) taking advantage of the
42 opportunities in the district, and (B) solving the economic
43 development problems of the district;

44 (5) A plan of action, including suggested projects to implement the
45 goals and objectives set forth in subdivision (4) of this subsection; and

46 (6) Performance measures that will be used to evaluate whether and
47 to what extent such goals and objectives have been met.

48 (b) Upon approving the comprehensive economic development
49 strategy for a district, the board of directors of the district shall submit
50 the strategy to each regional planning organization, as defined in
51 section 4-124i of the general statutes, serving any portion of the
52 geographical area of such district, except if such regional planning
53 organizations are not part of the regional economic development
54 district pursuant to section 1 of this act. The regional planning
55 organizations shall study such proposal and shall report their findings
56 and recommendations thereon to the district not later than ninety days
57 after the receipt of the strategy.

58 (c) After review and comment on the comprehensive economic
59 development strategy under subsection (b) of this section, the board of
60 directors of the district shall submit the strategy to the Commissioner
61 of Economic and Community Development and the Secretary of the
62 Office of Policy and Management. The secretary and the commissioner
63 shall review the strategy and, not later than sixty days after receiving
64 the strategy, shall either notify said board of directors of approval of
65 the strategy or provide the board with recommendations for
66 modifying the strategy for consistency with the state plan of
67 conservation and development adopted pursuant to chapter 297 of the
68 general statutes and the state-wide comprehensive economic
69 development strategy required under section 32-1o of the general
70 statutes, as amended by this act. If neither the commissioner nor the
71 secretary notifies the board within said sixty days, the strategy shall be
72 deemed to have been approved. If said commissioner or secretary
73 recommends modifications, the board shall modify the strategy in
74 accordance with such recommendations and resubmit the strategy for
75 review in the same manner as for the original submission of the
76 strategy.

77 (d) The board of directors of a regional economic development
78 district shall, annually, report to the commissioner and the secretary on

79 progress made in implementing the comprehensive economic
80 development strategy. A new or revised strategy shall be developed at
81 least once every five years. The board shall submit each new or revised
82 strategy for review and approval in accordance with the same
83 procedure as for a strategy under subsections (b) and (c) of this section.

84 Sec. 3. (NEW) (*Effective July 1, 2009*) (a) Upon approval by the
85 Commissioner of Economic and Community Development and the
86 Secretary of the Office of Policy and Management of a comprehensive
87 economic development strategy for a regional economic development
88 district, the board of directors of said district may submit the strategy
89 to the Assistant Secretary of the United States Department of
90 Commerce for approval pursuant to 42 USC 3121 et seq., as from time
91 to time amended, and regulations adopted thereunder, unless such
92 comprehensive economic development strategy was submitted to and
93 approved by said Assistant Secretary before the effective date of this
94 section.

95 (b) The board of directors of a regional economic development
96 district that submits a comprehensive economic development strategy
97 to the Assistant Secretary of the United States Department of
98 Commerce or has previously submitted and received the approval of
99 said Assistant Secretary of such a strategy may apply to said Assistant
100 Secretary for federal designation of the economic development district
101 pursuant to 42 USC 3121 et seq., as from time to time amended, and
102 regulations adopted thereunder. Approval by the Commissioner of
103 Economic and Community Development of the comprehensive
104 economic development strategy under section 2 of this act shall be
105 deemed to meet the requirements of said 42 USC 3121 et seq., as from
106 time to time amended, and regulations adopted thereunder with
107 regard to gubernatorial approval of the economic development district
108 application, except if the Governor disapproves the strategy not later
109 than thirty days after the strategy is submitted to the Governor by such
110 board of directors.

111 Sec. 4. Section 32-10 of the general statutes is repealed and the

112 following is substituted in lieu thereof (*Effective July 1, 2009*):

113 (a) On or before July 1, 2009, and every five years thereafter, the
114 Commissioner of Economic and Community Development, within
115 available appropriations, shall prepare an economic strategic plan for
116 the state in consultation with the Secretary of the Office of Policy and
117 Management, the Commissioners of Environmental Protection and
118 Transportation, the Labor Commissioner, the executive directors of the
119 Connecticut Housing Finance Authority, the Connecticut Development
120 Authority, the Connecticut Innovations, Inc., the Commission on
121 Culture and Tourism and the Connecticut Health and Educational
122 Facilities Authority, and the president of the Office of Workforce
123 Competitiveness, or their respective designees, and any other agencies
124 the Commissioner of Economic and Community Development deems
125 appropriate.

126 (b) In developing the plan, the Commissioner of Economic and
127 Community Development shall:

128 (1) Ensure that the plan is consistent with (A) the text and locational
129 guide map of the state plan of conservation and development, adopted
130 pursuant to chapter 297, (B) the long-range state housing plan,
131 adopted pursuant to section 8-37t, and (C) the transportation strategy
132 adopted pursuant to section 13b-57g;

133 (2) (A) Consult regional councils of governments, regional planning
134 organizations [,] and regional economic development agencies [,] and
135 (i) consider local and economic development district strategy and
136 ensure, to the extent practicable, that the plan is consistent with the
137 local and economic development district strategies, and (ii) identify
138 any inconsistencies between the state strategy and the local and
139 economic development district strategies and provide justification for
140 each inconsistency. Such state strategy shall, on a state-wide basis,
141 address the issues and include the content required for a regional
142 comprehensive economic development strategy as provided in
143 subsection (a) of section 2 of this act;

144 (B) Consult interested state and local officials, entities involved in
145 economic and community development, stakeholders and business,
146 economic, labor, community and housing organizations;

147 (3) Consider (A) regional economic, community and housing
148 development plans, and (B) applicable state and local workforce
149 investment strategies;

150 (4) Assess and evaluate the economic development challenges and
151 opportunities of the state and against the economic development
152 competitiveness of other states and regions; and

153 (5) Host regional forums to provide for public involvement in the
154 planning process.

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

157 (1) A review and evaluation of the economy of the state. Such
158 review and evaluation shall include, but not be limited to, a sectoral
159 analysis, housing market and housing affordability analysis, labor
160 market and labor quality analysis, demographic analysis and include
161 historic trend analysis and projections;

162 (2) A review and analysis of factors, issues and forces that impact or
163 impede economic development and responsible growth in Connecticut
164 and its constituent regions. Such factors, issues or forces shall include,
165 but not be limited to, transportation, including, but not limited to,
166 commuter transit, rail and barge freight, technology transfer,
167 brownfield remediation and development, health care delivery and
168 costs, early education, primary education, secondary and
169 postsecondary education systems and student performance, business
170 regulation, labor force quality and sustainability, social services costs
171 and delivery systems, affordable and workforce housing cost and
172 availability, land use policy, emergency preparedness, taxation,
173 availability of capital and energy costs and supply;

174 (3) Identification and analysis of economic clusters that are growing

175 or declining within the state;

176 (4) An analysis of targeted industry sectors in the state that (A)
177 identifies those industry sectors that are of current or future
178 importance to the growth of the state's economy and to its global
179 competitive position, (B) identifies what those industry sectors need
180 for continued growth, and (C) identifies, those industry sectors current
181 and potential impediments to growth;

182 (5) A review and evaluation of the economic development structure
183 in the state, including, but not limited to, (A) a review and analysis of
184 the past and current economic, community and housing development
185 structures, budgets and policies, efforts and responsibilities of its
186 constituent parts in Connecticut; and (B) an analysis of the
187 performance of the current economic, community and housing
188 development structure, and its individual constituent parts, in meeting
189 its statutory obligations, responsibilities and mandates and their
190 impact on economic development and responsible growth in
191 Connecticut;

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

195 (7) Establishment of clear and measurable goals and objectives for
196 the state and regions, to meet the short and long-term goals established
197 under this section and provide clear steps and strategies to achieve
198 said goals and objectives, including, but not limited to, the following:
199 (A) The promotion of economic development and opportunity, (B) the
200 fostering of effective transportation access and choice including the use
201 of airports and ports for economic development, (C) enhancement and
202 protection of the environment, (D) maximization of the effective
203 development and use of the workforce consistent with applicable state
204 or local workforce investment strategy, (E) promotion of the use of
205 technology in economic development, including access to high-speed
206 telecommunications, and (F) the balance of resources through sound
207 management of physical development;

208 (8) Prioritization of goals and objectives established under this
209 section;

210 (9) Establishment of relevant measures that clearly identify and
211 quantify (A) whether a goal and objective is being met at the state,
212 regional, local and private sector level, and (B) cause and effect
213 relationships, and provides a clear and replicable measurement
214 methodology;

215 (10) Recommendations on how the state can best achieve goals
216 under the strategic plan and provide cost estimates for implementation
217 of the plan and the projected return on investment for those areas; and

218 (11) Any other responsible growth information that the
219 commissioner deems appropriate.

220 (d) On or before July 1, 2009, and every five years thereafter, the
221 Commissioner of Economic and Community Development shall
222 submit an economic development strategic plan for the state to the
223 Governor for approval. The Governor shall review and approve or
224 disapprove such plan not more than sixty days after submission. The
225 plan shall be effective upon approval by the Governor or sixty days
226 after the date of submission.

227 (e) Upon approval, the commissioner shall submit the economic
228 development strategic plan to the joint standing committees of the
229 General Assembly having cognizance of matters relating to commerce,
230 planning and development, appropriations and the budgets of state
231 agencies and finance, revenue and bonding. Not later than thirty days
232 after such submission, the commissioner shall post the plan on the web
233 site of the Department of Economic and Community Development.

234 (f) The commissioner from time to time, may revise and update the
235 strategic plan upon approval of the Governor. The commissioner shall
236 post any such revisions on the web site of the Department of Economic
237 and Community Development.

238 Sec. 5. Section 16a-27 of the general statutes is repealed and the

239 following is substituted in lieu thereof (*Effective July 1, 2009*):

240 (a) The secretary, after consultation with all appropriate state,
241 regional and local agencies and other appropriate persons, shall prior
242 to March 1, 2009, complete a revision of the existing plan and enlarge it
243 to include, but not be limited to, policies relating to transportation,
244 energy and air. Any revision made after May 15, 1991, shall identify
245 the major transportation proposals, including proposals for mass
246 transit, contained in the master transportation plan prepared pursuant
247 to section 13b-15. Any revision made after July 1, 1995, shall take into
248 consideration the conservation and development of greenways that
249 have been designated by municipalities and shall recommend that
250 state agencies coordinate their efforts to support the development of a
251 state-wide greenways system. The Commissioner of Environmental
252 Protection shall identify state-owned land for inclusion in the plan as
253 potential components of a state greenways system.

254 (b) Any revision made after August 20, 2003, shall take into account
255 (1) economic and community development needs and patterns of
256 commerce, and (2) linkages of affordable housing objectives and land
257 use objectives with transportation systems.

258 (c) Any revision made after March 1, 2006, shall (1) take into
259 consideration risks associated with natural hazards, including, but not
260 limited to, flooding, high winds and wildfires; (2) identify the potential
261 impacts of natural hazards on infrastructure and property; and (3)
262 make recommendations for the siting of future infrastructure and
263 property development to minimize the use of areas prone to natural
264 hazards, including, but not limited to, flooding, high winds and
265 wildfires.

266 (d) Any revision made after July 1, 2005, shall describe the progress
267 towards achievement of the goals and objectives established in the
268 previously adopted state plan of conservation and development and
269 shall identify (1) areas where it is prudent and feasible (A) to have
270 compact, transit accessible, pedestrian-oriented mixed-use
271 development patterns and land reuse, and (B) to promote such

272 development patterns and land reuse, (2) priority funding areas
273 designated under section 16a-35c, and (3) corridor management areas
274 on either side of a limited access highway or a rail line. In designating
275 corridor management areas, the secretary shall make
276 recommendations that (A) promote land use and transportation
277 options to reduce the growth of traffic congestion; (B) connect
278 infrastructure and other development decisions; (C) promote
279 development that minimizes the cost of new infrastructure facilities
280 and maximizes the use of existing infrastructure facilities; and (D)
281 increase intermunicipal and regional cooperation.

282 (e) Any revision made after October 1, 2008, shall (1) for each policy
283 recommended (A) assign a priority; (B) estimate funding for
284 implementation and identify potential funding sources; (C) identify
285 each entity responsible for implementation; and (D) establish a
286 schedule for implementation; and (2) for each growth management
287 principle, determine three benchmarks to measure progress in
288 implementation of the principles, one of which shall be a financial
289 benchmark.

290 (f) Any revision made after the effective date of this section shall
291 take into account the state-wide comprehensive economic strategy
292 prepared by the Commissioner of Economic and Community
293 Development under section 32-1o, as amended by this act.

294 ~~[(f)]~~ (g) Thereafter on or before March first in each revision year the
295 secretary shall complete a revision of the plan of conservation and
296 development.

297 Sec. 6. Section 8-35a of the general statutes is repealed and the
298 following is substituted in lieu thereof (*Effective July 1, 2009*):

299 (a) At least once every ten years, each regional planning agency
300 shall make a plan of conservation and development for its area of
301 operation, showing its recommendations for the general use of the area
302 including land use, housing, principal highways and freeways,
303 bridges, airports, parks, playgrounds, recreational areas, schools,

304 public institutions, public utilities, agriculture and such other matters
305 as, in the opinion of the agency, will be beneficial to the area. Any
306 regional plan so developed shall be based on studies of physical,
307 social, economic and governmental conditions and trends and shall be
308 designed to promote with the greatest efficiency and economy the
309 coordinated development of its area of operation and the general
310 welfare and prosperity of its people. Such plan may encourage energy-
311 efficient patterns of development, the use of solar and other renewable
312 forms of energy, and energy conservation. Such plan shall be designed
313 to promote abatement of the pollution of the waters and air of the
314 region. Such plan shall include the comprehensive economic
315 development strategies prepared under section 2 of this act by any
316 regional economic development district in the area of operation of the
317 agency. The regional plan shall identify areas where it is feasible and
318 prudent (1) to have compact, transit accessible, pedestrian-oriented
319 mixed use development patterns and land reuse, and (2) to promote
320 such development patterns and land reuse and shall note any
321 inconsistencies with the following growth management principles: (A)
322 Redevelopment and revitalization of regional centers and areas of
323 mixed land uses with existing or planned physical infrastructure; (B)
324 expansion of housing opportunities and design choices to
325 accommodate a variety of household types and needs; (C)
326 concentration of development around transportation nodes and along
327 major transportation corridors to support the viability of
328 transportation options and land reuse; (D) conservation and
329 restoration of the natural environment, cultural and historical
330 resources and traditional rural lands; (E) protection of environmental
331 assets critical to public health and safety; and (F) integration of
332 planning across all levels of government to address issues on a local,
333 regional and state-wide basis. The plan of each region contiguous to
334 Long Island Sound shall be designed to reduce hypoxia, pathogens,
335 toxic contaminants and floatable debris in Long Island Sound.

336 (b) Before adopting the regional plan of conservation and
337 development or any part thereof or amendment thereto the agency
338 shall hold at least one public hearing thereon, notice of the time, place

339 and subject of which shall be given in writing to the chief executive
340 officer and planning commission, where one exists, of each member
341 town, city or borough. Notice of the time, place and subject of such
342 hearing shall be published once in a newspaper having a substantial
343 circulation in the region. Such notices shall be given not more than
344 twenty days or less than ten days before such hearing. At least sixty-
345 five days before the public hearing the regional planning agency shall
346 post the plan on the Internet web site of the agency, if any, and submit
347 the plan to the Secretary of the Office of Policy and Management for
348 findings in the form of comments and recommendations. By October 1,
349 2011, the secretary shall establish, by regulations adopted in
350 accordance with the provisions of chapter 54, criteria for such findings
351 which shall include procedures for a uniform review of regional plans
352 of conservation and development to determine if a proposed regional
353 plan of conservation and development is not inconsistent with the
354 state plan of conservation and development and the state economic
355 strategic plan. The regional planning agency shall note on the record
356 any inconsistency with the state plan of conservation and development
357 and the reasons for such inconsistency. Adoption of the plan or part
358 thereof or amendment thereto shall be made by the affirmative vote of
359 not less than a majority of the representatives on the agency. The plan
360 shall be posted on the Internet web site of the agency, if any, and a
361 copy of the plan or of any amendments thereto, signed by the
362 chairman of the agency, shall be transmitted to the chief executive
363 officers, the town, city or borough clerks, as the case may be, and to
364 planning commissions, if any, in member towns, cities or boroughs,
365 and to the Secretary of the Office of Policy and Management, or his
366 designee. The regional planning agency shall notify the Secretary of
367 the Office of Policy and Management of any inconsistency with the
368 state plan of conservation and development and the reasons therefor.

369 (c) The regional planning agency shall revise the plan of
370 conservation and development not more than three years after July 1,
371 2005.

372 (d) The regional planning agency shall assist municipalities within

373 its region and state agencies and may assist other public and private
 374 agencies in developing and carrying out any regional plan or plans of
 375 such regional planning agency. The regional planning agency may
 376 provide administrative, management, technical or planning assistance
 377 to municipalities within its region and other public agencies under
 378 such terms as it may determine, provided, prior to entering into an
 379 agreement for assistance to any municipality or other public agency,
 380 the regional planning agency shall have adopted a policy governing
 381 such assistance. The regional planning agency may be compensated by
 382 the municipality or other public agency with which an agreement for
 383 assistance has been made for all or part of the cost of such assistance.

384 Sec. 7. (NEW) (*Effective July 1, 2009*) The Commissioner of Economic
 385 and Community Development may, within available appropriations,
 386 make grants to regional economic development districts to develop,
 387 amend and implement comprehensive economic development
 388 strategies under section 2 of this act.

389 Sec. 8. (NEW) (*Effective July 1, 2009*) Notwithstanding any provision
 390 of the general statutes or any public or special act, projects identified in
 391 comprehensive economic development strategies approved by the
 392 Commissioner of Economic and Community Development, the
 393 Secretary of the Office of Policy and Management and the Assistant
 394 Secretary of the United States Department of Commerce under section
 395 3 of this act shall be eligible projects for funding from any bond funds
 396 available to the Commissioner of Economic and Community
 397 Development.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2009</i>	New section
Sec. 2	<i>July 1, 2009</i>	New section
Sec. 3	<i>July 1, 2009</i>	New section
Sec. 4	<i>July 1, 2009</i>	32-1o
Sec. 5	<i>July 1, 2009</i>	16a-27
Sec. 6	<i>July 1, 2009</i>	8-35a
Sec. 7	<i>July 1, 2009</i>	New section

Sec. 8	July 1, 2009	New section
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Statement of Legislative Commissioners:

For the purpose of consistency "32-1o and 16a-27" in section 1 was changed to "32-1o, 16a-27 and 8-35a", in section 2 "new strategy" was changed to "strategy" for clarity and in section 3 references to the United States Code were rewritten consistent with the style of the general statutes.

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:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Department of Economic & Community Development	GF - Cost	Potential Minimal	Potential Minimal
Treasurer, Debt Serv.	GF - Cost	See Below	See Below

Note: GF=General Fund

Municipal Impact:

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

Explanation

The bill requires the Department of Economic and Community Development (DECD) to review and approve comprehensive economic development strategy plans (CEDs), and recommend changes to make each consistent with the state economic development strategic plan. Additionally DECD must consider the statewide CEDs for each five year revision to the state strategic plan. DECD could incur minimal costs associated with third-party staff to review and approve initial plans as well as annual reports.

The bill allows DECD, within available appropriations, to make grants to the regional economic development districts to develop, amend and implement their CEDs. With passage of the bill, the agency would either (1) re-allocate existing funding for this purpose from another program; (2) incur additional costs; or (3) delay or not implement this program due to lack of funding.

The bill also makes projects identified in approved CEDs eligible to receive funding from DECD's bond funds. To the degree this increases the use of these funds; and there is a need for additional authorized

bond funds, there would be an increase in debt service costs in future years.

To the extent that the legislation would qualify additional municipalities through the districts for federal economic development funds that the state would not have been eligible for, the bill would result in a federal revenue gain for districts.

The Out Years

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

OLR Bill Analysis**sSB 888*****AN ACT CONCERNING REGIONAL ECONOMIC DEVELOPMENT.*****SUMMARY:**

This bill allows regional planning and economic development organizations to propose regional economic development districts (REDDs), prepare strategies to develop them, and apply for state and federal economic development funds. The bill specifies criteria for drawing district boundaries and procedures for preparing, reviewing, and approving strategies.

The procedures require proposed districts and strategies to be approved by the Department of Economic and Community Development (DECD) commissioner and the Office of Policy and Management (OPM) secretary. After these agencies approve a strategy, the district may submit it to the U.S. Commerce Department (DOC) for approval and to apply for and receive federal funds.

USDOC provides matching funds for developing infrastructure, preparing strategic plans, and training workers in economically distressed regions. Projects in a federally approved REDD qualify for these funds regardless of whether the region is distressed. The REDD qualifies for extra dollars if they complete a federally funded project that achieves its goals.

DECD and regional planning organizations (RPOs) whose jurisdictions include a district must consider its strategy when preparing or revising their respective development plans. DECD prepares a five-year statewide strategic plan and RPOs prepare a 10-year regional conservation and development plan. OPM prepares the five-year state Plan of Conservation and Development (Plan of C&D).

When preparing this plan, the bill requires the secretary to consider DECD's plan.

EFFECTIVE DATE: July 1, 2009

REDDs

Formation

The bill allows several types of organizations, by themselves or together with similar organizations, to designate REDDs and establish boards to govern them. The organizations that can establish REDDs are regional economic development commissions and corporations, nonprofit corporations, RPOs, and other organizations with a federally approved comprehensive economic development strategy (CEDs).

(Although the bill provides no criteria for organizing a district and establishing its board, these entities must meet federal designation criteria before DOC can approve their CEDs (see BACKGROUND).)

A proposed district's boundaries must, to the extent practicable, be contiguous with the boundaries of the 10 state-designated labor market areas or encompass a region with an approved CEDs.

CEDs

A district's board must prepare and approve a CEDs that addresses the region's economic development problems. The strategy must do this in a manner that:

1. promotes economic development and opportunities,
2. fosters effective transportation access,
3. improves workforce development,
4. enhances and protects the environment, and
5. balances resources by soundly managing development.

(Federal law also requires CEDs to address promoting the use of technology in economic development (42 USC § 3162 (a) (3) (A).)

The strategy must:

1. analyze the district's economic and community development problems and opportunities and incorporate information or suggestions from other publicly sponsored or supported plans;
2. provide historical and current information about the district's economic development situation, including its economy, geography, population, labor force, resources, and environment;
3. describe how the community participated in developing the strategy;
4. set goals and objectives for taking advantage of the district's opportunities and solving its economic development problems;
5. provide an action plan to achieve these goals and objectives; and
6. specify the performance measures the board will use to determine if the goals are being met.

Review and Approval Process

The board must formally approve the CEDS and submit it to regional and state agencies and the DOC secretary for review or approval.

It must first submit the CEDS to the regional planning organizations that do not belong to the district but serve a part of it. These organizations have up to 90 days to study the strategy and report their findings and recommendations to the board.

The board must then submit the CEDS to the DECD commissioner and the OPM secretary, who have up to 60 days after receiving it to approve it or recommend changes making it consistent with their respective five-year plans. By law, the commissioner prepares the state economic development strategic plan, the first iteration of which is due July 1, 2009. The secretary prepares the State Plan of Conservation and Development (Plan of C&D), the next revision of which is in 2010.

The board must bring the strategy into line with the commissioner and secretary's recommendations and resubmit it to them for review. These officials have up to 60 days to act on the initial or subsequent submission. If they do not, the strategy is tacitly approved.

After the commissioner and the secretary approve the strategy, the board may submit it to DOC for approval under federal law. But the board does not have to take this step if DOC already approved the strategy.

The board must submit annual reports to the commissioner and the secretary on the plan's implementation. It must revise the strategy every five years and submit it to the state officials for review and approval under the same procedures they used to review and approve the initial strategy.

STATE PLANS

State Strategic Economic Development Plan

The bill requires the commissioner and the secretary to consider CEDSs when preparing or updating their respective development plans. The commissioner must prepare a five-year strategic plan that must, among other things, review and analyze the factors, issues, and forces affecting or impeding economic growth in the state and its regions. In doing so, she must:

1. address the same issues and provide the same type of information and analyses as the CEDSs;
2. consider local and district economic strategies and insure, to the extent practicable, that the state plan is consistent with the strategies; and
3. identify and justify any inconsistencies between the two sets of plans.

State Plan of C&D

The bill requires the OPM secretary to consider the state strategic

plan each time he revises the five-year Plan of C&D.

BACKGROUND

Designating Districts under Federal Law

Federal law allows entities to designate districts, establish organizations to plan and implement regional strategies, and qualify for economic development dollars. It specifies the criteria DOC must use to approve a proposed district. Based on the criteria, DOC must approve the district if it:

1. contains at least one economically distressed area,
2. encompasses a sufficiently large area and has enough people and resources to foster economic development of more than one economically distressed area,
3. has a DOC-approved CEDS that was also approved by a majority of the counties in the proposed district, and
4. obtains the current approval of the state or states in which it is located.

District Governance

The organization responsible for managing the district must also meet federal criteria. The organization can be a:

1. public organization exercising local government powers under an interlocal agreement;
2. public, multi-jurisdictional planning organization established under state law; or
3. nonprofit organization.

The district's governing body must broadly represent the region's economic interests. It must include at least one person representing the private sector and one or more people representing executive directors of chambers of commerce, colleges and universities, and

workforce development and labor groups. These members must comprise at least 35% of the board. At least a majority of the members must be elected officials or government employees (13 CFR § 304.2).

Organization sponsoring projects in federally approved REDDs qualify for additional planning and development funds. An organization qualifies for a planning performance grant if it participated in the district’s activities and the project complemented the district’s CEDS. The performance grant may be for up to 5% of the initial project grant (42 USC § 3154b).

Projects that do not otherwise qualify for federal grants do so if they are located in a REDD. As a rule, a project qualifies if it is located in an economically distressed area with a CEDS. Projects in nondistressed areas qualify only if the area is part of a REDD (13 CFR § 301.3).

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/10/2009)